

December 8, 2003

MEMORANDUM FOR: Program Resource Managers

FROM: Howard G. Borgstrom  
Working Capital Fund Manager

SUBJECT: Revised FY 2005 Projections for Working Capital Fund

This memorandum and its attachments provide updated guidance for the Working Capital Fund components of your FY 2005 Congressional Budget Request based on developments that have occurred since our May, 2003 estimates for the Corporate Review Budget. Developments since May include:

- Creation of new organizations;
- Availability of FY 2003 actual consumption level information;
- Addition of the new businesses and business segments to the Working Capital Fund;
- Board decisions to incorporate into the Fund some fee-for-service activities previously being billed outside the Fund; and
- Pricing Policy changes agreed-to by the Board at its August and December meetings.

These estimates are consistent with those presented at the December 4, 2003 Working Capital Fund Board meeting. Tables are provided for FY 2003 (actual billing), FY 2004, and FY 2005. In all tables, we have included Electronic Services within the Building Occupancy column because they are based on the same pricing algorithms.

Staffing numbers were updated from the May guidance to incorporate October 2003 in pricing policy formulae for the Payroll and CHRIS businesses. Program offices are charged for payroll services based on the number of Federal civilian employees at the start of the fiscal year in their headquarters offices and in the field offices that report administratively to their lead Program Secretarial Officer (LPSO), with the exception of NNSA employees who are billed to NNSA.

Because of opportunities for customer choice, customer organizations are responsible for developing budgets based on their best understanding of their likely future needs. The estimates provided in the attachments are intended only as guidance based on patterns that have been identified by the Fund business line and financial staff.

The following are the specific assumptions and data sources used for each business line for these revised

estimates.

### Supplies (PaperClips)

FY 2003 actual billings have been used to project FY 2004 and FY 2005 costs for all organizations except for new customers. For the latter, we have developed estimates based on consumption levels of organizations of comparable size.

### Mail

The current pricing policy is assumed to stay in effect, with volume levels based on FY 2003 actual patterns. However, the potential exists for USPS postage rate increases, and dollar levels reflect this possibility.

### Copying Service

Copying estimates reflect current pricing policy. During the last half of FY 2003, the Copying business expanded to include digitization services, but no clear pattern has emerged on the long-term use of these services. Actual use of digitization services in early FY 2004 is included, but no forecasts of future use have been made. In addition, we have identified technical problems with billing for centralized copiers that likely resulted in under-billing some customers during FY 2003, and FY 2004 and FY 2005 estimates have been adjusted from FY 2003 actuals to reflect this likely under-billing. Accordingly, there are both downward adjustments from FY 2003 (representing the one-time nature of some digitization projects) and upward adjustments (representing estimated FY 2003 under-billing).

### Printing and Graphics

The FY 2004 and FY 2005 Printing and Graphics charges reflect the current pricing policy, which includes billing customers for special order graphics items that are sent to contractors on an actual cost basis. However, it appears that FY 2003 charges did not include all of the costs of these special order items. Therefore, we have increased our estimates for FY 2004 and FY 2005 for the estimated costs that were under-billed in FY 2003. We do not, however, plan to try to recoup the FY 2003 unbilled costs in FY 2004.

### Building Occupancy

The FY 2004 estimates reflect the occupancy agreements that you have signed with the Office of Administration, and the FY 2005 costs assume your continued occupancy of that space. We have not adjusted estimates either for potential consolidations or expansions of your space nor for any building

alternations you might decide to undertake.

### Telephones

The FY 2004 estimates include the current phone service pricing policy agreed to in 2003, with adjustments since May for telephone lines and actual consumption levels in FY 2003. This business line also now includes service charges for Cell Phones, Pagers, Electronic devices (blackberries, etc.), and dedicated lines for which you have previously been billed by the CIO outside the Fund. Based on Board action last week, your office will continue to acquire cell phone, pager, and electronic device *equipment* through the CIO through direct citations of your funds outside the WCF; this method for acquiring equipment is already in place for telephones. However, the recurring service contract costs for these new items will be billed through the Fund.

