

August 2, 2005

BRAC Commission

The Honorable Anthony J. Principi, Chairman
2005 Defense Base Closure and Realignment Commission
2521 S. Clark St., Ste. 600
Arlington, VA 22202

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received

Dear Chairman Principi:

I am writing in support of keeping the Cleveland Defense Finance and Accounting Service (DFAS) and its 1,200 dedicated men and women here in our city. As a concerned citizen and taxpayer, and having 9-years of service with the Cleveland DFAS office, I urge that the Commission recommend keeping the Cleveland DFAS open.

I commend the decision of the Commission on July 19, 2005 to review the Pentagon's DFAS consolidation plan. As presented in testimony at the Buffalo, New York BRAC hearings on June 27, 2005 our Cleveland representatives provided data to reveal that the DoD recommendation was arbitrary and substantially deviated from the BRAC military value criteria.

In addition, Cleveland is the poorest big city in America and the economic impact of the loss would be devastating to our community, which has suffered many losses of manufacturing jobs as companies have either been forced to fold or move overseas in the past decades.

The unsupportable bias against leased office space shows that closing the Cleveland DFAS is a pointless blunder, costly to taxpayers. The goal of reducing leased office space as the guiding principle for the recommendation -- not military value or other legislated criteria -- is not permitted by law and is a significant deviation from the BRAC criteria, according to the testimony of Senator John Warner, one of the original architects of the BRAC law. Furthermore, the DoD's miscalculation involving the doubling of the rental cost of the Cleveland DFAS office from the GSA in the Anthony J. Celebrezze Federal Office Building resulted in an overstatement of operating costs and unfair comparison with other DFAS sites.

The DoD recommendation also unfairly docked points from the Cleveland DFAS because the Federal Office Building does not currently meet DoD security standards that do not take until October 1, 2009 although Congress has already appropriated \$30 million to renovate the Federal Building in Cleveland. And it should be noted that none of the buildings that house Congress or the Supreme Court would even meet the DoD security standards, but is there more of a risk to the DoD accountants?

Furthermore, Cleveland DFAS just renewed a lease for 5 years with GSA in February 2005 although DFAS management must have been aware of the coming security standards as the DoD BRAC process was well underway before the lease was renewed. The City of Cleveland and the State of Ohio have offered to provide the Cleveland DFAS a new building on a new site downtown that will lower operating costs, meet all DoD security considerations and have a fixed 20-year below market lease, with parking nearby. Please consider this opportunity. It could be a win-win situation for everyone -- DFAS, the government, the taxpayers, the community and the men and women served by DFAS.

The Cleveland DFAS has a proud tradition as the world center for Navy pay and accounting operations dating back to its origination during World War II in 1942 as the Bureau of Supplies and Accounts and later in its renaming in 1955 as the Navy Finance Center, before moving under DFAS control in 1991. The Cleveland DFAS has provided excellent value for the United States, those who serve our country today and those who have served in the past. In the wake of September 11th and the global war on terror in Afghanistan and Iraq, the Cleveland DFAS has continued to provide the nation with the finance and accounting services that support our men and women who are making sacrifices over there to defend America.

I believe the DoD recommendation to move around thousands of DFAS jobs and consolidate 26 DFAS offices into just 3 “megacenter” sites is an ugly scenario. I cannot understand how the impact of consolidating a workforce of 15,000 at 26 sites down to a few thousand at 3 sites can be justified or accomplished at a time of war without serious disruption of service to our military members when they need our support the most. In case of a contingency, wouldn't it make sense to have more than just 3 locations? This is too drastic of a consolidation at the wrong time.

We deliver accurate and timely pay and entitlements to allow troops to focus on their mission and not on their money, knowing that their families are being taken care of back home. While the Pentagon is relying on the Reserve and Guard units to serve in Iraq and Afghanistan to fight the global war against terrorism, the Cleveland DFAS was named the Reserve Pay Center of Excellence in 2004 as a model of operational efficiency and customer service, with workload being transferred to Cleveland from DFAS offices in Denver and Indianapolis, bringing with it payroll processing responsibilities for the Army and Air Force Reserves.

Let's take inventory of some of the unique functions now being handled by Cleveland DFAS at this critical time: Retired Pay for all four services; all Active Duty Pay for Navy; and Reserve Pay for all services except Marines. The Cleveland garnishment function (taxes and child support) is recognized as world class and OPM has designated the Cleveland operation as the sole provider of garnishment services to the Federal government. In addition, the Cleveland DFAS handles the important functions of Navy accounting services and centralized disbursing to ensure the Navy can best use their resources to execute their missions and get the most out of every dollar entrusted to them by the American taxpayers.

