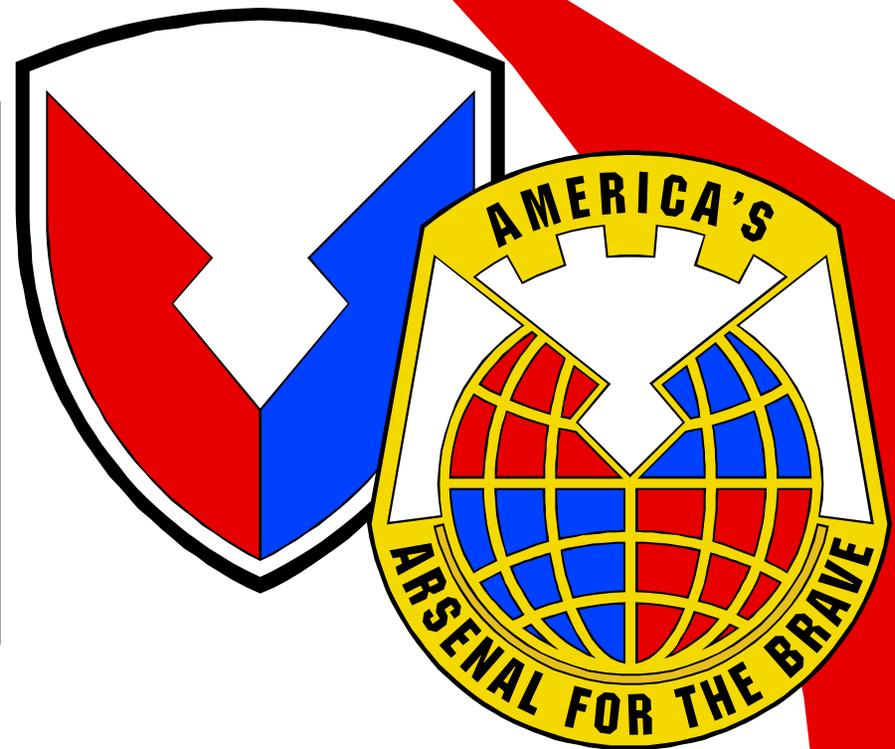


Army Materiel Command

Pre-Command
Orientation: DCSRM



AMC -- Your Readiness Command . . . Serving Soldiers Proudly!



Topics

- ★ DCSR Organization and Functions
- ★ AMC Resource Environment
- ★ Army Working Capital Fund (AWCF)
- ★ Army Workload and Performance System (AWPS)
- ★ Anti-Deficiency Act (ADA)



DCSRM Objectives

- Support the U.S. Army in getting its fair share of the DoD Budget
- Fight to get the largest possible piece of the Army's TOA "Pie" for AMC
- Defend AMC's resources
- Support Army and AMC Commander's priorities
- Present ONE credible, authoritative voice to DA

Bottom line: Do not release any resource issues outside AMC without coordination with and/or concurrence by the responsible HQ AMC appropriation manager and the DCSRМ.

CG AMC 9 April 1996

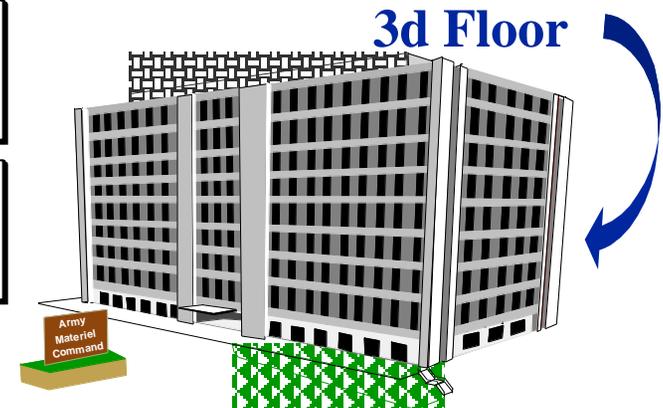
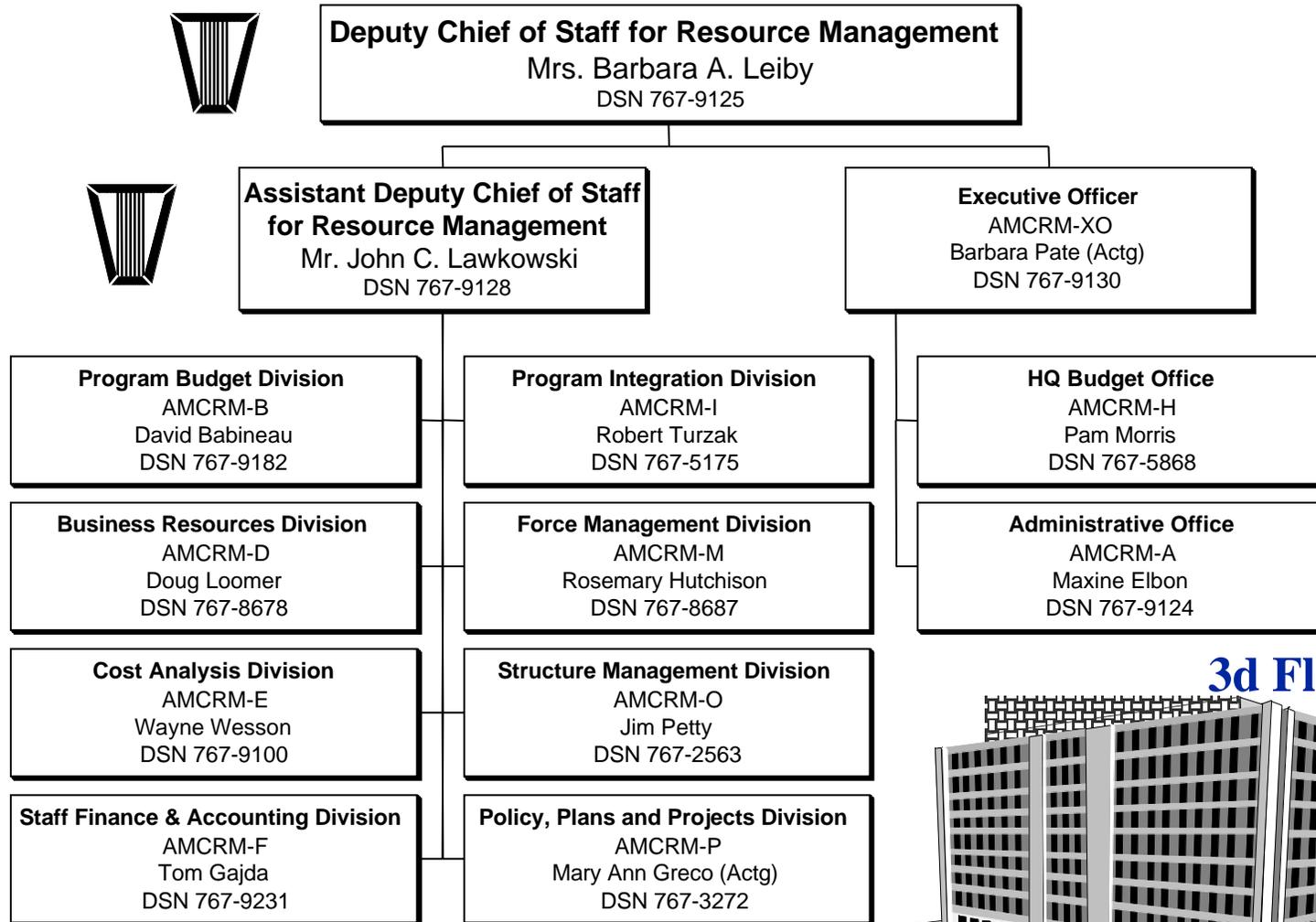


