



DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CERM-P (415-11a)

7 July 1998

MEMORANDUM FOR COMMANDERS, MAJOR SUBORDINATE COMMANDS

SUBJECT: FY 99 Military Supervision and Administration (S&A) Ceilings

1. The 15 June 1998 Video Teleconference (VTC) led to a very productive exchange and insight into what each of you is doing to manage your S&A program. The MILCON and O&M S&A accounts have incurred significant losses so far in FY98, but you have projected, on the whole, a major comeback by the end of the fiscal year. To keep focused on the dollar impact that each of you has on the overall Military S&A account balances, I have added a chart to the 3RD Qtr Command Management Review (CMR) that displays gains and losses for each MSC. Your FY99 S&A ceilings and projected dollar contributions (or losses) to the overall accounts are provided in enclosure 1. These are based on the commitments and requirements you briefed at the VTC.
2. The MSC Regional Business Center process, in concert with the operating budget, must be used to effectively manage S&A. Overly optimistic workload projections are a major problem. The project management process must be more effective in making accurate workload projections to ensure only the necessary staff is on the payroll. Your project management team must also take the lead in getting funds correctly loaded into CEFMS to eliminate leakage and accounting errors.
3. Using Construction S&A as a focal point, you are showing you can do a better job of managing your resources. As a Command, we must continue to look for ways to increase our long-term efficiency through training, automation, outsourcing, and consolidation of small inefficient offices. Providing quality products and services at cost-effective rates is critical to retaining current customers and attracting new customers.
4. Provide your MSC and district schedules of Military placement, expense, and rates to CERM-P by 26 October 1998 in the format at enclosure 2. POC for this action is Philip Blount, (202) 761-1267.

FOR THE COMMANDER:

Encls

ALBERT J. GENETTI, JR.
Major General, USA
Chief of Staff

FY 99 S&A Rates Ceilings

| | MILCON | O&M | DERP | O&M+DERP |
|------|--------|--------|------|----------|
| HNC | 5.7% | n/a | 7.6% | 7.7% |
| LRD | 5.7% | 6.5% | 8.0% | 7.6% |
| TAE* | 6.5% | 7.8% | n/a | 7.9% |
| NAD* | 5.7% | 6.4% | 8.0% | 6.9% |
| NWD | 5.4% | 6.5% | 8.0% | 7.4% |
| POD | 6.5% | 8.0% | 8.5% | 8.1% |
| SAD | 5.7% | **6.7% | 8.0% | 7.8% |
| SPD | 5.7% | 6.5% | 8.0% | 7.1% |
| SWD | 5.7% | 6.5% | 8.0% | 6.8% |
| TAC | 5.6% | 13.0% | n/a | 13.0% |
| AVG | 5.8% | 7.1% | 8.1% | 7.4% |

*NAD + TAE blended CONUS & OCONUS rates will be calculated on actual workload mixture.

**SAD has blended CONUS (6.5%) & OCONUS (8.0%) O&M rate of 6.7% that breaks even.

Minor OCONUS MILCON work may be done by NAD (excluding TAE) & SAD.

Out year ceilings will normally be a slightly below the rate charged to the customer.

MSC Account Balance Commitment (\$000)

| | MILCON | O&M+DERP |
|-----|--------|----------|
| HNC | 0 | 52 |
| LRD | 0 | 0 |
| TAE | 0 | 245 |
| NAD | 0 | 99 |
| NWD | 1,285 | 0 |
| POD | 0 | 0 |
| SAD | 0 | 0 |
| SPD | 0 | 0 |
| SWD | 0 | 0 |
| TAC | 496 | -212 |

Minor calculated gains/losses were ignored if the actual rate equaled the flat rate. Commitment calculated by multiplying placement by current flat rate (income) and subtracting expenses.