

**DEFENSE FINANCE AND ACCOUNTING SERVICE**

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DFAS-DFV

MAY - 8 2001

**MEMORANDUM FOR DIRECTORS, DFAS FIELD ORGANIZATIONS****SUBJECT: Cash Management of Commercial Bank Program Billings**

The commercial bank program contracts for the Purchase Card, Travel Card and PowerTrack include rebates based on early payment of the billings. Early payment for these programs will generate cash rebates for our customers.

The Code of Federal Regulations (5 CFR Part 1315) allows early payment when it is beneficial to the government to do so. 5 CFR 1315.17 prescribes a methodology that compares the Current Value of Funds (CVF) to the rebate discount points, in basis points, for the payment cycle day. At the Current Value of Funds rate (6 percent for CY 2001), rebates offered through the US Bank Purchase Card Program, Citibank Purchase Card Program and Bank of America Travel Card Program exceed the value of funds rate for all days of the payment cycle. Attached is a table illustrating the comparison of the CVF and rebate discount points. The US Bank PowerTrack program rebates do not exceed the value of funds rate for all days of the payment cycle.

Based on the analysis and favorable comparison of the CVF and the rebates offered, payments for the US Bank Purchase Card Program, Citibank Purchase Card Program and Bank of America Travel Card Program are to be paid as soon as they are ready for payment. In contrast, payments for the US Bank PowerTrack program will be paid at the end of the payment cycle. The table of comparison will be updated when the CVF rate or the rebate terms change and you will be advised if the payment dates change. The DFAS Arlington points of contact are Mr. William L. Blumberg at (703) 607-1080 and Mr. Joseph R. Mickley at (703) 607-1198.

Jerry S. Hinton  
Director for Finance

Attachment:  
As stated

### 2001 Commercial Purchase Card Rebate Payment Decision Schedule (Basis Points)

| Invoice Aging Date (Days in Possession) | CY 2001 CVF | US Bank Purchase Card Rebate Schedule | Citibank   |                             | Bank of America             |               | CY 2001 CVF | US Bank Powertrack <sup>®</sup> Rebate at 1.5 BP/Day |
|---|-------------|---------------------------------------|--|-----------------------------|-----------------------------|---------------|-------------|--|
|   |             |                                       | Purchase Card Rebate at Monthly Billing Schedule | Travel Card Rebate Schedule | Travel Card Rebate Schedule | Treasury Rate |             |  |
| 1                                       | 48.33       | 105.10                                | 80.00  | 81.40                       | 79.80                       | 23.33         | 21.00       |  |
| 2                                       | 46.67       | 103.45                                | 78.50  | 79.80                       | 78.20                       | 21.67         | 19.50       |  |
| 3                                       | 45.00       | 101.75                                | 77.00  | 78.20                       | 76.60                       | 20.00         | 18.00       |  |
| 4                                       | 43.33       | 100.10                                | 75.50  | 76.60                       | 75.00                       | 18.33         | 16.50       |  |
| 5                                       | 41.67       | 98.45                                 | 74.00  | 75.00                       | 73.40                       | 16.67         | 15.00       |  |
| 6                                       | 40.00       | 96.80                                 | 72.50  | 73.40                       | 71.80                       | 15.00         | 13.50       |  |
| 7                                       | 38.33       | 95.15                                 | 71.00  | 71.80                       | 70.20                       | 13.33         | 12.00       |  |
| 8                                       | 36.67       | 93.55                                 | 69.50  | 70.20                       | 68.60                       | 11.67         | 10.50       |  |
| 9                                       | 35.00       | 91.95                                 | 68.00  | 68.60                       | 67.00                       | 10.00         | 9.00        |  |
| 10                                      | 33.33       | 90.30                                 | 66.50  | 67.00                       | 65.40                       | 8.33          | 7.50        |  |
| 11                                      | 31.67       | 88.70                                 | 65.00  | 65.40                       | 63.80                       | 6.67          | 6.00        |  |
| 12                                      | 30.00       | 87.05                                 | 63.50  | 63.80                       | 62.20                       | 5.00          | 4.50        |  |
| 13                                      | 28.33       | 85.45                                 | 62.00  | 62.20                       | 60.60                       | 3.33          | 3.00        |  |
| 14                                      | 26.67       | 83.85                                 | 60.50  | 60.60                       | 59.00                       | 1.67          | 1.50        |  |
| 15                                      | 25.00       | 82.20                                 | 59.00  | 59.00                       | 57.40                       | 0.00          | 0.00        |  |
| 16                                      | 23.33       | 80.60                                 | 57.50  | 57.40                       | 55.80                       | 0.00          | 0.00        |  |
| 17                                      | 21.67       | 79.00                                 | 56.00  | 55.80                       | 54.20                       | 0.00          | 0.00        |  |
| 18                                      | 20.00       | 77.45                                 | 54.50  | 54.20                       | 52.60                       | 0.00          | 0.00        |  |
| 19                                      | 18.33       | 75.85                                 | 53.00  | 52.60                       | 51.00                       | 0.00          | 0.00        |  |
| 20                                      | 16.67       | 74.25                                 | 51.50  | 51.00                       | 49.40                       | 0.00          | 0.00        |  |
| 21                                      | 15.00       | 72.70                                 | 50.00  | 49.40                       | 47.80                       | 0.00          | 0.00        |  |
| 22                                      | 13.33       | 71.10                                 | 48.50  | 47.80                       | 46.20                       | 0.00          | 0.00        |  |
| 23                                      | 11.67       | 69.55                                 | 47.00  | 46.20                       | 44.60                       | 0.00          | 0.00        |  |
| 24                                      | 10.00       | 67.95                                 | 45.50  | 44.60                       | 43.00                       | 0.00          | 0.00        |  |
| 25                                      | 8.33        | 66.35                                 | 44.00  | 43.00                       | 41.40                       | 0.00          | 0.00        |  |
| 26                                      | 6.67        | 64.80                                 | 42.50  | 41.40                       | 39.80                       | 0.00          | 0.00        |  |
| 27                                      | 5.00        | 63.25                                 | 41.00  | 39.80                       | 38.20                       | 0.00          | 0.00        |  |
| 28                                      | 3.33        | 61.70                                 | 39.50  | 38.20                       | 36.60                       | 0.00          | 0.00        |  |
| 29                                      | 1.67        | 60.15                                 | 38.00  | 36.60                       | 35.00                       | 0.00          | 0.00        |  |
| 30                                      | 0.00        | 58.64                                 | 36.50  | 35.00                       |                             |               |             |  |

Powertrack is on a 15 day billing cycle by contract

Purpose: Compare Treasury Current Value of Funds (CVF) rate with current Commercial Purchase Card Rebate Schedules (published in Gov. Task Orders).  
 Note: Formula for Determining Basis Points in Consideration of a Rebate:  $(CVF/100) \times 100 = \text{Days before day 30 (days early)}$

Note: Compare basis points for a chosen day. If rebate basis points are higher, then decision should be to pay immediately. (5 CFR 1316.47 Formula)  
 Note: Maximum possible is to pay 28 days early for Purchase Card & Travel Card. Maximum 14 days early for Powertrack.

Source: DFAS Arlington

04/04/01