



AUSA Presentation

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Assistant Secretary of the Army, Financial
Management & Comptroller

San Antonio
21 April 2011



Financial Management SITREP



1. Army Themes
2. FY11 and FY12 Budget Update
3. FY 13-17 POM
4. Cost Culture
5. General Fund Enterprise Business System (GFEBS) &
Audit Readiness



Army Themes



America's Army is the Strength of the Nation

- Restoring Balance
- Maintaining Our Combat Edge
- Modernizing The Force
- Building Resilience
- Reconstituting The Force
- Transforming The Generating Force
- Seeking Efficiencies And Affordability



What happened to FY2011 Budget



- H.R. 1473 reflected White House – Senate – House leadership budget deal that averted the government shutdown
- Passed by the House and Senate on 14 April and signed by the President on 15 April 2011
- DoD requested \$708.3B, H.R. 1473 provides \$688.0B
- Army requested \$245.6B, H.R. 1473 provides \$239.2B



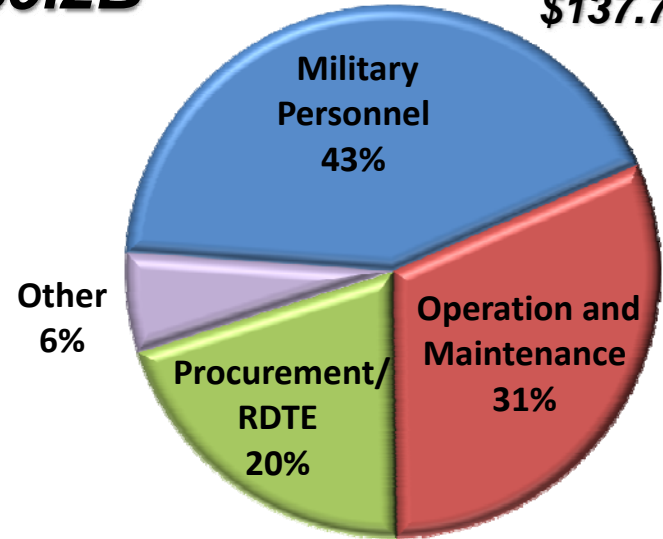
FY2011 Enacted Army Budget



Total – \$239.2B

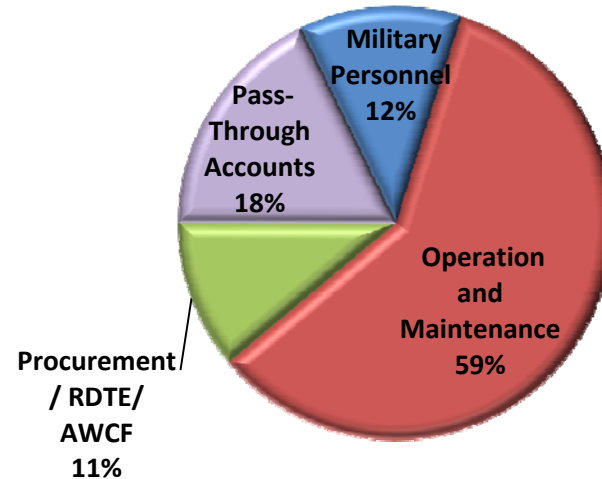
**Base
\$137.7B**

Base	(\$B)
Military Personnel	58.3
Operation and Maintenance	43.1
Procurement/RDTE	28.0
Military Construction/Family Housing	5.6
Base Realignment and Closure	1.1
Pass-Through Accounts	1.6
Total	137.7



OCO	(\$B)
Military Personnel	12.3
Operation and Maintenance	59.9
Procurement/RDTE/AWCF	11.3
Pass-Through Accounts	18.0
Total	101.5

