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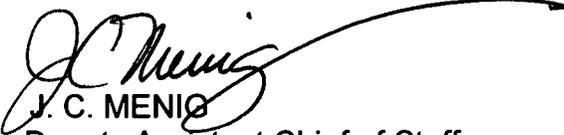
DAIM-ZA

21 JUL 2004

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: POM 06-11 Business Rules

1. I reviewed and concur with the POM 06-11 business rules used to develop the Army National Guard Base Operations requirements and the Standard Service Costing (SSC) business rules used to develop Base Operations Support requirements for the Active Army and Army Reserve. They are available on the OACSIM web site [www.hqda.army.mil-acsimweb-homepage.shtml](http://www.hqda.army.mil-acsimweb-homepage.shtml) (under hot topics).
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# Assistant Chief of Staff for Installation Management

## POM 06-11 BASOPS Business Rules

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DAIM-MD

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# **BASOPS REQUIREMENTS DETERMINATION PROCESS FOR THE ARMY NATIONAL GUARD**

## **INTRODUCTION**

The purpose of this document is to provide the methodology to calculate Army National Guard (ARNG) Base Operations (BASOPS) requirements using the Army Installation Management - Headquarters Information (AIM-HI) requirements generator model for POM 06-11. One of the key systems AIM-HI uses in developing the requirements is the Army Stationing and Installation Plan (ASIP). The ASIP provides authorized annual population data for the Army National Guard over the POM years. Using the sum of the three preceding years of requirements (FY 03, FY 04, FY 05) prior to the current POM (06-11), OACSIM develops a per capita BASOPS cost for each the ARNG. Multiplying the ASIP projected population data by the cost per capita results in the ARNG BASOPS requirement. Part II explains the BASOPS requirements calculation and how it's determined for the Army National Guard.

## **PART I – ARMY NATIONAL GUARD (ARNG) POPULATION SERVED**

1. The AIM-HI Model will receive ASIP data for the purpose of determining BASOPS Program requirements for the ARNG. The ASIP data will be obtained by querying the ASIP databases for authorized ARNG force structure authorizations for the 50 States and four U.S. Territories. A deviation to this process to adjust ARNG strength to funded levels is noted below.

2. ASIP AIM-HI Data Query Criteria:

a. Component 2 (COMPO 2) is the ARNG and includes:

- ARNG Units (TOE, TDA, and Drilling Guardsmen)
- ARNG fulltime equivalent force structure includes Fulltime Support (FTS), Active Guard/Reserve (AGR), and students. Fulltime force structure, associated with National Guard units physically located on an Active Army Base or Installation, will be counted in the National Guard population and subtracted from the appropriate Active Base population numbers. All other fulltime force structure associated with National Guard units not located on an active Army base will be credited to the National Guard.

- The ARNG authorized strength (as documented in SAMAS) is higher than the actual funded end strength, which is provided by ASA (M&RA). Therefore, the ARNG strength for computing BASOPS requirements will be calculated as follows:
  - ◆ Add 6.1% to the funded military end strength. Adding 6.1% takes into account a deviation in force structure between the ASIP and Army End Strength figures similar to that experienced by the Active Component and Army Reserve.
  - ◆ Add Civilians (FTE ARNG US Civilians, TDA Aug US Civilians)

b. Component Z (Non-Army) is also included. ASIP COMPO Z refers to tenant organizations resident on Army installations (other Services, other Government, DoD, NAF/Morale, Welfare and Recreation (MWR), Contractors, and other non-Army entities).

### 3. Additional considerations for POM 06-11:

a. Years covered by the query include base year of ASIP plus six out years. For the current 2003 ASIP, the years are 2003, 2004, 2005, 2006, 2007, 2008 & 2009. FY 2009 is "straight-lined" into the subsequent years to provide figures for FY 2010 and FY 2011.

b. Populations counted include:

- Officers
- Warrant Officers
- Enlisted
- DA Civilians
- Other Civilians

**ARNG BASOPS REQUIREMENT EQUALS \$ PER CAPITA \*  
MACOM FUTURE YEAR POPULATION \* FUTURE YEAR  
INFLATION**

**Part II: BASOPS Requirements Determination Process**

1. The BASOPS requirement calculation methodology has three components:

**a. PER CAPITA COST CALCULATION:**

- First, use the preceding three years (FY 03, FY 04, FY 05) BASOPS requirement prior to the current POM (06-11). In FY 03, the greater of requirements and execution is reviewed for use in the development of the cost per capita calculation. The requirement is adjusted to FY 03 constant dollars.
- Use the population served for the same three years (FY 03, FY 04, FY 05). The population figures are taken from the ARNG end strength and the Army Stationing and Installation Plan (ASIP). Use the "Total Population" (includes military, other military, and civilians) number that represents the end of the FY snapshot of total authorizations for the ARNG for each of the three years.
- Divide the sum of the preceding three years of requirements (FY 03, FY 04, FY 05) by the sum of the population served for the same three years (FY 03, FY 04, FY 05). The resulting number is the calculated per capita.

