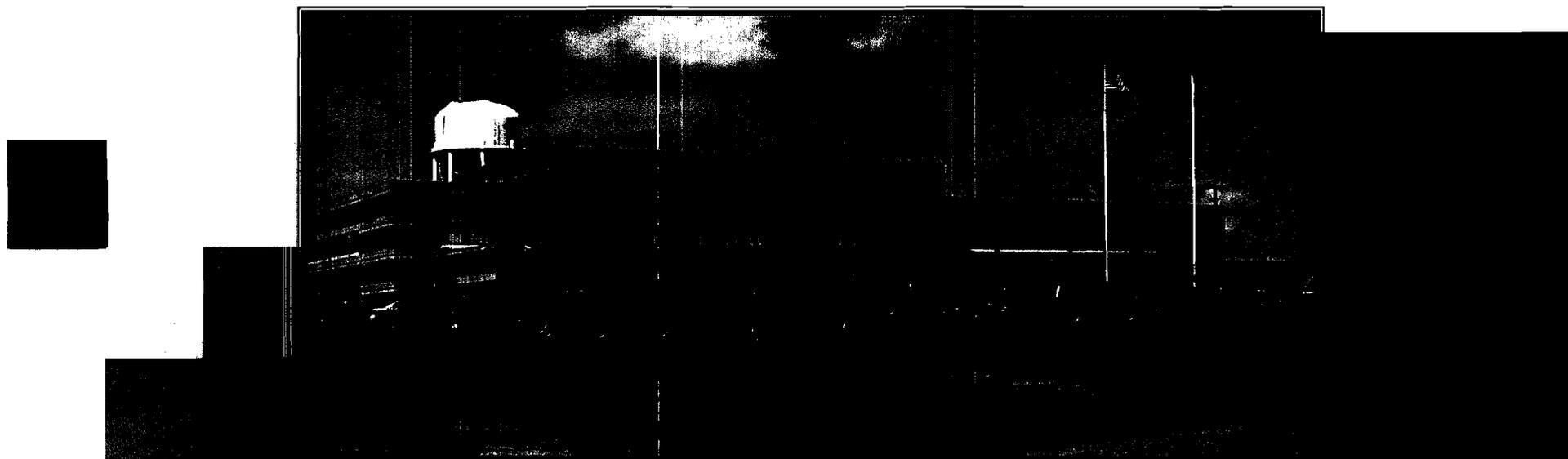


DFAS Limestone

A Compelling Case for Growth



Submitted by Grow DFAS Committee
To General Lloyd W. Newton
June 28, 2005

103-06A -DA13- Community Input
Defense Agencies-Defense Finance and Accounting
Service Limestone-ME
BRAC COMMISSION - FY 2005
COFF: _____ DISPOSITION: Permanent

Library Reading Slip 2005 BRAC Commission Materials
Title of Item: DFAS Limestone
Institution or Community: DFAS Limestone
Source: Community
Certified Material? yes no
Analyst / Provider: Wasleski Date Received: 6/28/05



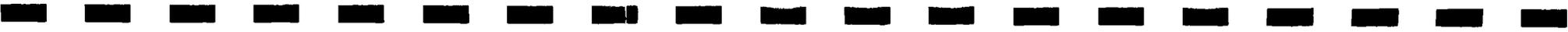
*** Welcome ***

General Lloyd W. (Fig) Newton

and

Marilyn Wasleski

**Thank You for Visiting
Limestone!**



Background

- **Activated in 1995**
- **Currently employs 353 people**
- **One of only two DFAS facilities specializing in Air Force customers**
- **Serves 38 Air Force Bases and 34 associate National Guard units from California to Saudi Arabia**
- **Prepares all financial reports for Air Combat Command, USAFE, AFSOC and associated Air National Guard units**



Executive Summary

- The DOD decision to close Limestone deviated substantially from BRAC selection criteria
 - **Military value**
 - **No cost savings**
 - **Economic impact**
- DFAS-Limestone should be expanded
 - **Low operating costs**
 - **Excellent workforce**
 - **Room to grow**



Flaws in Military Value Assessment

- **Flawed assumptions**

- Force protection
- Workforce availability

- **Flawed Data**

- Facility condition should be ranked “green”
- Land availability

- **Correct score should be at least .843 - above the three receiving sites**



Flaws in Cost Savings Analysis

- Closing low-cost efficient facilities is not in the government's best business interest
- COBRA model runs demonstrate:
 - Closing requires a one time expenditure of \$7.8 million which would take 25 years to recover
 - BRAC cost savings are increased if DFAS Limestone remains open