**Overseas
Contingency
Operations
\$101.5B**



Numbers may not add due to rounding



Army FY2012 Budget Priorities



- Themes
 - Care for Soldiers, Families, and Civilians
 - Sustain the quality of our All-Volunteer Force
 - Train and equip Soldiers and units to maintain a high level of readiness for current and future operations
 - Reset our Soldiers, units, equipment, and Families to a readiness level for future deployment and other contingencies
 - Modernize the Force to provide Combatant Commanders with tailored, strategically responsive forces
- Efficiencies: \$100B (POM 12-16)
 - Move from “Tail to Tooth”
- PB2012: \$216.0B
 - Base: \$144.9B
 - OCO: \$71.1B

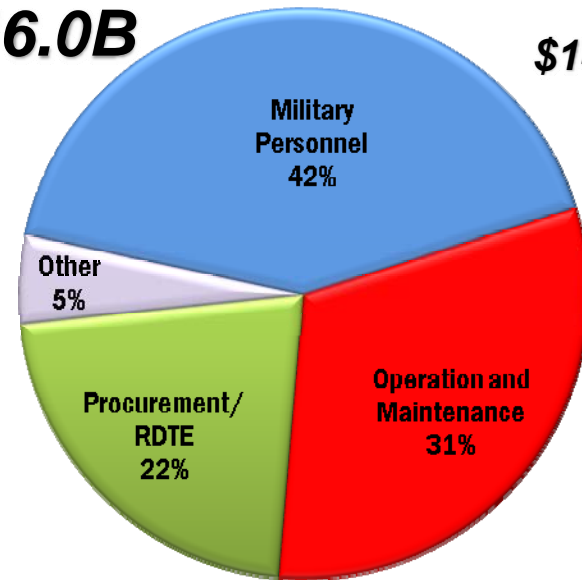


FY2012 President's Budget Request



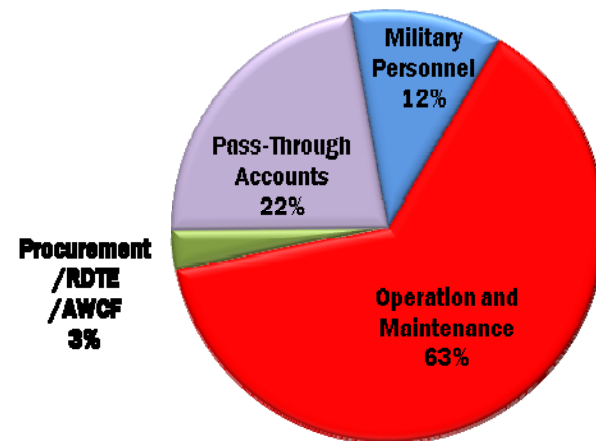
Total – \$216.0B

Base Request		(\$B)
Military Personnel	60.6	
Operation and Maintenance	45.2	
Procurement/RDTE	31.8	
Military Construction/Family Housing	5.0	
Base Realignment and Closure	0.3	
Army Working Capital Fund	0.1	
Pass-Through Accounts	1.9	
Total	144.9	



\$144.9B
Base Request

OCO Request		(\$B)
Military Personnel	8.1	
Operation and Maintenance	44.9	
Procurement/RDTE/AWCF	2.2	
Pass-Through Accounts	15.9	
Total	71.1	



\$71.1B
Overseas Contingency Operations Request

Numbers may not add due to rounding



FY2011 and FY2012 Base Comparison



(\$B)

APPN	FY11 H.R. 1473	FY12 Request	Change*
MILPERS	\$58.3	\$60.6	2.30
O&M	43.1	45.2	2.10
RDA	28	31.8	3.80
Facilities	5.6	5	-0.60
Other - Army	0.1	0.4	0.30
SUB-TOTAL	\$135.10	\$143.0	7.90
"Pass-Thru"	1.6	1.9	0.30
Base	\$137.7	\$144.90	7.20