Roles of the AMC DCSRM

- ✱ *PA&E* (POM builder/integrator for all appropriations and funds)
- ✱ *Financial policy*
- ✱ *Spaces* (military & civilian manpower), NOT FACES
- ✱ *Force structure* shop (TDAs, concept plans)
- ✱ *AWCF business agents*
- ✱ *Cost analysis* capability
- ✱ *Accountants* (and CFO advisors)
- ✱ Integrating lead for *efficiencies*
- ✱ AND we build, defend and execute the AMC *budgets* for OMA and AWCF

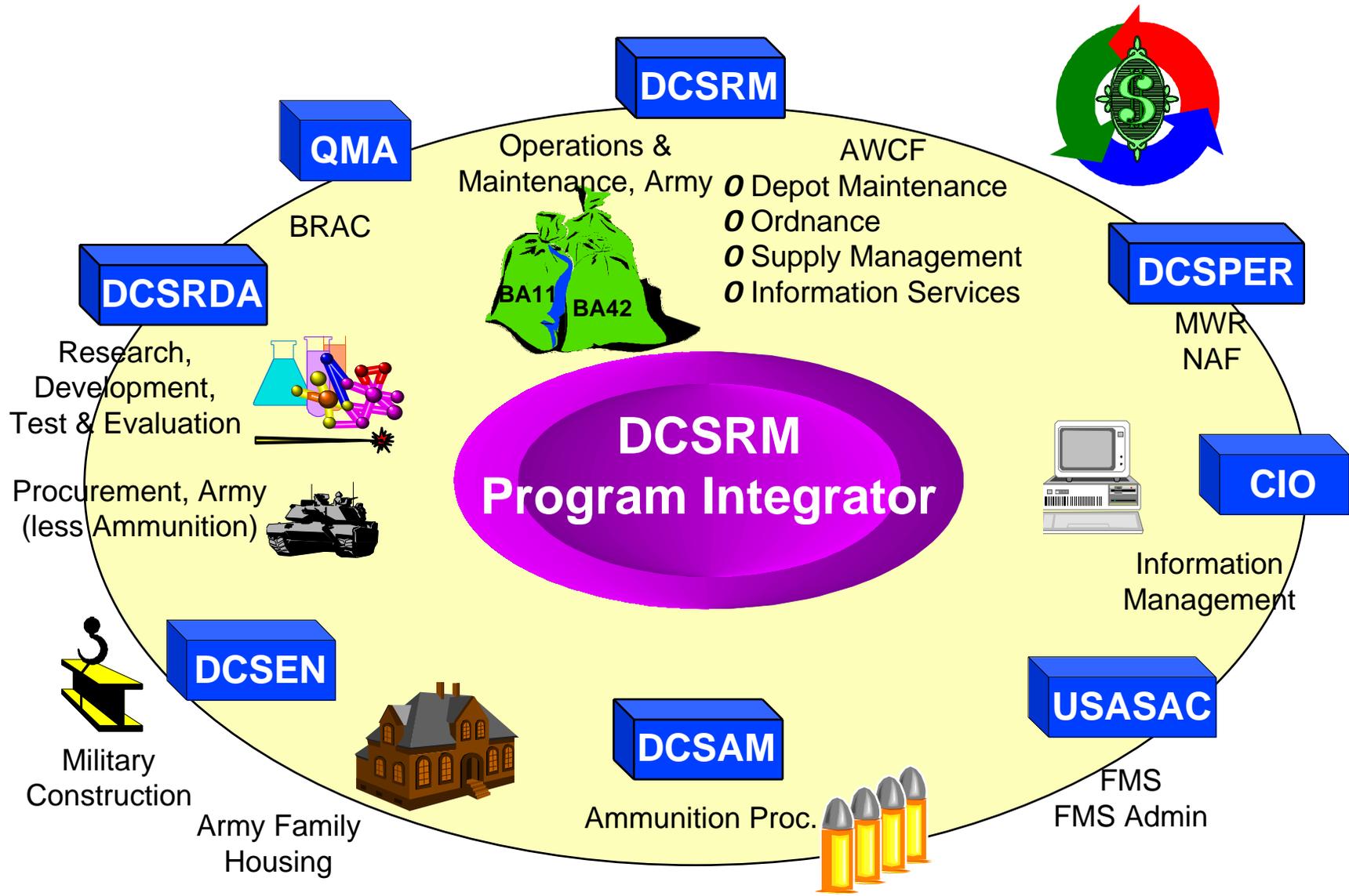


DCSRM Organization



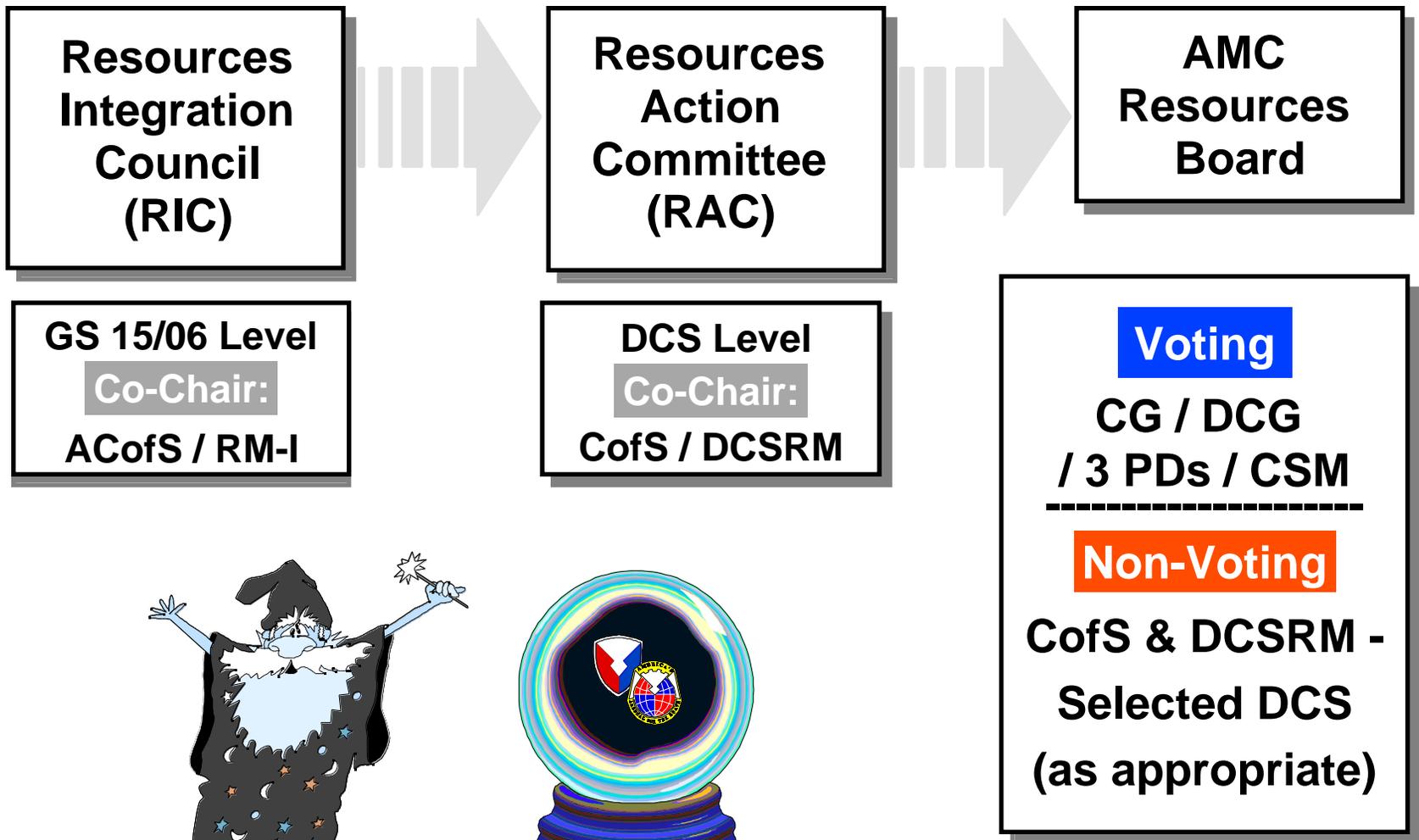


Resource Integration Environment



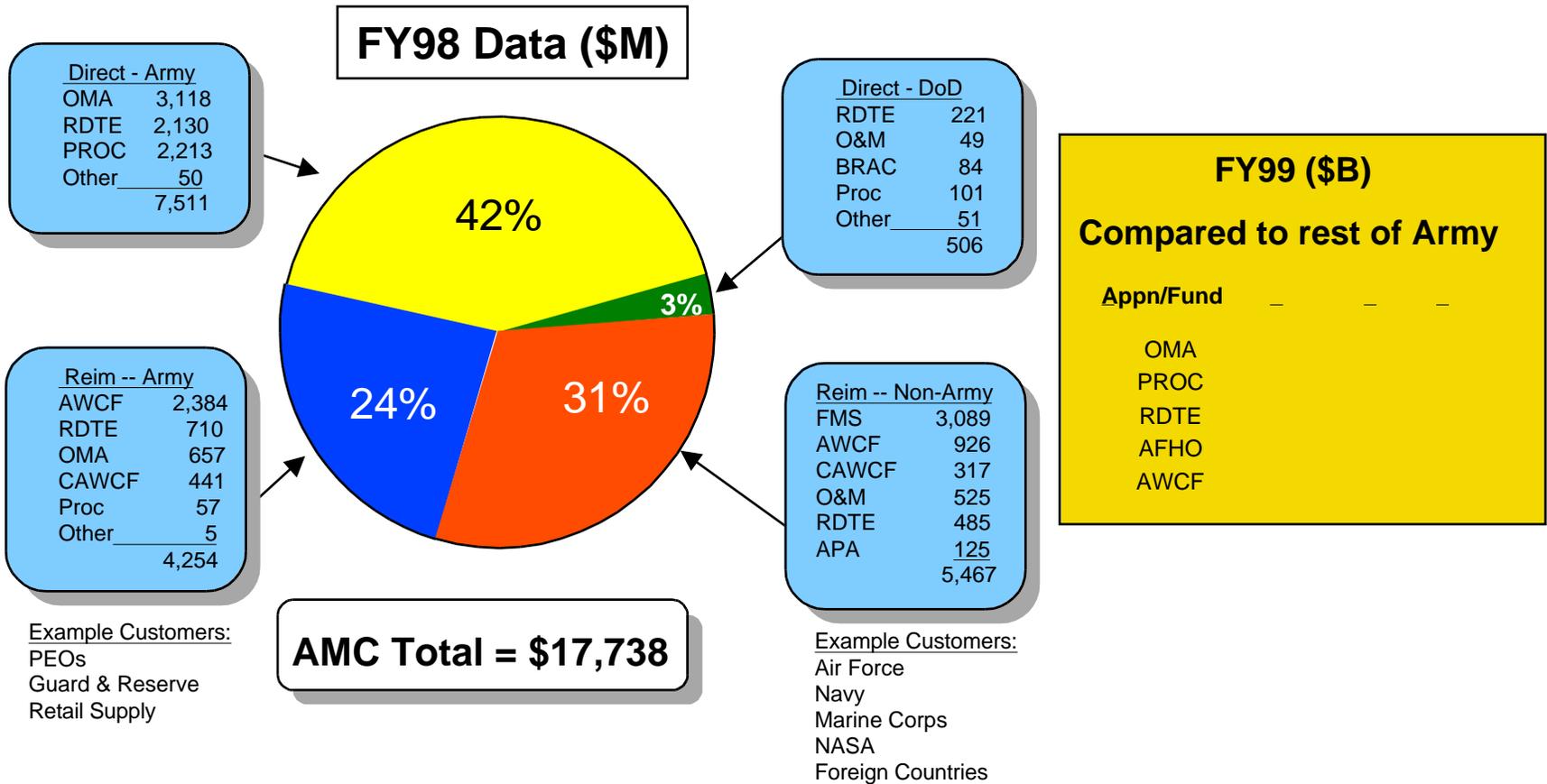


Internal Resource Decision Making Process





Dollar Flow Through AMC



We are unique among MACOMs

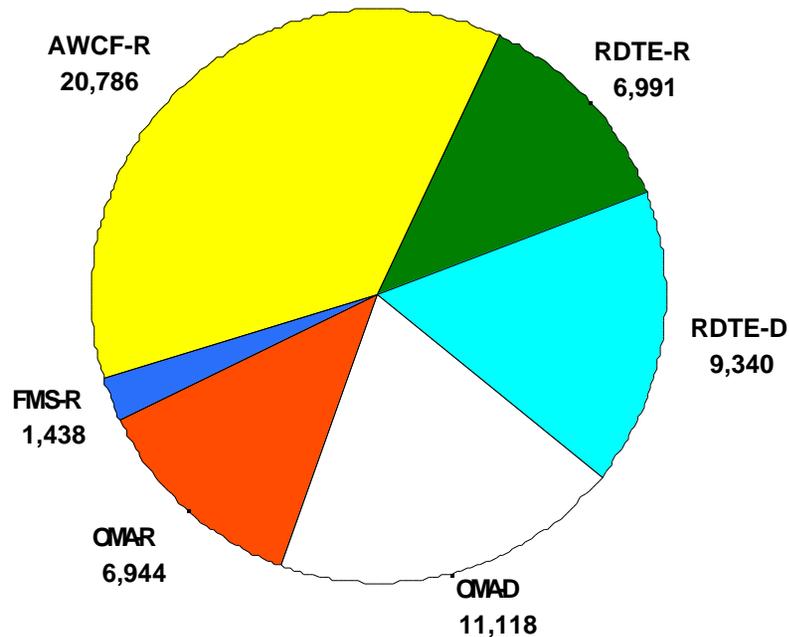
- * Multiple appropriations
- * 100% Working Capital Funds
- * Highly reimbursable