The Cell Phone estimates in the attached derive from those appended to our September 17, 2003 memorandum, based on August Board action. The pager, electronic device, and dedicated phone lines service costs are based on the CIO estimates that were provided to the Board last week.

### Desktop

Desktop services for FY 2004 and FY 2005 are based on current pricing policies. Allowance has been made for new organizations.

### Network

Network estimates are based on pricing policies for both Network and DOENet that were agreed to by the Board at its August 2003 meeting. The distribution of LAN lines and DOENet connections is assumed to remain constant in FY 2004 and FY 2005 at late FY 2003 levels.

### Contract Closeout/Purchase Card Surveillance

Contract Closeout levels for FY 2004 reflect the service agreements your have made with Jeff Rubenstein, who has provided estimates for service levels in FY 2005.

The Purchase Card Surveillance segment and dollar levels were agreed to by the Board in August 2003 for FY 2004 and FY 2005. The distribution of such costs is tied to rebates from the vendor. The FY 2004 billing distribution is firm, since it was based on actual rebate distribution levels in FY 2003. The FY 2005 distribution is assumed to be constant at the FY 2004 level, but the pricing policy calls for another review of rebate distribution patterns during FY 2004 to support actual billing in FY 2005.

## Payroll

As discussed at last week's Working Capital Fund Board meeting, the costs for producing the DOE payroll through DFAS are below the \$3.1 million pricing policy that has been in effect. To avoid the accumulation of unspent balances in this business line, the Fund Manager has exercised discretion, under current Board procedures, to reduce annual Payroll billings to \$2.1 million in FY 2004 and \$1.9 million in FY 2005.

## CHRIS

The CHRIS charges for FY 2004 and FY 2005 remain at the FY 2003 actual level of \$2.17 million.

## Corporate Training Services

For FY 2004 and FY 2005, the Board has expanded the previous On-Line Learning Center (OLC) business line to include fee-for-service training now delivered through the Office of Human Resources Management (ME-50) but paid for by customers on a tuition basis. In the attached tables, the OLC portion of the billing estimates remains substantially unchanged, but we have added a "Training Delivery and Services" estimate based on the pattern of fee-for-service training use by organizations.

## Project Management Career Development Program (PMCDP)

As referred to in our September 17, 2003 memorandum, a new business line was established at the August 2003 Board meeting to finance the PMCDP at levels of \$2.5 million in FY 2004 and \$1.0 million in FY 2005. The costs are distributed to program customers by formulae that take into account both the inventory of projects and the number of project managers subject to certification. The project inventory is considered fixed for FY 2004, but the portion of the revenue structure that is linked to participants will be updated in mid-FY 2004. The distribution of FY 2005 costs is based on the estimated FY 2004 cost distribution, but FY 2005 amounts are subject to change based on changes in the project and participant variables.

## Questions?

Program offices are invited to ask questions or seek clarification by contacting Howard Borgstrom (6-5923), Bob Emond (6-2354) or Roscoe Harris (6-5527). You may also ask for more information from any of the business line points-of-contact listed in the most recent transmittal of the monthly bill.

