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Cost Management Steering Group (CMSG)
Study Advisory Group (SAG)
Meeting Summary and Actions

20 June 2017, Pentagon, PPBC Conference Room (3C34),

Principal Attendees (In Person): Mr. Stephen Barth (DASA-CE), Mr. Wesley Miller (DASA-FO), Mr. Jeff Angers (ASA(MRA)), Mr. Davis Welch (DASA-BU), COL Jason Lerner (OBT), Mr. David Jimenez (DUSA-TE), Ms. Tracy Goldstein (ASA(ALT)), COL Robert Dotson (DCS G-1), Ms. Anne Marie Murray (DCS G-4), Mr. Mario Beckles (OCAR), Mr. Drew Morgan (DASA-FIM), Mr. John F. Matthews (CIO/G-6), Ms. Linda Groat (OACSIM), Ms. Laura Avery (AMC), Mr. David Martin (AMSAA)

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Meeting Summary:

Mr. Stephen Barth, the Deputy Assistant Secretary of the Army for Cost and Economics (DASA-CE) and CMSG Chair, welcomed all members and thanked them for their continued and valuable participation. After remarks, agenda topics were reviewed, starting with two open Action Items.

The first Action Item addressed CBA Process Enhancements (Lead: DASA-CE). Per Mr. Barth, there is no change in status and it should remain on the list pending the appointment of permanent senior leadership. The second Action item was the AMC Cost Management Issues (Lead: AMC). AMC and CE agreed to set up a meeting, possibly a workshop, with the key players outside of the CMSG to continue discussions on a problem regarding standardized labor rate and cost allocations. CE will schedule this workshop in the fall. A question was raised about the Every Dollar Counts memo. In response, COL Lerner from OBT provided an update to the CMSG. He said that the memo has not been signed and OBT will re-submit the packet after the appointment of permanent senior leadership takes place. As with the CBA process, Mr. Barth preferred delaying the release of further guidance while leadership is still in transition.

Mr. Ray Bombac, from the Office of the Deputy Chief Management Officer (DCMO) at OSD, provided a briefing on OSD's Cost Management Framework Project's effort to apply more mature cost practices and innovations to further understand DoD costs. DCMO has launched a multi-year effort to:

- Ensure transparency into how our current funds are deployed;
- Capture costs using a common source of information and common definitions across the enterprise;
- Help the DoD articulate and justify further investments to support the Warfighter.

According to Mr. Bombac, DoD cannot capture, control, analyze, and report cost information at the enterprise level in a consistent way. The project is expected to be multiple 300-day efforts broken up into three phases (Define the Cost Decision Framework (CODE), Create and Populate CODE, and Manage Cost Performance) as they relate to lines of business including: Real Property, Medical Services, and Information Technology. The goal is to stand up an annual cost analytics capability to the CODE structure across every line of business in the department. The Mr. Matthews from CIO/G6 expressed his concerns about consistency and repeatability of the data. Ms. Groat from ACSIM raised a concern about the redundancy of data calls; ACSIM would like to pull data one time. Mr. Bombac has offered to provide to the CMSG a demo that will give greater detail on the analytics that support his briefing.

Next, Mr. Brian Jacobs presented an overview of the Standard Labor Time Tracking (SLTT) Trade Study. He was followed by Mr. Shawn Brady, who provided detail on AMSAA's SLTT analysis. The CMSG SAG concurred with AMSAA's recommendation that Alternatives 2,

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3A, and 3B be eliminated from further study. The SLTT Study will move forward with the analysis of Alternatives 1A and 1B. Mr. Barth reaffirmed his commitment to the SLTT Study Way-Ahead and the importance of PEO-EIS program managers from GFEBS, AESIP, GCSS-A, and LMP meeting the milestone of 15 July for completion of Program Office Cost Estimates of SLTT Alternatives 1A and 1B despite their tight schedules. The DASA-CE Cost Team will continue to assist PMs with the development of their cost estimates. Furthermore, the DASA-CE Cost Team will provide a cost estimate for modified ATAAPS despite its removal from consideration as an SLTT alternative.

Mr. Jacobs then briefed a summary of DASA-CE's progress advancing Cost Management Armywide. Included in this presentation was a draft concept on Cost Managed Organizations (CMO) and three courses of action (COA) for Armywide rollout. CMO seeks to enhance stewardship, improve cost accounting and predictability, facilitate the formulation of more accurate budgets, integrate cost and performance into decision making, and combine cost and performance measures with outputs and outcomes. Three COAs were introduced:

- COA 1 – Organizational certification by DASA-CE or other independent Army organization;
- COA 2 – Self-assessment using the Capability Maturity Model (CMM) framework; and,
- COA 3 – Independent Assessment conducted Army-wide to determine assessment level in alignment with the Cost Management Strategic Plan's Major Objectives.

Finally, Mr. Jacobs briefly summarized recent survey results from the Professional Development Institute (PDI) and Executive Comptrollership Course (ECC) on the topics of cost management and CMO. There was a broad consensus among survey respondents that CMO be required and not optional. Key items affecting the successful achievement of CMO status included both the extent of leadership engagement and difficulties in obtaining implementation resources. A paper survey was passed out to CMSG members in the room and collected. Results of the CMSG members' survey will be sent out as a separate attachment.

Actions:

- Schedule a workshop with key stakeholders on standardize labor rates and cost allocation for fall 2017. (DASA-CE)
- Follow up with the two pre-existing actions items: CBA guidance and Every Dollar Counts memo. (DASA-CE and OBT)
- Arrange a cost demo by the DCMO on the "CODE" framework. (DASA-CE)
- SLTT WG: Continue to analyze SLTT Alternatives 1A and 1B. Alternatives 2, 3A, and 3B are eliminated from further study as directed by the CMSG SAG. (DASA-CE)
- Publish CMSG survey results. (DASA-CE)

Way Ahead: The next quarterly CMSG meeting is planned for 4Q 2017. Members are encouraged to provide topics for discussion. Future meetings will continue to be focused on shaping Army CM policy, strategy, and needs around the Army Cost Framework and best CM practices.