FY99 Civilian Manpower Funding Sources

AWCF- 37% OMA - 32%
RDTE - 29% FMS - 2%

AMC spaces by appropriation



**Total FY99
Manpower
56,617**

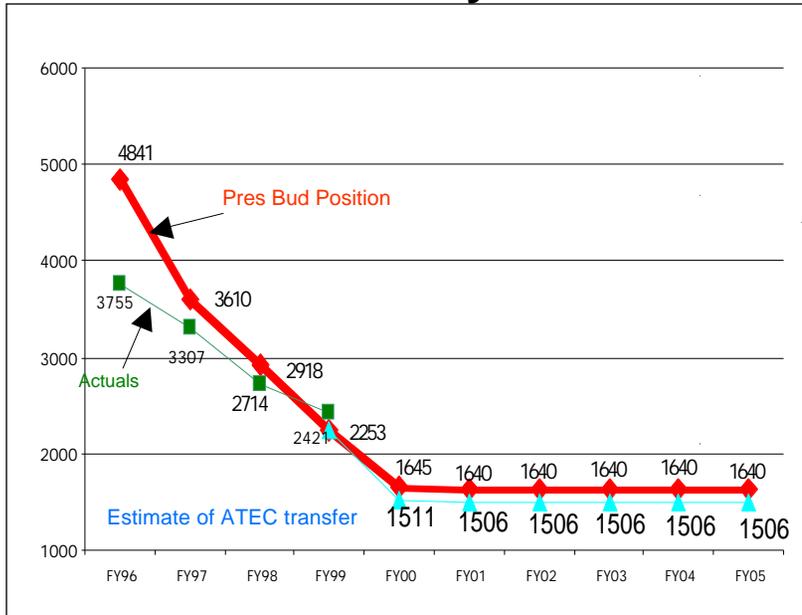
**No other
MACOM has this
challenge**

**64% of AMC spaces are
reimbursable**

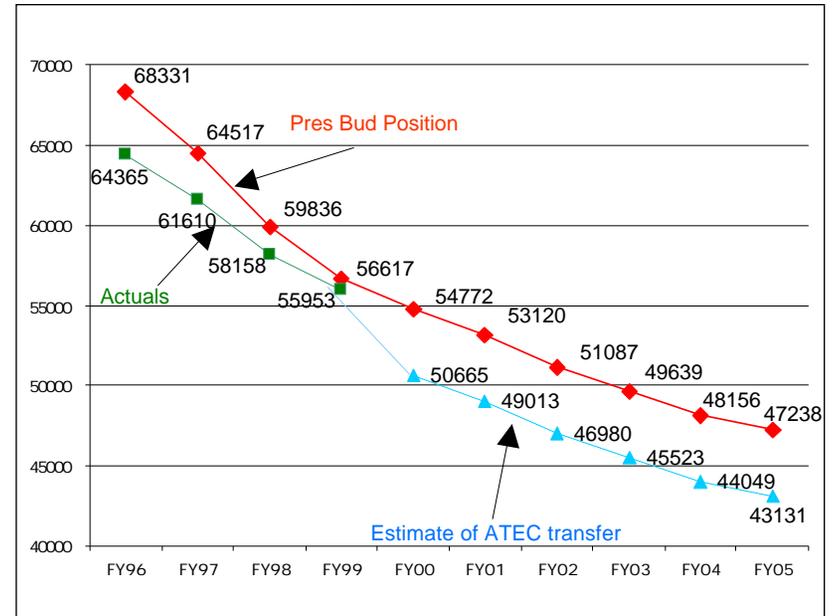


AMC is Engaged in Aggressive Downsizing

Military



Civilian



Major factors driving AMC Manpower

- ★ Workload
- ★ Affordability
- ★ BRAC
- ★ Efficiencies



Army Working Capital Fund

- What's AWCF?
- Four activity groups (businesses)
- Changes
- Environment



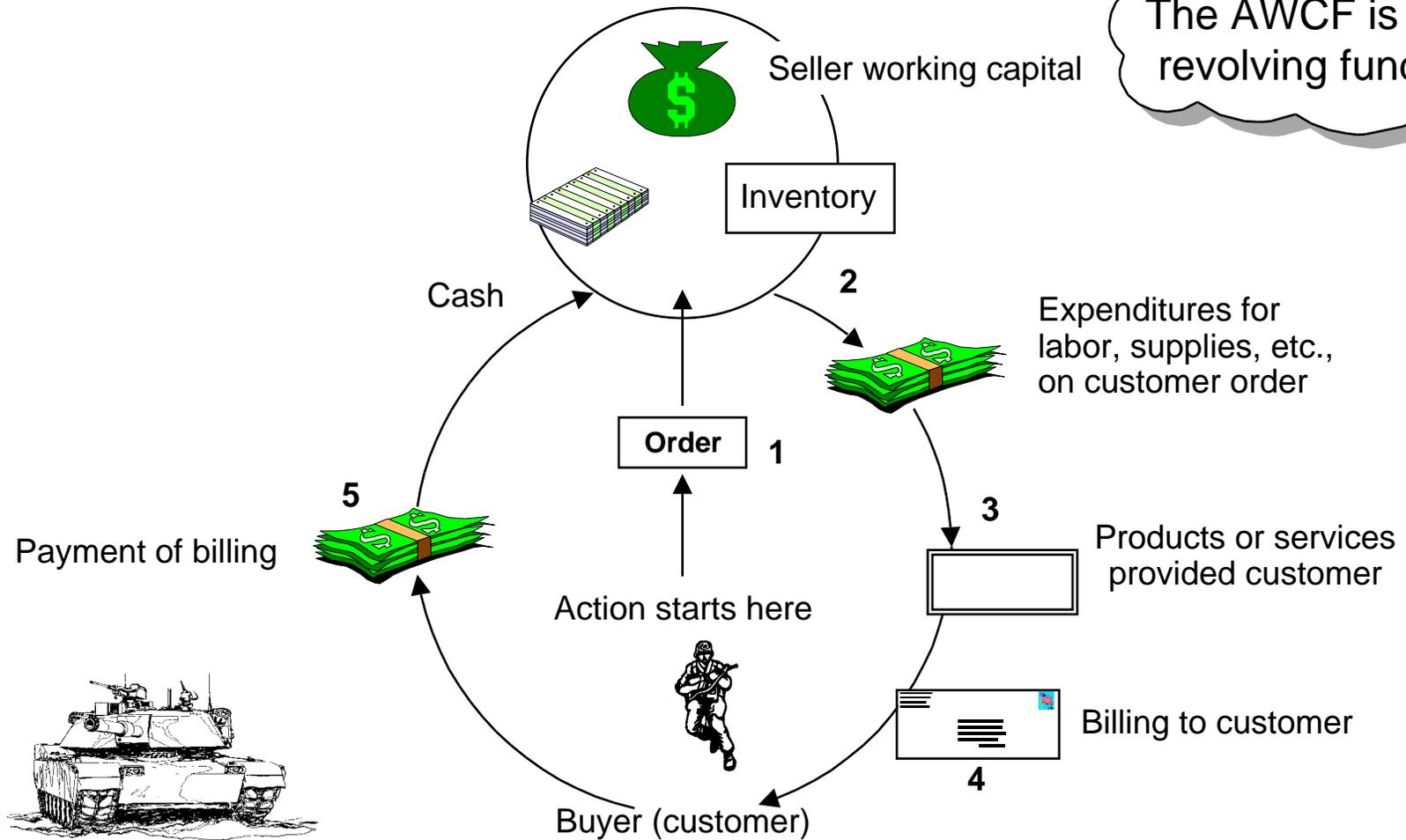
AWCF Principles

- ★ Builds upon “business like” principles previously used for industrial and commercial - type activities
- ★ Operating Principles
 - ❖ Create a customer - provider relationship
 - ❖ Make both customers and providers more aware of costs
 - ❖ Charge customers prices that recover the full cost of providing a product or service
 - ❖ Budget adequate resources in customers’ appropriated fund accounts to pay established prices/rates
 - ❖ Break even over the long term