In fact, I believe it is a mistake to even consider including DFAS in the BRAC process. Savings realized from previous BRAC rounds resulted from the government reducing excess capacity at military bases around the country. It seems to me that the BRAC process only looks at dollars and costs; not people or performance which is what defines what DFAS does as a service provider.

Ironically, you only have to take a look at DFAS history to realize it has always had to meet the challenge of meeting increasing demands with shrinking resources, providing greater effectiveness with increased efficiency. DFAS has been in a state of transformation since it was established, long before “transformation” became a management buzzword. The Secretary of Defense created the DFAS in 1991 to reduce the cost of DoD finance and accounting operations and improve financial management through consolidation of accounting activities across the DoD. ***DFAS has consolidated more than 300 installation level finance and accounting offices into 26, reduced the hundreds of finance and accounting systems by more than 75 percent and reduced the work force from about 27,000 to approximately 15,000 personnel.***

As taken from the DFAS fiscal year 2004 stakeholders annual report, this is what DFAS has been able to accomplish within the last 5 years alone:

- **Today DFAS accomplishes its mission with 27 percent fewer employees than in 1999.**
- **DFAS delivers its services for 0.30 percent of the overall DoD budget, nearly less than half of what it cost in 1999.**

That is just one-side of the “best value” coin. Because DFAS receives its funding by earning operating revenue for the products and services it provides to the military, DFAS is able to pass along its reduced costs to its customers in the form of lower bills, and increases its value to the American taxpayer. However, reduced costs mean nothing if the quality of the services that are being provided suffer. Due to the excellent people at DFAS, it has raised the quality of its products and services and delivered mission essential payroll, contract and vendor pay, and accounting services to support America's national security. The DFAS balance scorecard and the DFAS fiscal year 2004 stakeholders report highlight these many accomplishments.

The Commission's Base Visit Report to DFAS Cleveland from June 23, 2005 says on page 3 that "DFAS launched a reserve pay center of excellence at Cleveland when the Denver and Indianapolis sites were not able to keep up with the workload" and yet on page 4 "Cleveland management feels that the missions performed at the Cleveland site can be reconstituted elsewhere. Two of the three gaining sites - Denver and Indianapolis - do military pay, so management feels that it will be easy to transition staff to learn Navy pay."

We are talking about people and performance, not a drink that you simply add water to, mix and get instant results. If the other sites failed to keep up with their workload before, what makes management believe it will be "easy" to not only give this workload back to those sites, but to also turnover our workload to them as well? Is that the right way to reward people for a job well done? If the Cleveland DFAS management cannot speak for us, we must speak up for ourselves.

I have a success story from the Cleveland DFAS that you may not have heard before. It involves the function of expenditure reporting and cross-disbursing, which is where the services make payments from disbursing offices around the country and world on behalf of each other, so for example the Army makes a payment out of the Navy funds for items like travel or transportation, and creates challenges in accounting for the payments due to the flow of cross-service data. In the 1990s the DFAS Indianapolis handled all cross-disbursing processing for the services including Navy. A huge backlog in unprocessed transactions ensued, and then in 1997 the Cleveland DFAS volunteered to take on the Navy portion of the workload and it was transferred to the Cleveland DFAS. Boxes and boxes of unprocessed documents were obtained from Indianapolis. Missing boxes had to be tracked down and located at other sites. The Cleveland DFAS office worked diligently to get caught up and get all the disbursements processed to the Navy accounting systems so that the Navy could accurately account for its funds. When everything was completed, the Federal Executive Board awarded Cleveland DFAS management in recognition of our efforts. As a next step, the Cleveland DFAS office began a reconciliation process to track and control disbursements to ensure the Navy's accounts balance with the U.S. Treasury funds. The Cleveland DFAS reconciliation process was nominated in 2004 for an Innovative Business Practice Award. Many excellent people at the Cleveland DFAS were responsible for these accomplishments.

Why would the government risk everything that has been achieved by launching a costly, massive consolidation at this time of war? Is it worth the cost to shutdown over 20 DFAS sites, move around all the functions, incur construction costs at the surviving "megacenter" sites, lose talented and knowledgeable workers and hire or re-train workers? Any net savings to be realized are questionable, after the years it will take to make this happen and it would be a mistake to think this can be pulled off without any significant disruption of service to our military members.

My grandfather was a POW in Europe in World War II, my father a Vietnam Veteran. Both born and raised in Cleveland and now in their final resting place. My other grandfather served in the Navy in the Pacific in World War II. I understand the importance of the people and their families that we serve. Cleveland is my home and I have proudly served DFAS as a civil servant for nearly 10 years and I would like to continue to serve. I have family in the area and two little nieces that I would like to see grow up. If the jobs move, I cannot say that I will be one of the talented people to go with them. I understand you face a difficult task, but I believe Cleveland DFAS should stay. Thank you for your time and consideration.

Sincerely,



Jay A. Yagersz