Forward Compatible Pay

Presentation for FINCOM Conference
• Defense Joint Military Pay System (DJMS)
  - 1970’s era COBOL programming --- Air Force first converted in 1974
  - Modifications made in 90’s to accommodate conversion of Army and Navy
  - Original program was documented but as large numbers of changes and modifications were made, documentation deteriorated
  - Increasingly unreliable ... fixes more complex with unintended 2nd and 3rd order affects
  - Accelerated growth in problem/trouble reports from 1999 to 2003
• Manual workarounds used to accommodate DJMS problems and unprogrammed legislative changes
• BCAs conducted to determine if a workaround is more cost effective than a capital expenditure with resulting depreciation charges
• Currently 142 workyears tied up with manual workarounds
• DIMHRS Timeline continues to slip

These factors led to...
DJMS Brownout

- Decision to brownout DJMS made in January 2003 as SCRs could not be programmed without significant problems occurring post implementation
- All reported problem reports and SCRs were examined to determine which would remain post-brownout decision
- Total open trouble reports (AC&RC) reduced from 804 to 143
- This action served to stabilize system
Significant Changes Implemented That Continue to Keep DJMS Viable (FY03)

**AC**
- ✓ Thrift Savings Plan
- ✓ Long Term Care Insurance
- ✓ 2002 Year End W2s
- ✓ Automated Stops for Salary Offsets

**RC**
- ✓ Thrift Savings Plan
- ✓ 2002 Year End W2s
- ✓ Combat Zone Processing Enhancements
- ✓ Automated Special Pays for:
  - Medical
  - Dentist
  - Veterinarian
  - Optometrist
Significant Changes Scheduled That Continue to Keep DJMS Viable (FY04)

**AC**
- Family SGLI (Implemented)
- 2003 Year End W2s
- Automated Garnishments
- Automated Service Date Changes

**RC**
- Leave Accrual (Implemented)
- Family SGLI (Implemented)
- Mobilization Retroactive Processing
- 2003 Year End W2s
Terms of Reference (TOR)

- Brownout decision meant DFAS could not wait for DIMHRS implementation
- TOR was a process used by DFAS to decide on DJMS successor
- Advocates appointed to present three options
  - Option #1 - invest and “rebuild” DJMS
  - Option #2 - adopt Marine Corps Total Force System
  - Option #3 - COTS Solution
- Option #3 selected and subsequently approved by OSD --- became known as “Forward Compatible Pay”
Forward Compatible

Pay

• Peoplesoft product ... pay module functionality will be passed to DIMHRS

• Will eliminate all manual workarounds

• Legislative changes easily and quickly programmed

• Technical support requirements reduced

• AC and RC will both reside on same platform... simple “toggling” changes status of service member
Forward Compatible Pay (cont)

• Due to prior fielding of Defense Military Pay Office (DMO), fielding of FCP will be transparent to field.

• Enhanced member self service
FCP Functional

Your Financial Partner @ Work
# Proposed FCP LES

## Defense Finance and Accounting Service

**Military Leave and Earnings Statement**

### Entitlements

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Year To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASE PAY</td>
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<td>BAS</td>
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<td>OAHSA</td>
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<td>COLA</td>
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<td>4080.00</td>
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<td>FAM SER-HOUSING</td>
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<td>HBP/IDP</td>
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### Direct Deposit Distribution

#### Account Type C

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<thead>
<tr>
<th>Type</th>
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<tr>
<td>FEDERAL PAY</td>
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<td>FICA-SOC SECU</td>
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<td>FICA-MEDICARE</td>
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<td>SOLI</td>
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<td>RET HOME</td>
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<td>TSP</td>
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<tr>
<td>MID-MONTH-PAY</td>
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</table>

### Total Entitlements: 5971.89

### Tax Data

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<th>Additional Tax</th>
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### Taxable Wages

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<tr>
<td>Social Security</td>
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<td>Medicare</td>
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<td>State (IN)</td>
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### Allotments

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<td>BAH Type W/DEP</td>
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<td>BAH ZIP GE129</td>
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<td>OHA/COLA</td>
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<tr>
<td>BAS Type C</td>
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<tr>
<td>Thrift Savings Plan</td>
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<td>Deferred 1182.87</td>
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<tr>
<td>Exempt 0.00</td>
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### Leave

- **Projected Expiration Term of Service Balance**: 258.5
- **Leave Days Lost**: 0.0
- **Leave Days Paid**: 0.0
- **Leave Days Use/Lose**: 0.0
- **Leave Days Excess**: 0.0
- **Leave Days Combat Zone Balance**: 2.5
Communications Plan

• FCP benefits and timeline need to be briefed at multiple levels of the military services

• Communications plan now being built that will schedule these efforts

• “Targets of opportunity” will also be taken to insure we get the word out

• Soldiers, Sailors, and Airmen will receive information closer to the actual implementation date
FCP Timeline

• 15 Mar 05 - Army Reserve and Army National Guard
• 15 Jul 05 - Army Active
• 15 Nov 05 - Air Force Active, Reserve, and National Guard
• 15 Mar 06 - Navy Active and Reserve
• Marine Corps remains on MCTFS until DIMHRS implementation
DFAS Support for DIMHRS

• DIMHRS is still the goal
  - DOD objective - integrated personnel/pay system

• DFAS continues its strong support for DIMHRS
  - DFAS has supported DIMHRS since its inception
    • Created pay and pay-related personnel requirements
    • Assisted with data and automation requirements
    • Was an active partner in the selection of the DIMHRS COTS software foundation (PeopleSoft) and the Developer/Implementer Contractor
    • Resources located at both the Joint Requirements and Integration Office (JR&IO) and the Joint Program Management Office (JPMO)
    • Active participation in DIMHRS IPTs

• DFAS will fully share FCP architecture and products with the DIMHRS JPMO and DIMHRS Developer & Implementer Contractor
Why Do We Still Need DIMHRS?

- Integrated Pay/Personnel system
- Pay impacting personnel data would drive entitlements
- Entitlements would be passed into the pay computation module
- Single source data entry would significantly reduce propensity for error

- No integrated Pay/Personnel system
- Identify/ build interfaces that pass data from legacy personnel systems into FCP
- Test conditions will be provided to the Test Team to insure that the “integration broker” performs correctly