Revolving Fund Operations

The AWCF is a revolving fund





AWCF Business Rules

- ★ Prices established on a fiscal year basis to recover cost of AWCF business area operations
- ★ Once established, rates are stabilized (held constant) for applicable fiscal year
 - ❖ Protects customer from unforeseen cost changes
- ★ Customers are charged prices that recover the full cost of providing a product or service
 - ❖ Established prices include costs incurred for direct labor, materiel, indirect labor, base operations related to AWCF Operations and depreciation
 - ❖ Prices also include directed surcharges and adjustments for gains/losses to break even



AWCF Business Rules (Con'td)

A true non-profit operation

- ★ Fund operates on a break-even basis
 - ❖ Gains returned to customers through lower prices in later years
 - ❖ Losses recouped through higher prices in later years
- ★ The financial report card measures plan versus execution
 - ❖ Net Operating Result (NOR) is the difference between revenue and expense current fiscal year
 - ❖ Accumulated Operating Results (AOR) are accumulated total of each fiscal period's NOR from inception of business through designated time
- ★ Capital improvements for AWCF activities are financed by a capital/depreciation surcharge



AWCF Capital Investment Program (CIP)

- Used by the AWCF to acquire capital assets for use by activity groups within the fund
- Criteria:
 - ❖ Depreciable property, plant, equipment, and software developed, manufactured, transferred and acquired for cost of \$100K or more
 - ❖ Useful life of two years or greater
- Excludes:
 - ❖ Major range and test facilities
 - ❖ Military/tenant support functions
 - ❖ Aircraft, ships, and general purpose passenger vehicles
 - ❖ Mobilization requirements not used in peacetime
 - ❖ Equipment in support of weapons systems
 - ❖ Equipment for contractors or GOCOs normally funded by appropriations
 - ❖ Projects for MWR or non-AWCF use
 - ❖ DERA environmental projects



AWCF CIP Approval Procedures

- ★ Approved by Congress in the President's budget, by project for a specific amount
- ★ Obligation Authority (O/A) is distributed from DA through AMC to respective activity groups on a FAD
- ★ O/A is available for obligation only during the FY that O/A is approved
- ★ Exceeding approved O/A or incurring an obligation after expiration of O/A may cause an ADA violation



AWCF Ongoing/Planned Changes

- Depot transfers
- Ammo/Log Realignment
- Single Stock Fund (SSF)
- Logistics Modernization (LOGMOD)



Four AWCF Activity Groups - - “Businesses”

- Depot Maintenance
- Ordnance
- Information Services
- Supply Management, Army

AMC has 100% of
Army AWCF in FY01

Big Business - in FY98 approx:
Revenue = \$6.2B/yr
AMC Manpwr = 21,944/yr



Depot Maintenance

- ★ **Mission:** Organic industrial capability to repair, overhaul, and upgrade weapon systems and equipment; store and distribute ammunition, war reserve materiel, and other selected items, and provide tenant support.

<u>Some Metrics</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
End Strength	12,924	12,981	10,409
Stabilized Rate (\$ per DLH)	\$93.71	\$105.61	\$111.87
Revenue (\$M)	\$1,574	\$1,603	\$1,283

Depots (thru FY99)

Anniston Army Depot (ANAD)
Corpus Christi Army Depot (CCAD)
Letterkenny Army Depot (LEAD)
Red River Army Depot (RRAD)
Tobyhanna Army Depot (TYAD)

Blue Grass Army Depot
Savanna Army Depot Activity
Seneca Army Depot Activity
Sierra Army Depot
Tooele Army Depot



Depot Maintenance Transfers

	FY98		FY99		FY00
	OPCON	C&C	OPCON	C&C	C&C
TYAD	CECOM	IOC		CECOM	CECOM
ANAD*					
RRAD*	-	IOC	TACOM	IOC	TACOM
CCAD*					
LEAD*	-	IOC	AMCOM	IOC	AMCOM

* Transfer Less Ammo Mission

OPCON - Operational Control
C&C - Command & Control



Ordnance

- ★ Mission: Organic industrial capability to produce quality munitions and large caliber weapons, while also providing the full range of ammunition maintenance for U.S. and allied Services.

<u>Some Metrics</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
End Strength	4,659	4,565	6,158
Stabilized Rate (\$ per DLH)	\$81.72	\$105.12	\$99.10
Revenue (\$M)	\$434	\$471	\$677

Arsenals/Ammo Plants (thru FY99)

Pine Bluff Arsenal (PBA)
Rock Island Arsenal (RIA)
Watervliet Arsenal (WVA)
Crane Army Ammunition Activity (CAAA)
McAlester Army Ammunition Activity (McAAP)



Ordnance: Ammo Realignment

FY99		FY00
Command & Control IOC		Command & Control IOC
Ordnance Activity Group	Depot Maintenance Activity Group	Ordnance Activity Group
Crane McAlester Pine Bluff Rock Island Watervliet	Blue Grass Sierra Toledo Savanna Seneca Anniston Ammo Letterkenny Ammo Reid Ammo	Crane McAlester Pine Bluff Rock Island Watervliet Blue Grass Sierra Toledo Savanna Seneca Anniston Ammo Letterkenny Ammo Reid Ammo



Information Services

- ★ Mission: Information management including requirements analysis and definition, system design, development testing, integration, implementation support, and documentation of services in support of the Department of Defense and Foreign Military Sales customers

<u>Some Metrics</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
End Strength	848	764	605
Stabilized Rate (\$ per DLH)	\$62.56	\$69.93	\$83.38
Revenue (\$M)	\$143	\$120	\$123

Central Design Activities (CDAs)

Industrial Logistics Systems (ILSC)

Logistics Systems Support Center (LSSC)

Software Development Center - Washington (SDC-Wash)

