

Supplement 2 to Army Business Initiative Council (ABIC) Charter
Army Policy on BIC and ABIC Savings

14 May 2003

1. Purpose and Scope. This supplement establishes Army policy for dealing with savings from BIC initiatives. The policy and procedures in this supplement apply to savings achieved by Army organizations as a result of implementing DoD or Army BIC initiatives.

2. Definitions.

a. Cost Avoidance. Cost avoidances are financial or economic benefits that result from an initiative but cannot result in a dollar reduction to a program or budget. (For example: An Army BIC initiative automates the processing of military awards. This function is a small portion of the work done by clerical personnel in organizations throughout the Army. Since the clerical personnel must be retained to perform their other duties, the manpower dollars cannot be removed from each organization's program or budget, and the economic benefit is a cost avoidance rather than a savings.)

b. Savings. Savings are financial benefits that can be measured, quantified, and placed under management control at the time the benefits occur. Savings can be reflected as specific reductions in the approved program or budget after they have been achieved. (For example: A DoD BIC initiative allows the Services to conduct contract audits focused on erroneous payments, and to retain any funds recovered. The recovered funds are savings.)

c. BIC agency. The following MACOMs, HQDA agencies, and FOAs are BIC agencies:

AMC	MDW	ODCS, G-3
ARNG	MEDCOM	ODCS, G-4
A TEC	MTMC	ODCS, G-8
CIDC	OA-22	OGC
CIO/G-6	OACSIM	SMDC
COE	OASA(ALT)	TRADOC
CPOCMA	OASA(FM&C)	USAREUR
DUSA(OR)	OASA(I&E)	USARPAC
EOH	OASA(M&RA)	USARSO
FORSCOM	OCAR	USASOC
IMA	ODCS, G-1	USFK
INSCOM	ODCS, G-2	USMA

3. Responsibilities.

a. Initiative champions, using guidance provided by the Army BIC Support Team and with assistance from the appropriate Process/Functional Board, will develop savings estimates for initiatives.

b. Before initiatives are implemented, the Army BIC Support Team will ensure that savings estimates are reviewed. (Details regarding the review will be published separately.) After initiatives are approved, the ABIC Support Team will conduct periodic implementation reviews, which will include a comparison of actual savings and cost avoidance to the projected amounts.

c. If OSD decides to prepare Management Initiative Decisions that address BIC savings, the Army BIC Support Team will coordinate the Army's input to the MIDs.

4. Policies.

a. To provide incentives for both the submission of initiatives and the implementation of approved initiatives, the SECARMY has directed that savings will be retained by each BIC agency that realizes the savings in its budget. Agencies may reapply the savings as they wish, consistent with Army priorities and guidance.

b. On a case-by-case basis, exceptions may be made for initiatives which, as a result of major policy change or process reengineering directed by HQDA or higher headquarters, generate savings greater than 10% of an agency's budget. In these cases, the Planning Programming Budget Committee will recommend, and the Army Resources Board will decide, the distribution of savings.

c. Savings will be retained for the fiscal years reflected in the FYDP at the time the initiative is approved by the ABIC.

d. If an initiative has savings and investment costs in the same fiscal year, savings will first be used to cover the investment costs. Subject to the limitation in paragraph 4b, each BIC agency will retain any additional savings realized in its budget.

e. As noted in paragraph 2c, IMA and CPOCMA are BIC agencies. IMA and CPOCMA will retain savings realized in functions for which they execute the budget.

f. The CIO/G-6 will retain savings realized in the C4/IT funds for which he exercises centralized oversight.

g. For savings realized at HQDA, savings will be retained by the headquarters elements listed in paragraph 2c. OA-22 will retain savings realized in any headquarters elements not listed.

h. If savings are realized in a FOA not listed in paragraph 2c, the savings will be retained by the HQDA staff principal responsible for the FOA.

i. If a BIC initiative generates savings in a function for which the budget is driven by a HQDA model, BIC agencies will still retain the savings. Detailed procedures are yet to be developed, but the general approach is as follows: The model results will determine agency funding for the affected function. Outside the model, the agency budget will be increased for the amount of the savings. The model will not be adjusted to reflect the savings.

5. Acronyms. See Supplement 2 (Glossary) to the ABIC Charter for an explanation of acronyms used in this supplement.

A handwritten signature in black ink, appearing to read 'Donald C. Tison', with a stylized flourish at the end.

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