## Attachments

cc: Working Capital Fund Board

**ACTUAL CUSTOMER COSTS FY 2003**  
(\$ IN THOUSANDS)

ORG CODE	SUPPLY	MAIL	COPYING SERVICE	PRINTING & GRAPHICS	BUILDING OCCUPANCY	PHONE SERVICE	DESKTOP SUPPORT	NETWORK	CONTRACT CLOSEOUT	PAYROLL	CHRIS	OLC	INDIRECT	TOTAL ACTUAL
AB	3	18	14	43	121	12	1	5	0	1	1	0	0	218
BCA	0	0	0	0	226	5	3	1	0	0	1	0	0	236
BPA	2	13	1	36	95	11	0	45	0	0	0	13	0	216
CI	15	39	22	8	480	39	13	31	0	5	8	0	0	662
CN	27	34	18	17	620	82	1	16	2	4	6	0	0	825
EA	36	21	20	6	308	28	5	18	0	2	2	0	0	446
ED	22	53	75	85	376	43	4	34	9	4	7	0	0	712
EE	227	257	254	211	3,807	447	111	568	56	63	100	6	0	6,107
EH	74	86	73	58	3,050	293	26	262	23	29	46	13	0	4,032
EIA	178	320	187	415	5,159	525	3	13	280	44	70	20	0	7,215
EM	157	55	143	89	4,043	435	23	512	55	229	364	65	0	6,170
FE	109	47	106	191	1,710	221	85	467	63	111	177	8	0	3,296
GC	52	42	32	49	2,023	157	8	86	1	17	27	10	0	2,505
HG	4	17	1	45	738	26	0	16	0	4	7	1	0	859
IG	34	45	23	84	1,172	87	9	88	2	31	49	24	0	1,648
IM	105	55	27	19	2,915	275	238	280	17	12	19	7	0	3,967
IN	29	80	25	10	1,950	86	1	3	0	6	10	4	0	2,204
ME	349	614	488	524	9,653	1,025	229	1,004	90	79	125	31	135	14,346
NA	356	232	295	114	10,316	1,005	162	1,285	145	290	462	35	0	14,698
NE	54	43	50	33	1,161	137	1	92	9	12	20	2	0	1,612
NR	0	3	1	1	0	107	0	0	0	21	34	0	0	166
OA	31	20	8	4	382	61	20	41	0	7	11	0	0	585
PA	13	54	158	150	366	40	20	23	1	3	5	0	0	833
PI	54	57	33	35	1,109	108	14	84	28	12	19	3	0	1,556
RW	37	17	27	20	867	119	9	165	12	19	30	0	0	1,320
S	22	26	5	95	532	75	4	44	5	3	5	0	0	818
SC	193	104	140	242	1,951	366	11	479	6	145	230	17	0	3,885
SO	235	180	141	110	3,446	630	131	150	9	29	46	20	0	5,128
WAPA (PML)	1	13	0	64	101	58	0	413	0	179	285	14	0	1,128
WT	3	22	4	3	255	14	2	13	6	2	3	1	0	328
FO	0	0	0	0	0	0	0	0	0	0	0	47	0	47
Business Line				16										16
<b>TOTAL</b>	<b>2,421</b>	<b>2,569</b>	<b>2,369</b>	<b>2,762</b>	<b>58,931</b>	<b>6,519</b>	<b>1,134</b>	<b>6,237</b>	<b>819</b>	<b>1,363</b>	<b>2,170</b>	<b>342</b>	<b>135</b>	<b>87,788</b>

