

AMERICAN SOCIETY OF MILITARY COMPTROLLERS

San Diego Chapter COMMUNICATOR

Vol. 6 Issue 1



FROM THE PRESIDENT

I know we've heard Happy New Year for weeks now, but it's still permissible when addressing someone for the first time in the new year.....

....so Happy New Year 2013 to you all!

Thank you to those who volunteered at the Veteran's Memorial at Mt. Soledad cleanup this month and for the great turnout for Toys for Tots in December.

The current fiscal situation and looming changes are sure to bring about changes in your life and to our chapter. During the next luncheon we'll discuss these very issues.

Finally, please take a moment to check on your membership status. Are you current on your membership dues? Active members receive a discount at our luncheons, so it pays to be a member.

Sherry Major

Upcoming Luncheons:

February 13<sup>th</sup>  
April 17<sup>th</sup>

LOCATION:  
MCRD Bay View  
Club

Highlights in this Issue:

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- 🌀 NEWS FROM NATIONAL
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2012 FIVE STAR CHAPTER



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**There are two kinds of fun:  
fun that thrills and fun that  
lasts. Have both, but know  
the difference.**

*Timothy Shriver, Chairman and  
CEO, Special Olympics*



## NEWS from NATIONAL:

### Awards Update

This is a reminder that the ASMC National Achievement Awards are open for nominations for Calendar Year 2012 and winners will be recognized at the National ASMC Professional Development Institute in Denver, Colorado. Winners will have their registration compensated. Due date for nominations is 31 January and must be completed on-line. Please spread the word and print the nomination information for supervisors and peers so that they can nominate someone. Budgets have been reduced and valuable training opportunities limited, so take the time to nominate a deserving person for an ASMC National Award.

## SCHOLARSHIPS

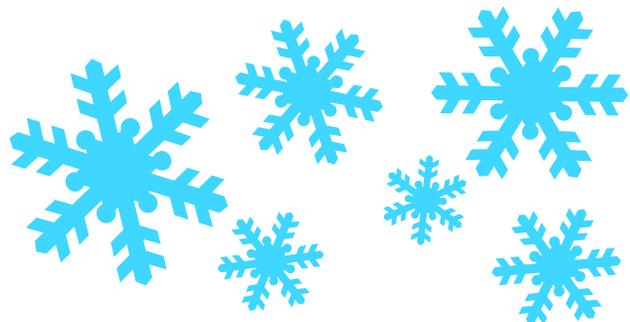
**Happy New Year to all.** I hope you and your family had a wonderful and enjoyable holiday season together. For members pursuing educational careers, I hope you are getting good grades. I know going back to school is not easy. I am sure, as members of ASMC, you have learned to balance life between family, work, and school.

It is the time of the year again to remind everyone that our chapter is willing to provide financial assistance to help a little with your school expenditures. For the 2013 spring semester, ASMC San Diego will grant two \$500.00 scholarships to deserving members.

Please visit our website for details on how to complete an application: [www.asmcсандiego.org/awardsprogram](http://www.asmcсандiego.org/awardsprogram). ASMC San Diego Chapter must receive applications no later than March 1, 2013, to be considered by the selection panel. (NO faxed or e-mailed applications will be accepted.)

Send completed application to:  
ASMC San Diego  
Attn: Scholarship Chairperson  
P O Box 6613  
San Diego, CA 92106

✍ **Nanette Gutierrez, CDFM**  
**Scholarship Chairperson**



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Submit your article to:

[patricia.finnell@navy.mil](mailto:patricia.finnell@navy.mil),for use in a future  
newsletter**CHAPTER REPs:**

The San Diego Chapter will conduct a meeting for all **Command Representatives** on February 13, 2013 at 11:00 a.m. before the chapter luncheon. Please let me know if you plan on attending. Submit topics that you would like to discuss on how we can better serve our members.

Also, we are looking to add a couple of alternative chapter meetings this year, such as aircraft or ship tours, with a financial prospective. If you know someone on a ship or in an air wing who can assist us in this tour, please contact me. Again, thank you for all your hard work and continuing support.

