



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-017

10 December 2004

DAPR-ZB

MEMORANDUM FOR RECORD

SUBJECT: COBRA or Scenario Data Call Questions 6218 and 6220

1. DFAS reported estimated administrative/support contract termination costs IAW Scenario Data Call question 6218 and estimated administrative/support termination savings IAW Scenario Data Call question 6220). The FM Team reviewed the data reported and after discussions with DFAS found the data reported did not meet the intent of the questions and therefore could not be used in COBRA.
2. Estimated administrative/support contract termination cost (SDC question 6218) responses are based on current contracts and the conclusion that because of timing issues DFAS could not schedule the contracts termination to coincide at the time of the movement so there would be penalty with all contracts. While this assumption may be valid for some FY 06 contracts, it is questionable for FY 07 through FY 11. DFAS should be able to plan for timely future contract termination for contracts FY 07 through FY 11. The total contract termination cost being reported is about \$81,174 for FY 06. Please note that the FY 06 contract dollar amount is currently in DFAS's base line.
3. Estimated administrative/support termination savings (SDC question 6220) responses are based on current contracts and the assumption that DFAS could avoid all contract termination costs for the applicable years. Saving identified are not deemed valid because savings identified mirror contract costs in SDC 6218 response. Additionally, funds will be required to augment existing admin/support contracts at gaining locations.
4. In summary, the basis for the contract termination cost and savings being reported are suspect. Further no consideration was taken for services needed at the gaining site. After review, it is the opinion of the FM Team that termination costs and termination savings will be about equal over the initial implementation period. Therefore, no contract termination cost or termination savings will be reported in COBRA.



5. Points of contact are Mr. Joe Roj or Donna Oscepinski.

Joseph A. Roj
Financial Management Team
Geo Cluster & Functional Subgroup
HSA JCSG

cc:
DoIG – Mr. Joe Kaseler
HSA JCSG – Ms. Susan Zander