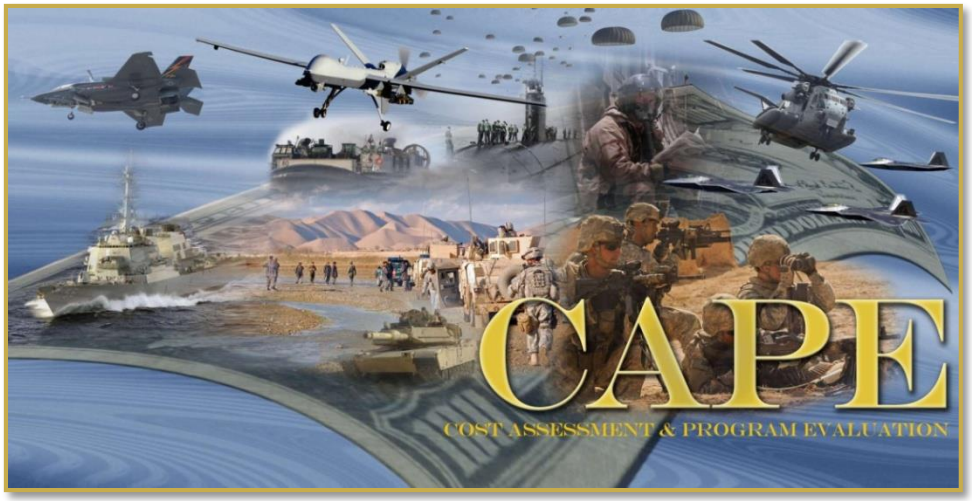
DoD Cost and Acquisition Policy Update



OSD CAPE
October 2020

DoD 5000 Policy Development Status

POLICY ISSUANCE	CURRENT STATUS	PLANNED COMPLETION
DoDD 5000.01, The Defense Acquisition System	Policy Reissued 9-Sep-20	Complete
DoDI 5000.02, Operation of the Adaptive Acquisition Framework	Policy Reissued 23-Jan-20	Complete
Pathway Instructions:		
DoDI 5000.81, Urgent Capability Acquisition	Policy Issued 31-Dec-19	Complete
DoDI 5000.80, Middle Tier of Acquisition	Policy Issued 30-Dec-19	Complete
DoDI 5000.85, Major Capability Acquisition	Policy Issued 6-Aug-20	Complete
DoDI 5000.74, Defense Acquisition of Services	Policy Reissued 10-Jan-20	Complete
DoDI 5000.75, Business Systems Requirements and Acquisition, Change 2	Change 2 Issued 24-Jan-20	Complete
~~Interim Policy for Software Acquisition~~	~~Policy memorandum signed 3-Jan-20~~	Complete
DoDI 5000.87, Operation of the Software Acquisition Pathway	Policy Issued 2-Oct-20	Complete
Separately Issued Functional Policy:		
DoDI 5000.UJ, Engineering	Conducting post-LSR discussions with OGC.	Oct 2020
DoDI 5000.UF, Test and Evaluation (T&E)	In LSR (pending DSD decision).	Oct 2020
DoDI 5000.PR, Human Systems Integration in Defense Acquisition	Submitted to OUSD(P&R) issuance focal point to initiate LSR.	Oct 2020
DoDI 5000.84, Analysis of Alternatives	Policy Issued 4-Aug-20	Complete
DoDI 5000.73, Cost Analysis Guidance & Procedures,	Policy Issued 13-Mar-20	Complete
DoDI 5000.82, Acquisition of Information Technology	Policy Issued 21-Apr-20	Complete
DoDI 5000.CS, Cybersecurity	Submitted to USD(A&S) for final approval.	Oct 2020
DoDI 5000.83, