

# NEW AFMS CBA PROGRAM

An Essential Tool for Resource Informed Decision Making



Cost Benefit Analysis is a structured approach designed to identify and compare the costs and benefits associated with courses of action developed to resolve a specific problem or to seize an opportunity in the most effective and efficient way. The CBA architecture consists of eight separate, yet related, steps.

Step 1, arguably the most important, requires developing a statement of the problem to be addressed or opportunity to be advantaged. It entails garnering all relevant facts and background data related to the issue at hand and pinpointing the objective of the analysis.

Step 2 expands upon fact gathering and focuses on developing necessary assumptions and identifying applicable constraints. For purposes of the analysis, assumptions are defined as events that must occur to make a course of action viable, but those events are not controllable by the analysts. Constraints relate to resource limitations imposed upon issue resolution.

Step 3 requires developing and defining alternative courses of action for analysis and comparison. Courses of action must be viable and should include the status quo, if there is one.

Step 4 focuses on producing cost estimates for each course of action. Here standalone documented support for cost estimate development is essential. That documentation should include all relevant costs both one time and recurring, portray both a program/budget and life cycle perspective, and reflect both current and constant dollar comparisons.

Step 5 entails identifying, but not comparing at this stage, both quantifiable and non-quantifiable benefits for each course of action. Benefits determined in this step can facilitate the determination of alternative selection criteria in the following step.

Step 6 is arguably a close second in importance to Step 1. It is in this step that the criteria upon which all courses of action will be compared are developed. The criteria should be a manageable set that includes cost and non-cost elements, leadership guidance, Department of the Army objectives, and pertinent benefits identified in the previous step. A subject matter expert in the analysis areas may be able to provide valuable assistance in developing alternative selection criteria.

Step 7 gets to the heart of the matter. In this step each course of action is compared utilizing the criteria from Step 6, bill payers as appropriate are identified, second and third order effects are considered as well as their management strategies, appropriate sensitivity analyses are performed, and risk assessment is conducted to include the development of mitigation strategies.

The last step, Step 8, requires a report of the analysis findings and a clear conclusion statement leading to the recommendation. The hard hitting conclusion statement should be in the form of a “Value Proposition” that is a clear statement that the benefits more than justify the costs, risks, and bill payers associated with the recommended course of action.

Cost Benefit Analysis is an essential force management tool under any circumstance, but becomes a critical force management tool in times of marked resource reductions. CBA utilization is a clear manifestation of an organization’s adoption of a cost culture reflecting an understanding of the importance of cost-informed decisions, effective trade-off decisions, cost accountability, and continuous improvement of the efficiency and effectiveness of operations. It demonstrates an understanding of the critical linkage between cost effectiveness and mission accomplishment.

CBA instruction is included in the curriculum at the Army Force Management School (AFMS) and as of September 2012 AFMS is authorized by the Comptroller Proponency Office of the Assistant Secretary of the Army for Financial Management and Comptroller [ASA (FM&C)] to award Continuing Professional Education (CPE) credits for its CBA instruction in the Army Force Management Course and the FA50 Qualification Course.

Note: See Lessons AFMC CDMD 09 CBA and AFMC FS13 CBA PE via the AFMS website, FM Help Desk, and FM Collaboration AKO Portal.



OASA (FM & C) Comptroller Proponency Office  
Continuing Professional Education (CPE) Evaluation Form

Date: September 10, 2012

Course Title: Cost Benefit Analysis

Course Sponsor: Army Force Management School (FA 50 Qualification Course)

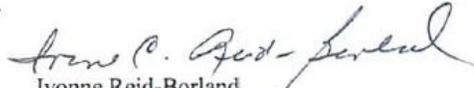
**CPE Course Requirements:**

- Program based on relevant learning objectives and outcomes that clearly articulate the knowledge, skills and abilities that can be achieved by participants in the learning activities.
- Consistent with the prerequisite education, experience and/or advance preparation of participant.
- Current technically accurate and effectively designed
- Program developed by individuals qualified in the subject matter and familiar with instructional design.
- Program reviewed by qualified persons other than those who developed them.

**Course Sponsor's Responsibilities:**

- Provide descriptive materials (i.e., promotional materials, program catalogues or other items distributed to prospective participants) that enable participants to assess the appropriateness of the learning activity. To accomplish this, CPE program sponsors must inform participants in advance of: (1) learning objectives; (2) program prerequisites (i.e., education, experience, both or none); (3) program level (i.e., basic, intermediate, advanced, update or overview); (4) program content; (5) advance preparation, if required; (6) instructional method used for the delivery of program material; (7) amount of recommended CPE credit; (8) program registration requirements; and (9) complaint resolution policy
- Ensure instructors are qualified with respect to both content and instructional methods used.
- Employ an effective means for evaluating the learning activity quality with respect to content and presentation: To accomplish this, evaluation forms must be solicited from participants to determine: (1) whether stated learning objectives were met; (2) if applicable, prerequisite's requirements were appropriate; (3) program materials were accurate; (4) program materials were relevant and contributed to the achievement of the learning objectives; (5) time allotted to the learning activity was appropriate; (6) if applicable, individual instructors were effective; (7) facilities and/or technological equipment was appropriate; (8) handout or advance preparation materials were satisfactory; and (9) audio and visual materials were effective.

The sponsor's materials, policies, procedures and practices have been reviewed and meet the standards and requirements that CPE program sponsors are expected to satisfy. CPEs to be awarded for each course are 20 CPEs.

  
Ivonne Reid-Borland  
Chief, Comptroller Proponency Office



OASA (FM & C) Comptroller Proponency Office  
Continuing Professional Education (CPE) Evaluation Form

Date: September 12, 2012

Course Title: Cost Benefit Analysis

Course Sponsor: Army Force Management School (Army Force Management Course)

**CPE Course Requirements:**

Program based on relevant learning objectives and outcomes that clearly articulate the knowledge, skills and abilities that can be achieved by participants in the learning activities.  
 Consistent with the prerequisite education, experience and/or advance preparation of participant.

Current technically accurate and effectively designed

Program developed by individuals qualified in the subject matter and familiar with instructional design.

Program reviewed by qualified persons other than those who developed them.

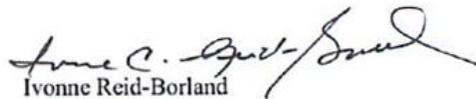
**Course Sponsor's Responsibilities:**

Provide descriptive materials (i.e., promotional materials, program catalogues or other items distributed to prospective participants) that enable participants to assess the appropriateness of the learning activity. To accomplish this, CPE program sponsors must inform participants in advance of: (1) learning objectives; (2) program prerequisites (i.e., education, experience, both or none); (3) program level (i.e., basic, intermediate, advanced, update or overview); (4) program content; (5) advance preparation, if required; (6) instructional method used for the delivery of program material; (7) amount of recommended CPE credit; (8) program registration requirements; and (9) complaint resolution policy

Ensure instructors are qualified with respect to both content and instructional methods used.

Employ an effective means for evaluating the learning activity quality with respect to content and presentation: To accomplish this, evaluation forms must be solicited from participants to determine: (1) whether stated learning objectives were met; (2) if applicable, prerequisite's requirements were appropriate; (3) program materials were accurate; (4) program materials were relevant and contributed to the achievement of the learning objectives; (5) time allotted to the learning activity was appropriate; (6) if applicable, individual instructors were effective; (7) facilities and/or technological equipment was appropriate; (8) handout or advance preparation materials were satisfactory; and (9) audio and visual materials were effective.

The sponsor's materials, policies, procedures and practices have been reviewed and meet the standards and requirements that CPE program sponsors are expected to satisfy. CPEs to be awarded for each course are 8 CPEs.

  
Ivonne Reid-Borland  
Chief, Comptroller Proponency Office