Flaws in Cost Savings Analysis

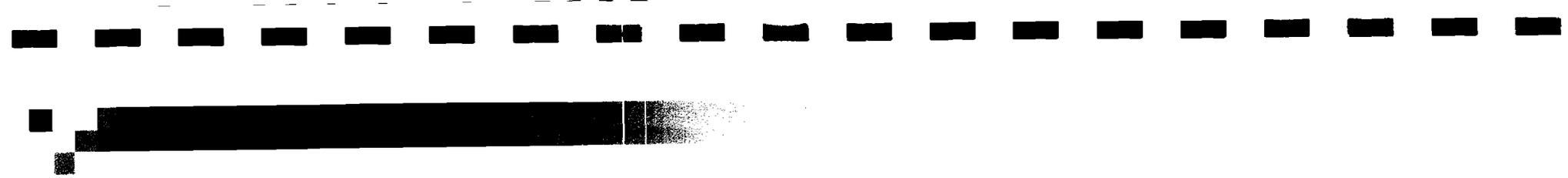
- Enlarge to 480 employees
 - Immediate, substantial return on investment, strengthening case for consolidation to Limestone
 - Government saves \$10.7 million in implementation costs
 - NPV savings of \$12.5 million

Flaws in Cost Savings Analysis

- Enlarge to 600 employees
 - Immediate, substantial return on investment, further strengthening case for consolidation to Limestone
 - Government saves \$11.9 million in implementation costs
 - NPV savings of \$15.1 million

Flaws in Economic Impact Analysis

- **Economic impact not considered in closure decision**
- **Economic impact more severe than for other DFAS areas**
 - **Second BRAC closure for Limestone – still recovering**
 - **Average pay at center is \$39,000 which is 56% higher than the local average of \$25,000**
 - **Job losses would result in more than a 1% increase to the local unemployment rate -- the highest of all 26 DFAS communities**
 - **Total loss of direct and indirect jobs 546 or 1.7% of entire employed workforce**



**DFAS
Limestone**

Center of Excellence



DFAS Transformation Plan

- **DFAS is a virtual organization – can be located anywhere technology allows**
- **DFAS future structure undetermined pending BRAC outcome**
- **Centralize “like” missions and functions across DFAS into a single or limited number of locations to achieve efficiency, reduce costs and incorporate best business practices**
- **DFAS is moving towards Centers of Excellence**



Limestone – Center of Excellence

Low Cost – Highly Efficient – Secure Facility

- Reputation for excellence
- Low operational cost
- Low expansion cost
- Available superior workforce
- State-of-the-art technology in place

Excellent Reputation for Quality and Efficiency

- **"They [DFAS Limestone] have a reputation in DFAS... a good one. . . We think we can be more efficient doing the work here."**
 - **-- Former Under Secretary of Defense Comptroller, Dov Zakheim, who toured the Limestone facility in June 2003**

- **DFAS Limestone is recognized as the leader within the DFAS network in the field of database retrievals, ePortal, and LOUIS software**

- **DFAS Limestone has successfully absorbed all realigned workloads with no mission failures**

- **DFAS Limestone received the President's National Performance Review Hammer Award**

Excellent Value

■ **Cost of Facility Operations = \$4.98 per square foot, lower than all three gaining locations: Columbus (\$8.27), Denver (\$9.15), Indianapolis (\$14.96)**

■ **Locality Pay Costs = 10.9, lower than all three gaining locations: Columbus (13.14), Denver (16.66), Indianapolis (11.11)**

“Rural areas can offer lower real estate costs, improved security, reduced parking and traffic congestion problems and better access to major transportation arteries.”

-- GAO Report, September 2003



Limestone is Ready to Expand

- **Has excess capacity of nearly 24,000 square feet or 35% of its utilized space.**
- **Room to expand its current mission up to 480 employees at minimal cost**
- **Could accommodate up to 600 employees with minor renovations**
- **Could accommodate 1200 employees with minor renovations and two shifts**
- **DFAS Limestone in year 1 of a 50 year no-cost renewable lease**



Limestone Employees: A Huge Asset

- **High Job Satisfaction and Morale**
 - Turn over rate below 5%
 - Sick leave rate lower than DFAS national average
- **High Education Level:**
 - 85% with some college education
 - 50% with associates degrees
 - 36% with bachelors degree or higher
- **Excellent Labor Relations: No formal grievances or EEO complaints filed in its 10 year existence**