**Numbers may not add due to rounding.*

MILPERS and O&M increased at inflation rates

RDA - small increase in buying power

Facilities: GTA, Modularity and BRAC completion

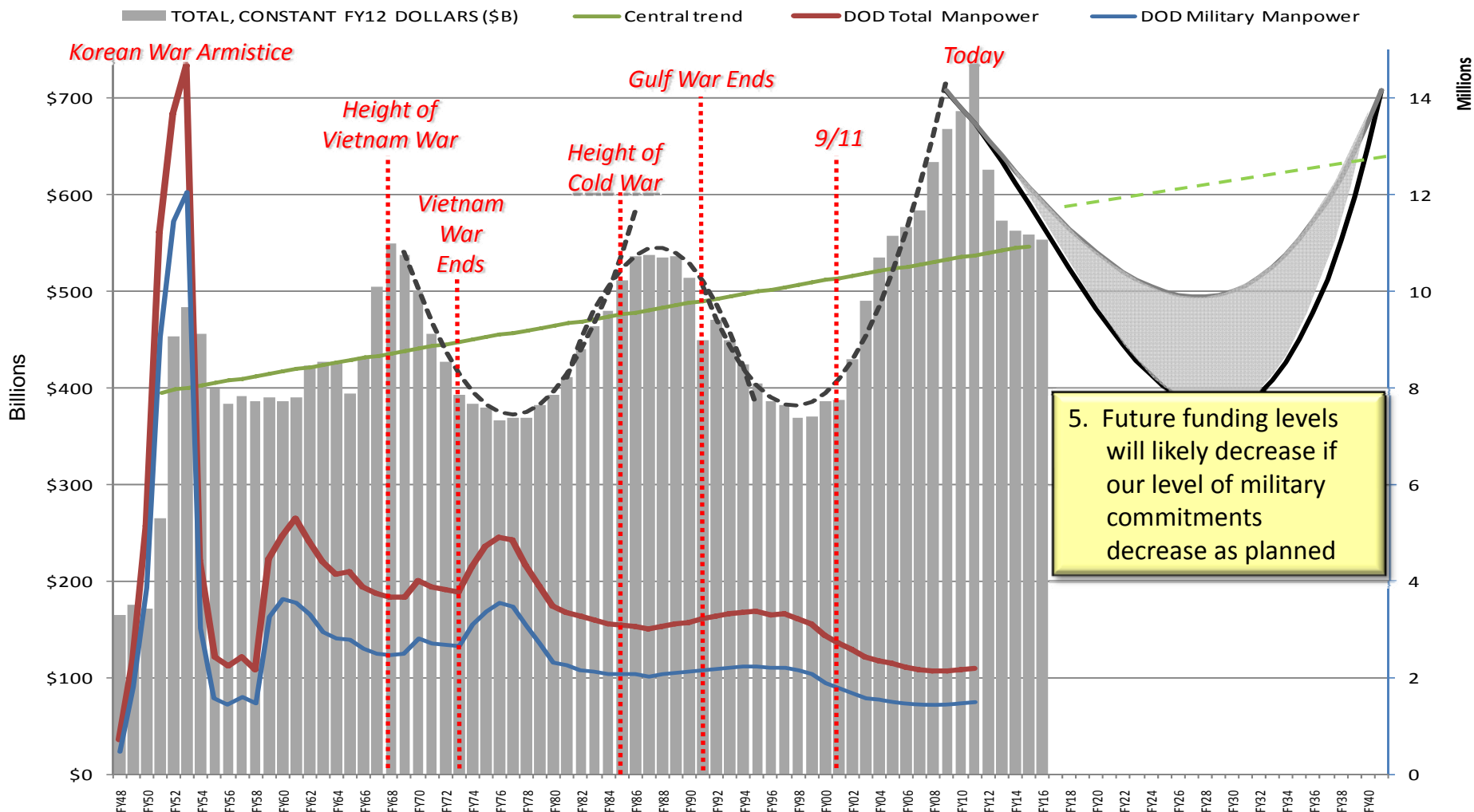


FY 2013-2017 POM



Defense Spending Will Likely Be Reduced

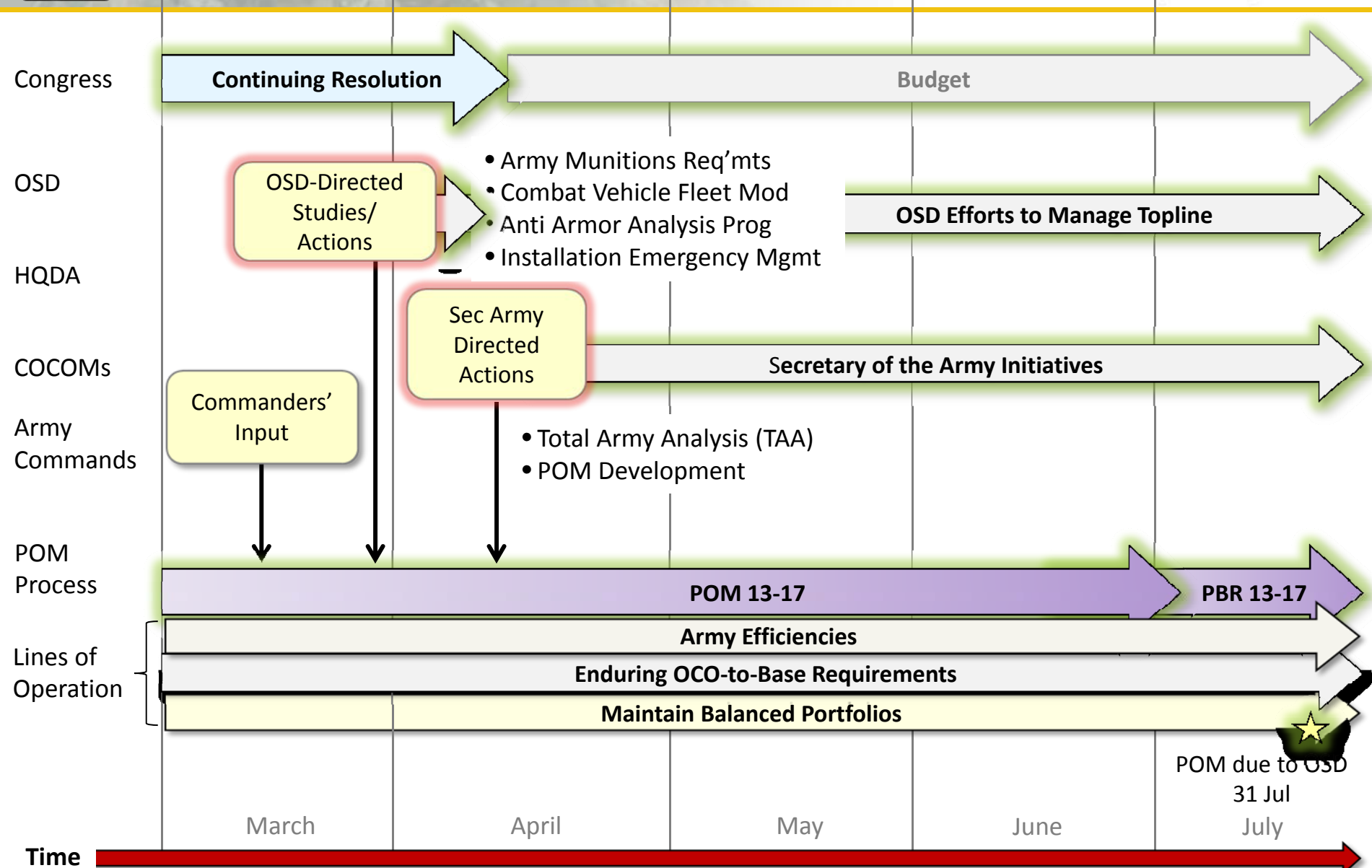
1. Increasing emphasis on reducing spending/deficit
2. Defense is ~ 50% of discretionary spending
3. National Commission on Fiscal Responsibility and Reform proposals would reduce Defense ~ 17% in FY 2015
4. The Debt Reduction Task Force proposals would reduce Defense ~ 22% in FY 2015 and 27% in FY 2016