**PROJECTED CUSTOMER COSTS FY 2004**  
(\$ IN THOUSANDS)

ORG CODE	SUPPLY	MAIL	COPYING SERVICE	PRINTING & GRAPHICS	BLDG OCCUP	PHONE			DESKTOP SUPPORT	NETWORK	PROCUREMENT MGT			CORP TRAINING SERV		PROJECT MANAGEMENT CAREER DEVELOPMENT PROGRAM	TOTAL ALL ACTIVITIES	ORG CODE
						PHONE SERVICE	CELL PHONES	OTHER COMM DEVICES			CONTRACT CLOSEOUT	PURCHASE CARD SURV	PAYROLL & CHRIS	ONLINE LEARNING	TRAINING DELIVERY & SERVICES			
AB	3	21	11	45	125	11	2	2	1	5	0	0	2	0	0	0	228	AB
BCA	0	0	5	0	231	3	0	0	2	1	0	0	1	0	0	0	244	BCA
BPA	2	13	5	25	99	11	0	0	0	15	0	0	0	27	0	198	BPA	
CI	15	42	26	13	460	38	25	13	16	34	0	0	14	0	0	698	CI	
CN	27	39	24	15	851	84	9	9	1	16	1	0	13	0	4	1,093	CN	
DR	23	13	3	1	80	0	0	0	1	0	0	0	2	0	0	123	DR	
EA	36	16	22	13	203	39	28	11	4	33	0	0	5	0	6	417	EA	
ED	22	59	71	75	388	42	9	17	4	36	16	0	14	0	1	753	ED	
EE	227	282	183	175	3,705	423	80	0	52	624	100	32	202	3	8	6,111	EE	
EH	74	58	64	58	3,469	297	13	8	42	305	45	0	85	19	7	4,545	EH	
EIA	178	326	179	425	5,308	519	6	6	4	5	63	0	142	20	11	7,191	EIA	
EM	157	57	148	73	3,919	440	52	39	31	729	48	121	623	81	25	936	7,478	EM
FE	109	50	107	211	1,842	225	33	20	86	419	58	19	350	20	5	239	3,794	FE
GC	52	51	36	107	2,096	164	5	6	8	88	1	0	58	2	4	0	2,678	GC
HG	4	17	5	79	726	28	0	0	0	17	0	0	10	0	1	0	888	HG
IG	34	46	25	63	1,038	87	12	3	6	57	3	0	95	27	3	0	1,500	IG
IM	105	56	29	20	3,472	302	44	81	217	289	0	0	41	6	5	10	4,677	IM
IN	29	81	36	16	1,617	93	10	154	1	2	28	0	21	5	1	0	2,093	IN
ME	349	645	471	495	10,134	1,060	39	56	270	892	150	41	251	37	143	5	15,039	ME
NA	356	226	292	194	10,655	1,015	127	477	199	1,058	126	154	829	45	25	733	16,511	NA
NE	54	35	76	39	1,358	145	6	11	1	173	35	56	177	2	4	66	2,237	NE
NR	0	0	4	0	0	96	0	0	0	0	0	0	70	0	1	0	171	NR
OA	31	22	10	6	366	63	10	8	31	47	0	0	21	0	1	0	615	OA
PA	13	50	276	179	377	37	11	9	31	24	0	0	10	0	1	0	1,018	PA
PI	54	58	36	43	1,148	113	15	19	11	90	36	0	39	2	5	0	1,669	PI
RW	37	18	34	26	902	128	27	29	11	79	12	0	65	0	3	114	1,483	RW
S	22	30	9	104	566	77	36	19	4	47	0	0	11	0	0	0	926	S
SC	193	108	128	247	2,459	368	1	18	12	433	13	37	430	15	10	367	4,838	SC
SO	235	174	153	121	3,902	644	34	57	161	213	13	0	87	23	13	0	5,830	SO
TD	40	13	2	1	236	9	2	1	1	0	0	0	6	0	0	10	321	TD
WAPA (PML)	1	13	4	34	105	49	0	0	0	128	0	40	589	12	0	0	975	WAPA
WT	3	22	6	4	265	16	2	2	3	61	6	0	8	1	0	0	398	WT
FO	0	0			0	0		0	0	0	0	0	0	0	5	5	10	FO
<b>TOTAL</b>	<b>\$ 2,484</b>	<b>\$ 2,642</b>	<b>\$ 2,481</b>	<b>\$ 2,905</b>	<b>\$ 62,102</b>	<b>\$ 6,625</b>	<b>\$ 639</b>	<b>\$ 1,074</b>	<b>\$ 1,211</b>	<b>\$ 5,920</b>	<b>\$ 754</b>	<b>\$ 500</b>	<b>\$ 4,270</b>	<b>\$ 349</b>	<b>\$ 294</b>	<b>\$ 2,500</b>	<b>\$ 96,749</b>	<b>TOTAL</b>