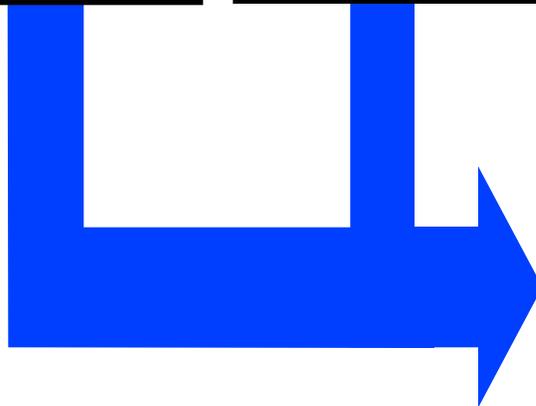
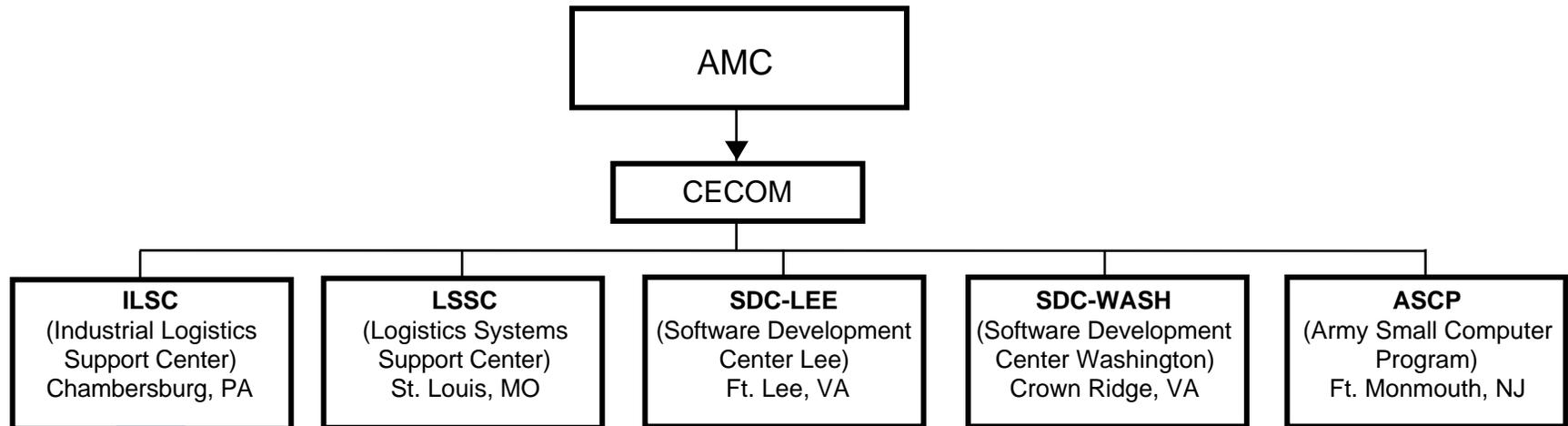
Software Development Center - Lee (SDC-Lee)

CECOM - Systems Management Center, Army Small Computer Program (ASCP)



Logistics Modernization (LOGMOD)

Information Services Activity Group Structure (Pre LOGMOD)



Contract out during FY00

- ★ Transition to contract in FY00
- ★ Retained Gov't Org (RGO) in place by Mar 00
- ★ Many questions remain



AMC Supply Management, Army (SMA)

(\$M)

- ★ Mission: Buys and maintains assigned stocks (consumables and reparables) of materiel for sale to its customers, primary Army operating units. The wholesale division is subdivided by commodity with major subordinate commands manage assigned Army items. The SMA also manages the prepositioned war reserves under Army control.

Some Metrics FY98

SMA Wholesale

End Strength 3513

Sales (gross) \$3,421.7

Unit Cost Goal 100%

Earnings \$3,420.7

SMA Retail Sales

AMC-MOB \$8.7

AMC-ID \$610.2

AMC (thru FY99)