FY 2013-2017 POM

Ongoing Efforts





Desired Cost Culture



- “...service leaders must think anew about how to use the assets they have with the greatest possible flexibility, and how much of each capability they will need”
 - “Above all, the services must not return to the last century's mindset after Iraq and Afghanistan, but prepare and plan for a very different world than the one they left in 2001”
 - Secretary of Defense Memorandum, 4 March 2011, Service Academy Speeches (Clarification)
-
- Demonstrated behavior focused on simultaneous:
 - Delivery of required capabilities
 - Divestiture of redundant activities
 - Divestiture of out-dated activities
 - Divestiture of low-risk activities
 - In a dynamic environment of
 - Changing fiscal conditions
 - Changing operational demand.



Cost Culture



Policy & Guidance

Source:

<https://www.us.army.mil/suite/page/593701>

DASA-CE Cost Management Handbook



U.S. Army Cost Benefit Analysis Guide

12 JANUARY 2010

Source: <https://cpp.army.mil>

Prepared by Office of the Deputy Assistant Secretary of the Army (Cost and Economics)

Version 1.0

Education and Training

Functional Operations and Financial Managers

Cost Management 101

- Cost Management Overview
- Cost Object (ERP) Definitions
- Cost Flow Methods
- Cost Analysis and Reporting

GFEBs – Cost Management Training

These courses are either computer-based or instructor-led training classes to learn how to operate within the GFEBs cost module.

Cost Management Certificate Course

- Managerial Cost Accounting
- Operations Management
- Cost Control Theory; Cost-Benefit Analysis
- Organizational Effectiveness for Cost Managers

Principles of Cost Accounting and Management Intermediate Cost Accounting and Management

Self Study-Cost Management Community of Practice

<https://www.us.army.mil/suite/page/593701>

Modules in all Professional Development Programs

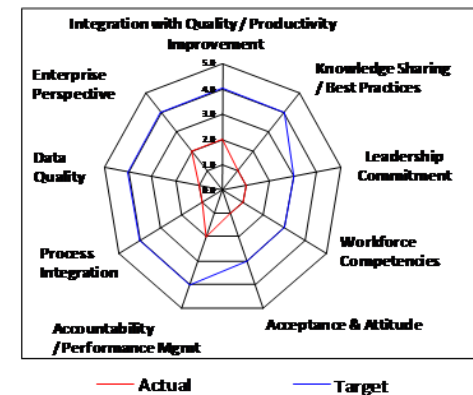
- Cost Management Overview
- Cost-Benefit Analysis

Tools

ARMY COST MANAGEMENT MATURITY MODEL



Version 10: 4 June 2008



CBA Portal: <https://cpp.army.mil>



Cost Benefit Analysis (CBA) Portal

Office of the Deputy Assistant Secretary of the Army for
Cost and Economics (DASA-CE)