**b. NATIONAL GUARD FUTURE YEAR POPULATION:**

- National Guard future year BASOPS requirements are based on the projected annual National Guard adjusted end-strength population plus other military and civilian populations on ARNG installations as recorded in the ASIP. The requirements are aggregated to the National Guard level. The AIM-HI model calculates the BASOPS requirement based on the National Guard's population (includes military, other military and civilians).

**c. FUTURE YEAR INFLATION:**

- The Program and Budget Committee (PBC) memo issued in December each year identifies future year inflation factors. For each year, the ARNG appropriation inflation rate is programmed in AIM-HI.

- The POM year requirements are calculated by multiplying ARNG per capita cost times future population times applicable future year inflation factors.

**d. ADJUSTMENTS ABOVE THE AIM-HI REQUIREMENT:**

- The requirement generated by AIM-HI is adjusted by the Resources Division for efficiencies, mission transfers, and other accounts not incorporated in the base requirements.
- Add as above the line edits furniture and NEPA to support MILCON projects, leases as specifically documented in the real property data base and specific engineering account requirements to support specific actions (such as additions to the Facilities Engineering account to support increased MILCON project administration and addition to Fire and Emergency Services account to support activation of Fire and Emergency Services program) not population connected and command directed requirements.

## STANDARD SERVICE COSTING METHODOLOGY

The **AIM-HI Model (V8.0)** contains the **DASA-CE Standard Service Costing (SSC)** statistical methods to calculate the POM requirement for Army Installation Services for Base Operations Support (BOS). The SSC statistical methods determine installation “should cost” requirements as opposed to a “did cost” approach.

SSC methodology was pilot tested during POM 04-09, partially used in POM 05-09, and fully implemented in POM 06-11 for both the Active Army and the Reserve Command. SSC is scheduled to include the NGB in POM 07-11.

DASA-CE develops Standard Service Costing (SSC) cost estimating relationships (CERs) using normalized quantitative data from **Service Based Costing (SBC)** and qualitative data from the **Installation Status Report (ISR)**.

DASA-CE applies statistical data analysis methods based on the SBC historical usage of service resources (“the how much” or quantifiable level of effort an organization is expending in dollars and measurable resources) needed to accomplish the service. Following the development of the CER, DASA-CE applies the Installation Status Report (“the how well” or applicable service measures (metrics) at a green, amber, red defined standard) to arrive at a “regression” model depicting the level of performance and associated dollars needed for future budget requirements. The methodology includes three major steps: **normalizing** data before analysis, applying **statistical procedures** to arrive at cost estimating relationships, and **de-normalizing** the results to reapply to the specific installation service projected metrics and associated projected dollars through the POM years.

**Normalizing** data prior to analysis removes regional anomalies and gives each dollar the same buying power for a particular base year. Four major areas are considered in the adjustment process: 1) foreign currency exchange rate, 2) inflation, 3) regional adjustments – locality pay and regional construction indices, and 4) the civilian pay raise.

**Statistical procedures** ensure a consistent, well founded, academically and practically accepted, and defensible, innovative mathematical technique is applied to the Army requirements. Standard Service Costing (SSC) is a process that predicts the resource requirements for the base support services performed at installations for the Army worldwide. These resource requirements are derived using installation level data (top loaded from legacy systems and army functional sources and where necessary by trained installation sources) and are generated at the Installation, Region and DA level with visibility of each service. A parametric approach was chosen as the best methodology. Various cost drivers are used, including pacing measures (quantifiable level of effort an organization is expending), performance measures (quality) and demographic variables (population, square feet, family quarters, etc.) to predict cost.

**De-normalizing** the results re-associates the CERs and dollar requirements to the specific services at specific installations on at a standard level of service. The results reflect installation and service application of

resources to accomplish the service to include considerations for: 1) non-appropriated fund support of appropriated fund short-falls, 2) borrowed military labor, 3) use of foreign nationals, 4) the re-association of regional (local) aspects such as the local labor and material adjustments, 5) inflation to budgetary dollars, and 6) the removal of other appropriation effects to reflect only the budget dollar requirements for Direct OMA and OMAR appropriations.