Wholesale IMMCs

TACOM-ACALA

TACOM - Warren

AMCOM

CECOM

SBCCOM

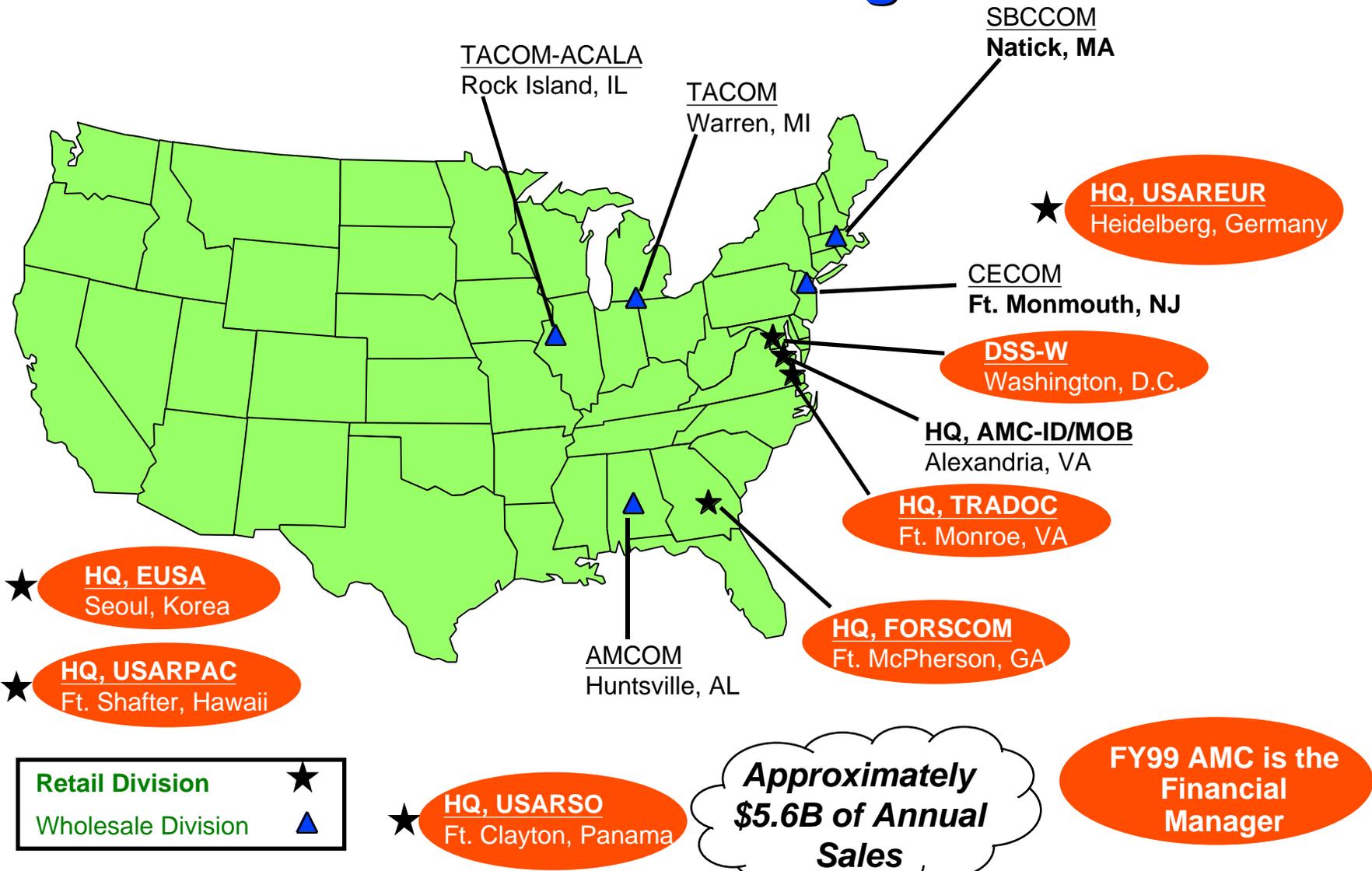
Retail Sites

HQ, AMC-ID/MOB

*Funds Secondary
Repair
Acquisitions
Operations
Credit*



SMA Wholesale & Retail FY99 Single Stock Fund (SSF) OA Now Flows through AMC

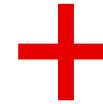




Current AWCF Environment or Possible Causes Behind Some of Today's Issues

Workload (Decreasing) faster than infrastructure

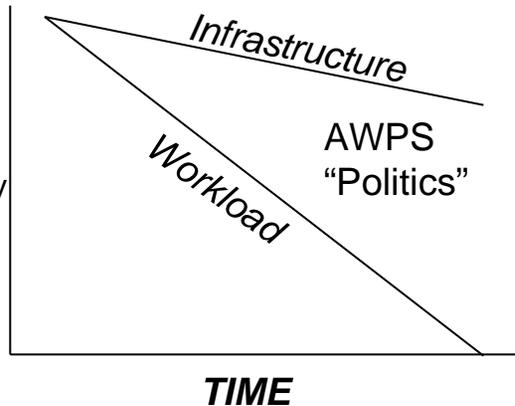
Results in higher rates or surcharges



As rates change, customer TOA adjusted -- but balance with customer TOA broken for non-SMA

QUANTITY

- DoD reqmts
- Outsourcing
- Parts delivery



Results in loss of customer buying power

Leading to beliefs that:

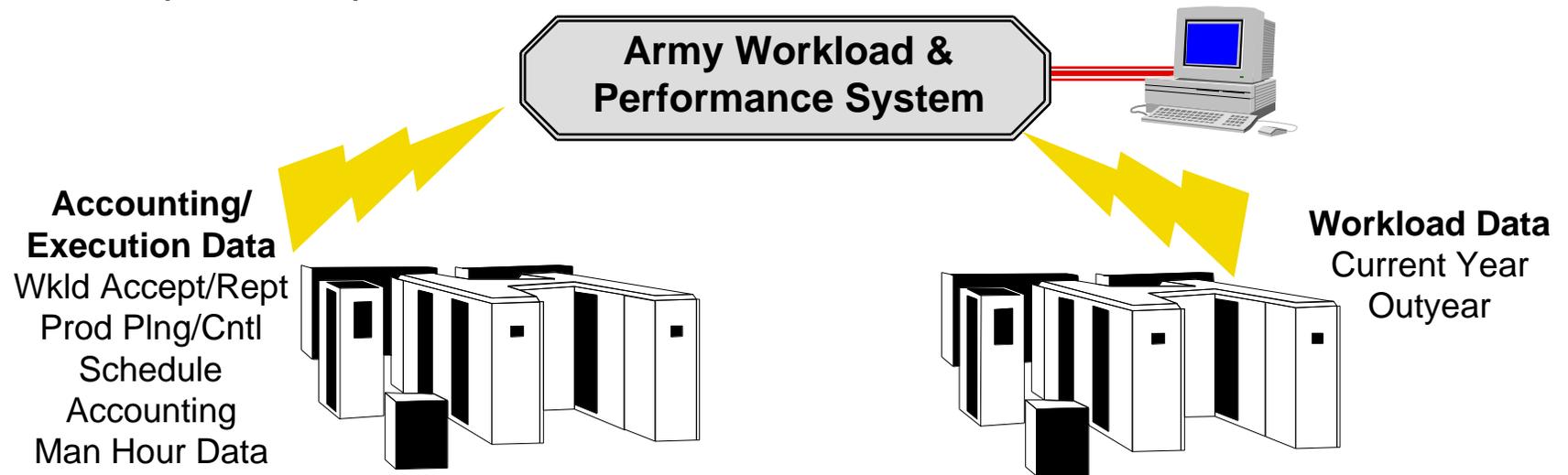
- DWCF is bad
- Rates/surcharges out of control
- Too "many things" included in rates
- WCF activities' costs are out of control



Army Workload and Performance System (AWPS)

What is it?

- ★ A capstone system that captures production workload and translates it into manpower requirements



How can it be used:

- ★ Tracks actual work performed against work scheduled (direct labor only)
- ★ Identifies skill inventory, leave behaviors and attrition
- ★ Depicts the impact of any changes in planned or scheduled workload



Army Workload and Performance System (AWPS)

Does not include non-labor costs.

Main Modules

- Performance** ★ Performance Measurement and Control Module (PMC)
- ➔ Displays actual work performed and compares it against work scheduled. Also compares actual cost of work performed against budgeted cost of scheduled work
 - ➔ Reveals projects with most significant schedule and cost variances

- Work Force** ★ Work force Forecasting Module (WFFC)
- ➔ Shows skill inventory, leave behaviors, attrition, productivity, direct labor
 - ➔ Supports analysis of alternative employment strategies by optimization of work force against workload

- Workload** ★ Workload Forecasting Module (WLFC)
- ➔ Stores project data, labor expenditures, work performance data, and schedules
 - ➔ Shows impact of any changes in planned workload or its schedule
 - ➔ Supports the analysis of workload that may be contracted out
 - ➔ Allows for computerized “what-if” drills



Army Workload and Performance System (AWPS)

Why is this important?

- ★ FY98 Congressional Authorization Bill Language, Section 364
 - ❖ Sponsored by Congressman Solomon Ortiz, D - Corpus Christi
 - ❖ States “except as necessary to implement BRAC 1995 decisions at Red River Army Depot and Letterkenny Army Depot no Civilian employees will be released from depots until AWPS is fully operational and certified by the Secretary of the Army in a report to Congress”



Army Workload and Performance System (AWPS)

The Catalyst - How It Started

- ★ General Accounting Office (GAO) and U.S. Army Audit Agency (AAA) Reports had findings that the Army did not have a:
 - ❖ Formal manpower requirements program
 - ❖ Formal workload reporting systems

- ★ Congress showed interest and issued FY95 guidance: Develop an Army wide process to capture workload and link to manpower
 - ❖ Lead for the Army assigned to ASA (M&RA)

- ★ ASA (M&RA):
 - ❖ Conducted a nationwide search for an existing, viable system
 - ❖ Advised AMC of possible automated system



Army Workload and Performance System (AWPS)