A Key Decision-Making Tool: Cost Benefit Analysis

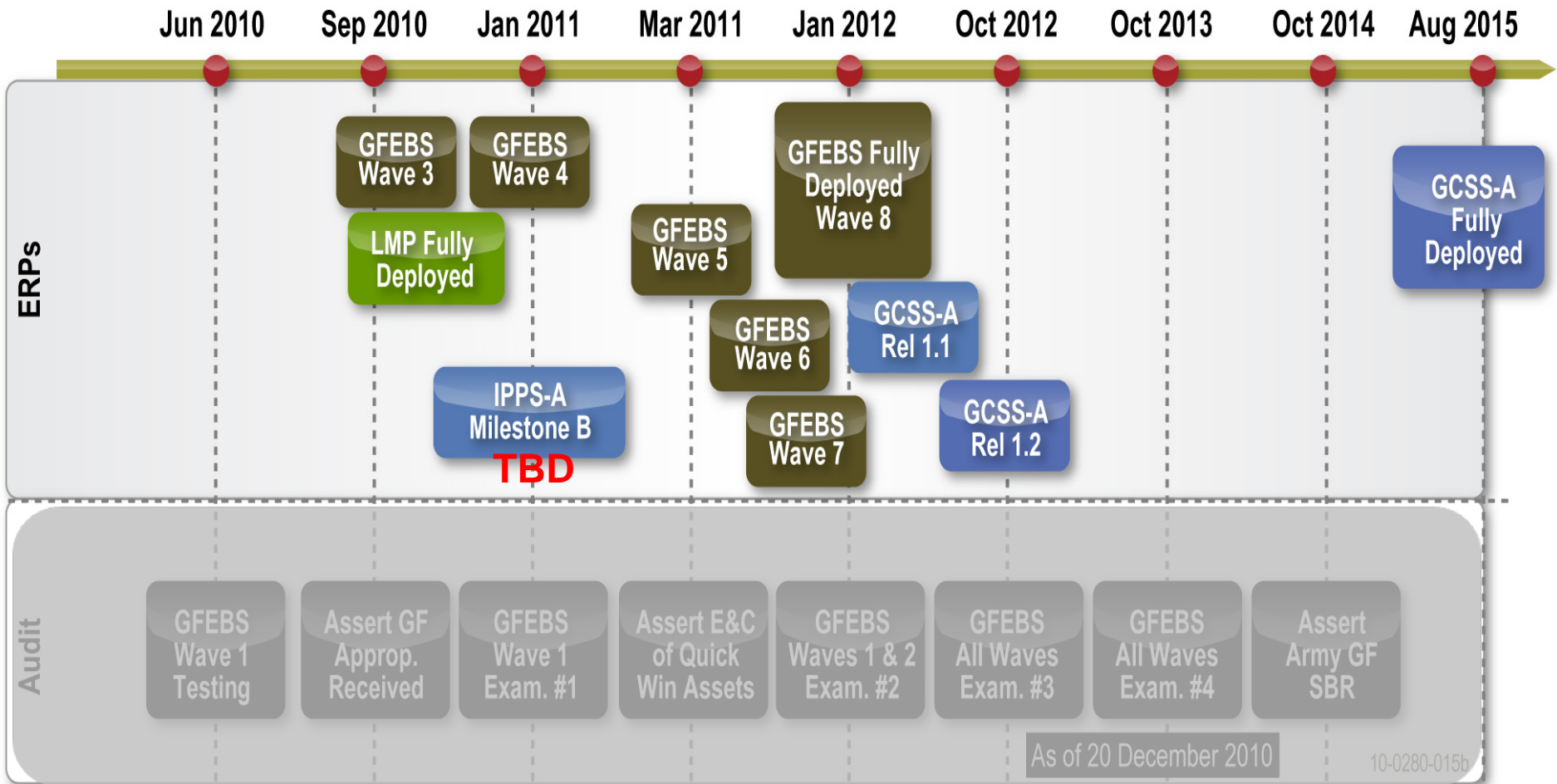
In today's resource-constrained environment, the Army must manage the dollar it manages. A key element in that stewardship is to ensure that all decisions involving Army resources are supported by a complete picture of both the costs to be incurred and the benefits to be realized. The Senior Leaders of the Department of the Army (click here) that any decisions involving Army resources be supported by a complete picture of both the costs to be incurred and the benefits to be realized. The Senior Leaders of the Department of the Army (click here) that any decisions involving Army resources be supported by a complete picture of both the costs to be incurred and the benefits to be realized.

Our goal is to make this Portal and the CBA process as clear as possible. Comments and questions are encouraged and are "Contact Us" tab above.

