



US Army Corps of Engineers
Headquarters

Information Paper

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**SUBJECT: U.S. ARMY CORPS OF ENGINEERS (USACE)
VALUE MANAGEMENT (VM)/VALUE ENGINEERING (VE) PROGRAM**

1. The Office of Federal Procurement Policy Act (41 U.S.C. 432, updated by 41 U.S.C. 1711, Jan 2011), requires each executive agency to establish and maintain cost-effective Value Engineering procedures and processes. The Water Resources Development Act of 1986 (PL 99-662) requires Value Engineering on Corps Water Resources Projects. The Office of Management and Budget (OMB) Circular A-131 requires Federal agencies to apply VE procedures to all projects with estimated costs of \$1 million or more.
2. The USACE VM/VE Program has been a leader in applying the Value Engineering Methodology to construction projects since 1964, solidly demonstrating Corps cost effectiveness. The program has resulted in construction of over \$6.6 billion in additional facilities, without additional funds requests.
3. The basic thrusts of the program are to increase project value by proactively searching for and resolving issues through very open, short-term workshops, and to stretch precious taxpayer resources by providing the required function(s), most amenities, and the highest quality project(s), at the lowest life cycle cost.
4. The Corps has used Value Management/Value Engineering: programmatically to create and implement transformation in how the Corps executes all Military Programs workload; to shorten schedules significantly, and provide quality projects with reduced budgets; to ensure full project coordination with all stakeholders; to assist in preparing project scopes, negotiating environmental contracts, planning optimization, and project review; to provide planning assistance to states/communities; and to assist in program review. The results shown in paragraph 6 below are simply documented, auditable byproducts, used to build and/or enhance authorized projects or reduce reprogramming actions.
5. The Corps regularly helps others initiate VM/VE programs by advising headquarters offices, exporting our established training workshop, and by furnishing appropriate Certified Value Specialist leadership and/or teams (consultants and in-house) to perform Value Management Workshops.
6. In 2011, the Corps invested \$10.45 million in the program, performed 347 workshops, and had a return on investment of over \$34 to every \$1 spent. The following are NET USACE VM/VE savings and cost avoidance for the last seven fiscal years as reported to the Departments of Army, Defense, and OMB:

<u>YEAR</u>	<u>MILITARY</u>	<u>CIVIL WORKS</u>	<u>TOTAL</u>
FY 07	\$222,815,000	\$ 102,733,000	\$ 325,548,000
FY 08	\$186,684,000	\$ 114,764,000	\$ 301,448,000
FY 09	\$248,938,000	\$ 149,195,000	\$ 398,133,000
FY 10	\$195,323,000	\$ 218,850,000	\$ 414,173,000
FY11	\$168,208,000	\$180,208,000	\$ 348,416,000

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POLICY LINKS:

Pub. L. 111–350, §3, Jan. 4, 2011, 124 Stat. 3718

<http://uscode.house.gov/cod/t41/bill.pdf>

41 USC 1711 - Value engineering

<http://ve.ida.org/ve/pages/41-USC-Sec-1711-VE.pdf>

Pub. L. 104-106, Office of Federal Procurement Policy Act, Section 5122

<http://www.gpo.gov/fdsys/pkg/USCODE-2006-title41/pdf/USCODE-2006-title41.pdf>

41 USC 432 - Sec. 432. Value engineering

<http://www.gpo.gov/fdsys/pkg/USCODE-2006-title41/pdf/USCODE-2006-title41-chap7-sec432.pdf>

Pub. L. 99-662, Water Resources Development Act of 1986, Section 911

www.mrgo.gov/FileDownload.aspx?ProdType=reference&id=512

33 U.S.C. § 2288, Review of cost effectiveness of design

<http://codes.lp.findlaw.com/uscode/33/36/V/2288>

Conference Report 99-1013

<http://finance.senate.gov/library/reports/conference/download/?id=3e0d273c-a307-4748-a3bc-cf344d5aceab>

Office of Management and Budget (OMB) Circular A-131

http://www.whitehouse.gov/omb/circulars_a131

ER 11-1-321 (Change 1), Army Value Engineering

http://140.194.76.129/publications/eng-regs/er11-1-321/Change_1_Jan2011.pdf

OTHER RECENT POLICY DOCUMENTS:

OSD (Kendall Memo), Value Engineering (VE) and Obtaining Greater Efficiency and Productivity in Defense Spending, 06 DEC 2011

http://ve.ida.org/ve/documents/VEandEfficienciesMemo_Signed6Dec2011.pdf