👉 **Helen Profetta,**  
**National Chapter Rep**

**CDFM CPEs:****50 minutes = 1 unit**

Speaker for December 11,  
34 min. = 0.6 CPEs

**MEMBER NEWS**

**Congratulations to Bruce Baraw**, CDFM, employee of Space and Naval Warfare Systems Command and ASMC member since 1985, on being the recipient of the **DoD Award for Outstanding Employee with Disabilities**.

The award is given to individuals with disabilities as part of DoD's observance of National Disability Employment Awareness Month. Bruce was recently selected, along with several other people, for this award and was presented a certificate at a ceremony in Bethesda, MD.

For more information <http://www.dvidshub.net/news/printable/98786>



## **ASK MAC!**

Dear Mac,

*I'm studying for the CDFM exam and am trying to understand the difference between the raw and weighted index. Why are there two difference indices and how are they used? Thank you for your help.*

*Pauly D.*

Dear Pauly,

The **raw index (also known as compound index)** relates the cost of an item in a fiscal year to another fiscal year. It compounds the yearly incremental price increase over the prior year so that inflation relationships to any other year can be shown in a single number. Inflation is defined as an increase over time in the general price level, and is a phenomenon affecting all aspects of financial planning and, therefore, directly impacts the development of program cost and funding forecasts.

When a program or project prepares a cost estimate, it is done in constant year dollars. The estimate is tied to a specific base year and does not contain the effects of inflation. This is very useful for cost estimating, since it is easy to make changes across the years without having to consider the impact on the cost of money over time. It is also beneficial to maintain the constant year dollar amounts in order to analyze a program for such things such as cost growth and the impact of learning curves. The raw indices can also be used to convert a constant dollar estimate from one base year to another base year for comparison between programs. The conversion from one year to another using the raw index produces an apples-to-apples comparison.

The weighted index (also known as composite index) takes into account both the projected inflation rates associated with the fiscal year(s) and the historical outlay rates of the specific appropriation account (i.e., when cash is actually paid from the U.S. Treasury). The weighted index is used to convert constant year dollar amounts (cost estimate) to then year dollar amounts (POM or budget estimate). The combination of inflation and outlay rates is called escalation.

Because budget requests are projections into the future, it is necessary to budget today for what we expect to pay in the future. Programs must address both the effects of rising prices and the effects of the timing of when the contractor or government activity who will do the work will actually receive payment. Since budget requests must be made several years in advance of receiving and negotiating contract cost proposals, it is necessary to develop estimates of the anticipated costs and the time-phased profile of their incurrence and payment. To estimate the profile of how those costs will be outlaid over time, we use DoD historical outlay rates based on similar programs and appropriations. Once the escalation rates are calculated they are used to convert the cost estimate to an accurate POM or budget estimate.

So the bottom line is the raw index includes only inflation and the weighted index includes inflation and outlay. Thanks for a great question and for your desire to learn. Good luck on the CDFM exam!

If you have a question you'd like to submit to "Ask Mac", email the Editor at:  
patricia.finnell@navy.mil

*Sincerely,  
Mac*



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Patty Finnell

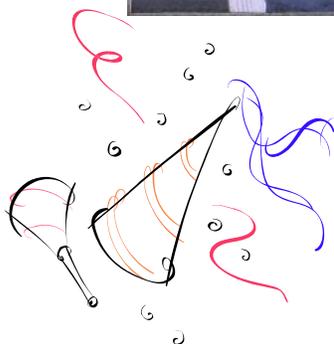
**WEBMASTER:**

Justin Tuyay



**PDI 2004, Cleveland Ohio**

(Submitted by Past ASMC President, Pat Sanders.)



**MEMBERSHIP LINKS:**

Join ASMC

<http://www.asmconline.org/membership/join-renew/>

Renew ASMC Membership

<http://www.asmconline.org/membership/renew/>

**HAPPY  
NEW  
YEAR**