CBA Workflow Tool



GFEBs and Our Other ERPs

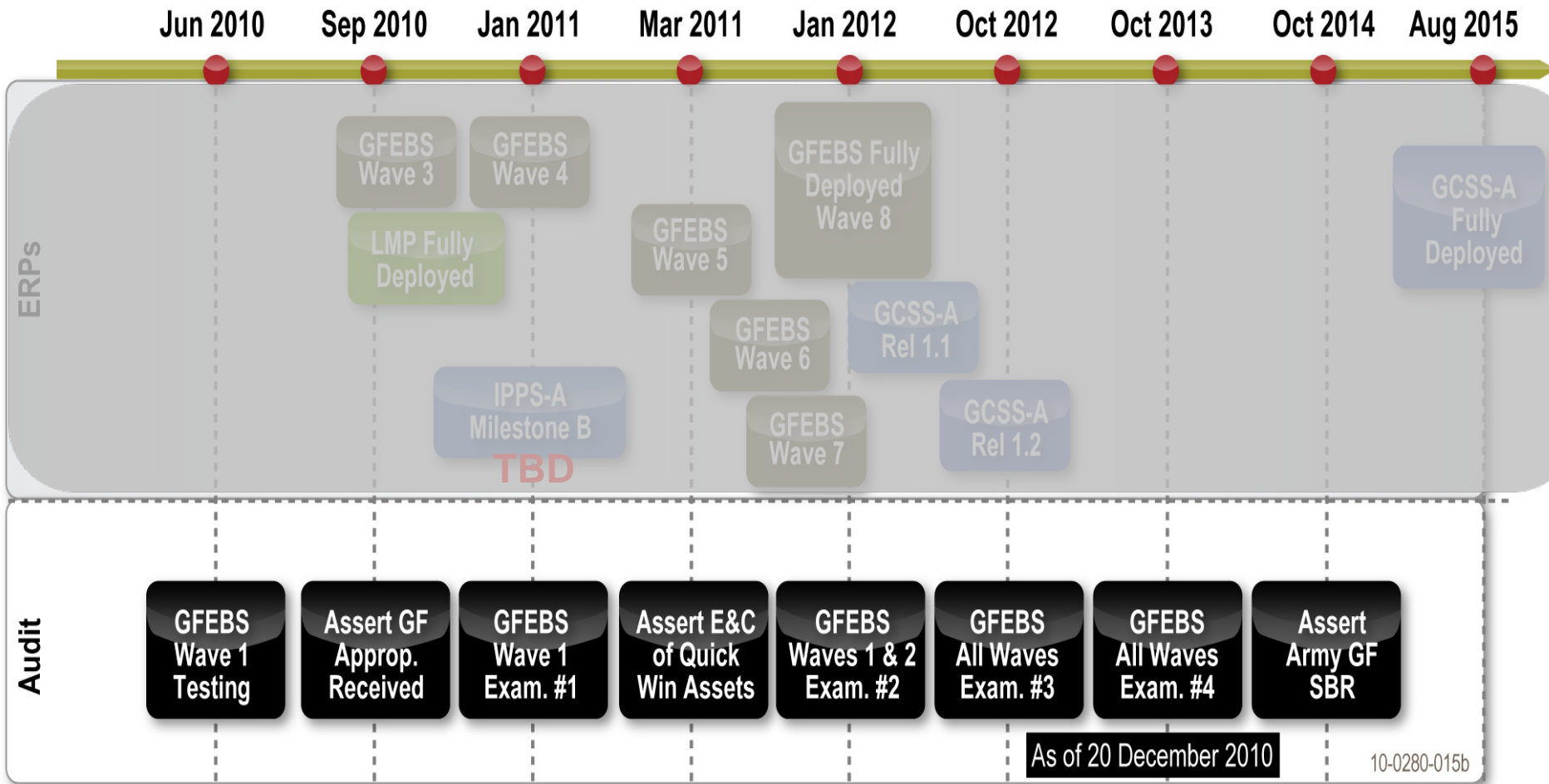


As of 20 December 2010

10-0280-015b



Audit Readiness: A Phased Approach following GFEBs deployments





Summary



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QUESTIONS