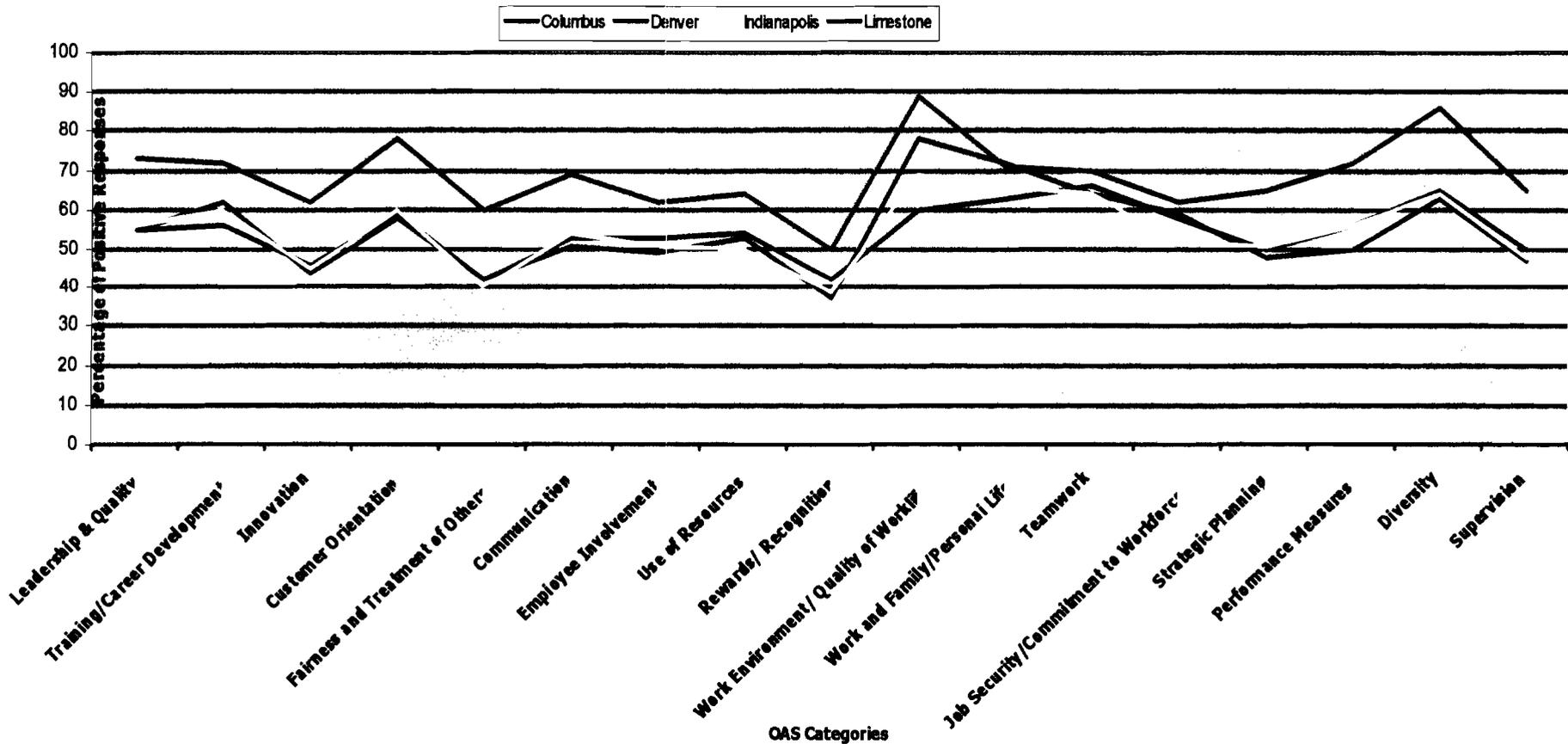



Available Workforce

- **Deep applicant pool: 400 qualified applicants for 80 jobs in 2002.**
- **New hires take only 9.2 days to complete – the shortest among all 26 DFAS centers.**
- **Strong Local College Support: Two branches of the University of Maine, Northern Maine Community College, and Husson College are located within easy commute provide worker training and education in accounting and finance operations.**

DFAS Survey Respondents Agree: Limestone is the Best

2005 OAS Survey Results



CONCLUSIONS

- **The Commission should re-examine DOD's military value model, cost savings analysis, and should fully consider the economic impact on the community – there are substantial deviations**
- **There is no financial benefit to DOD from closing Limestone, while the economic impact would be devastating**
- **Limestone is a recognized innovator and leader**
- **Growing a Limestone Center of Excellence is a win-win proposition for DOD, DFAS customers, and the Community**



General Newton Again - Thank You for Coming!

- Please feel free to contact us further
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