**PROJECTED CUSTOMER COSTS FY 2005**  
(\$ IN THOUSANDS)

ORG CODE	SUPPLY	MAIL	COPYING SERVICE	PRINTING & GRAPHICS	BLDG OCCUP	PHONE			DESKTOP SUPPORT	NETWORK	PROCUREMENT MGT			CORP TRAINING SERV		PROJECT MANAGEMENT CAREER DEVELOPMENT PROGRAM	TOTAL ALL ACTIVITIES	
						PHONE SERVICE	CELL PHONES	OTHER COMM DEVICES			CONTRACT CLOSEOUT	PURCHASE CARD SURV	PAYROLL & CHRIS	ONLINE LEARNING	TRAINING DELIVERY AND SERVICES			
AB	3	22	11	48	130	11	2	2	1	5	0	0	2	0	0	0	236	AB
BCA	0	0	5	0	94	3	0	0	2	1	0	0	1	0	0	0	107	BCA
BPA	2	14	5	26	103	11	0	0	0	15	0	0	0	27	0	0	203	BPA
CI	15	44	26	12	496	38	25	13	16	34	2	0	13	0	2	0	735	CI
CN	27	39	24	18	871	84	9	9	1	16	1	0	12	0	4	0	1,115	CN
DR	23	14	3	0	83	0	0	0	1	0	0	0	1	0	0	0	126	DR
EA	36	17	22	7	212	39	28	11	4	33	0	0	5	0	6	0	421	EA
ED	22	62	71	80	405	42	9	17	4	36	24	0	13	0	1	0	785	ED
EE	227	283	170	198	3,862	423	80	0	52	624	83	18	192	3	8	6	6,229	EE
EH	74	60	65	57	3,777	297	13	8	42	305	46	0	81	19	7	0	4,852	EH
EI	178	333	179	439	5,511	519	6	6	4	5	66	0	135	20	11	0	7,413	EIA
EM	157	60	150	94	4,029	440	52	39	31	729	48	73	594	81	25	374	6,973	EM
FE	109	52	108	217	1,914	225	33	20	86	419	49	12	333	20	5	96	3,699	FE
GC	52	53	36	113	2,185	164	5	6	8	88	3	0	55	2	4	0	2,775	GC
HG	4	18	5	82	653	28	0	0	0	17	2	0	9	0	1	0	819	HG
IG	34	48	25	80	1,079	87	12	3	6	57	3	0	91	27	3	0	1,556	IG
IM	105	60	29	19	3,583	302	44	81	217	289	23	0	39	6	5	4	4,805	IM
IN	29	82	37	10	1,686	93	10	154	1	2	2	0	20	5	1	0	2,132	IN
ME	349	674	473	521	10,512	1,060	39	56	270	892	101	24	240	37	143	2	15,393	ME
NA	356	232	296	144	10,955	1,015	127	477	199	1,058	119	94	790	45	25	293	16,224	NA
NE	54	46	77	35	1,398	145	6	11	1	173	57	34	169	2	4	26	2,237	NE
NR	0	0	4	0	0	96	0	0	0	0	0	0	67	0	1	0	168	NR
OA	31	23	10	5	376	63	10	8	31	47	0	0	20	0	1	0	624	OA
PA	13	53	279	178	393	37	11	9	31	24	1	0	9	0	1	0	1,039	PA
PI	54	62	36	34	1,197	113	15	19	11	90	32	0	37	2	5	0	1,708	PI
RW	37	19	34	25	940	128	27	29	11	79	28	0	62	0	3	46	1,466	RW
S	22	31	9	101	590	77	36	19	4	47	0	0	11	0	0	0	947	S
SC	193	110	128	257	2,529	368	1	18	12	433	15	21	410	15	10	147	4,667	SC
SO	235	209	155	158	4,033	644	34	57	161	213	14	0	83	23	13	0	6,032	SO
TD	40	14	2	0	308	9	2	1	1	0	0	0	5	0	0	4	387	TD
WAPA (F	1	14	4	35	109	49	0	0	0	128	0	24	562	12	0	0	937	WAPA
WT	3	23	6	5	276	16	2	2	3	61	6	0	8	1	0	0	411	WT
FO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	2	7	FO
<b>TOTAL</b>	<b>\$ 2,484</b>	<b>\$ 2,772</b>	<b>\$ 2,485</b>	<b>\$ 2,993</b>	<b>\$ 64,289</b>	<b>\$ 6,625</b>	<b>\$ 639</b>	<b>\$ 1,074</b>	<b>\$ 1,211</b>	<b>\$ 5,920</b>	<b>\$ 725</b>	<b>\$ 300</b>	<b>\$ 4,070</b>	<b>\$ 349</b>	<b>\$ 294</b>	<b>\$ 1,000</b>	<b>\$ 97,230</b>	