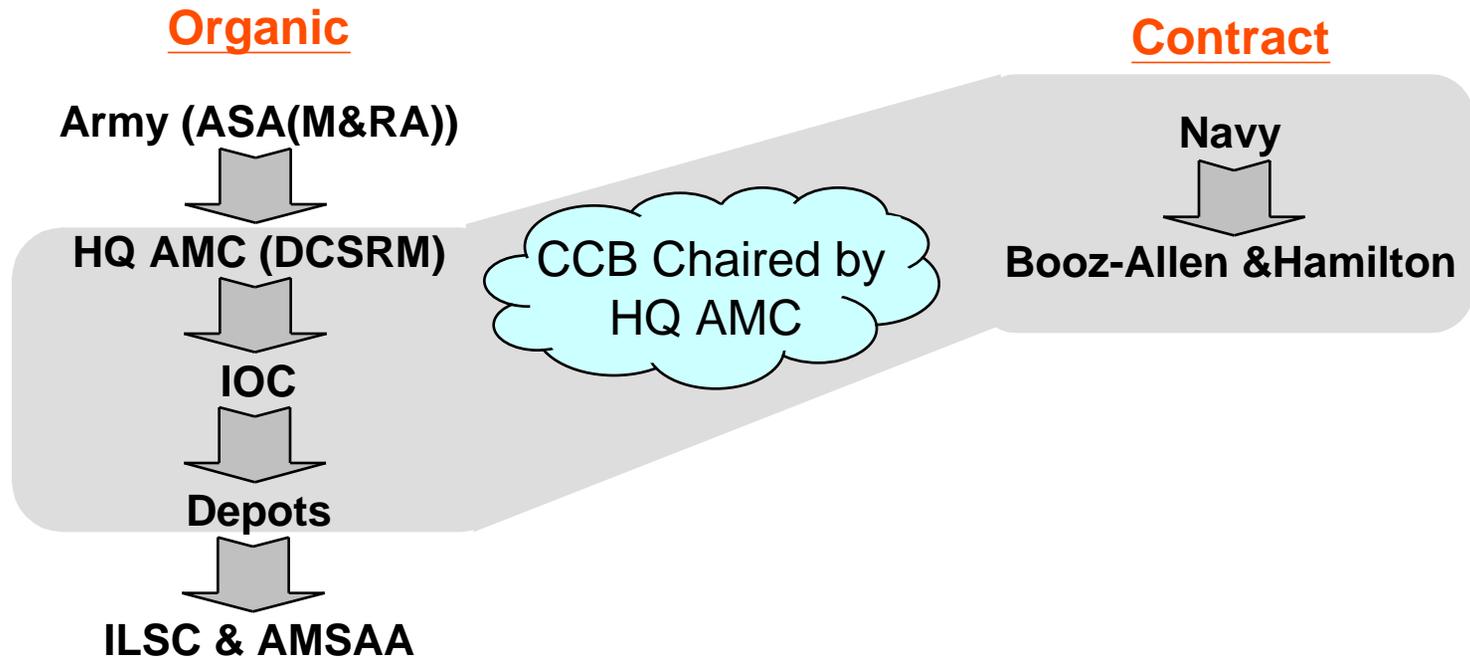
- ★ AMC reviewed the Navy's (NAVSEA) Workload Planning System
 - ❖ Identified potential applicability within the Army depots
 - ❖ Formed partnership with Navy to adapt system to Army activities
 - ❖ Developed "the Army Workload and Performance System (AWPS)"

- ★ Objectives:
 - ❖ Capture workload and translate into manpower requirements
 - ❖ Improve internal depot skill utilization



Army Workload and Performance System (AWPS)

- Major players in the AWPS development





Army Workload and Performance System (AWPS)

What's Done: The 3 main modules for Direct Depot Maintenance work:

- Performance Measurement and Control (PMC), Workforce Forecasting (WFFC), and Workload Forecasting (WLFC) modules installed and training completed at five maintenance depots:
 - ❖ ANAD
 - ❖ LEAD
 - ❖ TYAD
 - ❖ RRAD
 - ❖ CCAD*

- Currently
 - ❖ HQDA approved AWPS operational definition, 23 Apr 98
 - ❖ Army Audit Agency determined that AWPS is ready for certification
 - ❖ Secretary of Army is anticipated to certify system to Congress by 30 June 99.

* AWPS Prototype Test Site



Army Workload and Performance System (AWPS)

What Remains to be Done:

- Test the system to see if it will replicate the manpower decrements in the FY00/01 budget
- Expand to other mission areas
 - ❖ Ammunition
 - ❖ Base Operations (includes efficiency AMSAA formulas)
 - ❖ Manufacturing
- Develop and train Executive Level System for HQ AMC
- Develop timelines and metrics for implementation and certification of other mission areas.



Army Workload and Performance System (AWPS)

Summary

Validity of reshaping actions greatly increased by use of the AWPS

- AWPS captures workload and translates into manpower requirements
- Improves internal skill utilization
- Provides baseline for efficiency initiatives



Anti-Deficiency Act (ADA) Violations: Why the Concern?

- ✱ ADA violation is violation of Federal law
- ✱ Administrative & criminal penalties
- ✱ Extremely high visibility - President & Congress
- ✱ Impairs execution of current resources
- ✱ Violates the public's trust
- ✱ Negative Congressional perception jeopardizes future appropriations



Anti-Deficiency Act: What It Is

- ✿ Group of Federal statutes collectively named ADA
- ✿ Basic underlying fiscal principle: “Pay as you go”
- ✿ Common types of violations:
 - ❖ Obligation or disbursement in excess of appropriation (funds)
 - ❖ Obligation in advance of appropriation (receiving funding)
 - ❖ Obligation in excess of apportionment or administrative subdivision of funds
 - ❖ Use of funds for other than authorized purpose
 - ❖ Acceptance of voluntary services
 - ❖ Expenditures not authorized or which were prohibited by law
 - ❖ Use of “wrong year” funds

What usually happens is the wrong appropriation is used





Anti-Deficiency Act Violations: Contributing Causes

- ★ “Can do” spirit while resources decrease faster than mission decreases
- ★ Knowledge base loss:
 - ❖ Downsizing
 - ❖ Loss of senior personnel, corporate knowledge
 - ❖ Consolidation / regionalization - DFAS, DISA, & CPO
- ★ Insufficient / ambiguous / conflicting guidance:
 - ❖ Construction project classification - repair vs new
 - ❖ ADP equipment purchase classification policy - investment vs expense, system vs stand alone
- ★ IMPAC cardholders lack sufficient training
- ★ Ignorance
- ★ Honest, reasoned differences in policy interpretation



Anti-Deficiency Act Violations: Recent AMC Examples

Recent Cases

- ✱ DERA funding used for building maintenance and construction
- ✱ Apparent new, replacement construction classified as repair
- ✱ ADP equipment purchase alleged to be system
- ✱ Unauthorized memento purchases
- ✱ Buy America Act/Berry Amendment requirements interpreted as ADA restrictions



Ways to Avoid ADA Violations

- ✱ Education (ADA avoidance is everyone's business)
- ✱ Reinforce current funding guidance
- ✱ Emphasize accountability for compliance with statutory requirements
- ✱ Include fiscal integrity in performance standards
- ✱ Maintain effective internal controls
- ✱ When in doubt, ask (RM, legal, internal review, DFAS, AAA)
- ✱ Obey the rules - don't subordinate them to "can do" zeal
- ✱ In AWCF:
 - ❖ Maintain a positive cash balance
 - ❖ Do not exceed obligation or cost authority
- ✱ If ADA suspected, be forthcoming and go BY THE BOOK



**Avoid/Stop
ADAs**

Through Training & Fiduciary Empowerment





Summary

- ✿ Complexity of resource management and resource environment
- ✿ Answers to questions:
 - ❖ DCSR Organization and Functions:
 - Robert Turzak - DSN 767-5175 - bturzak@hqamc.army.mil
 - ❖ Resource Environment:
 - Robert Turzak - DSN 767-5175 - bturzak@hqamc.army.mil
 - ❖ AWCF:
 - Douglas Loomer - DSN 767-8678 - dloomer@hqamc.army.mil
 - ❖ AWPS:
 - Mary Ann Greco - DSN 767-3272 - mgreco@hqamc.army.mil
 - ❖ ADA:
 - Mary Ann Greco - DSN 767-3272 - mgreco@hqamc.army.mil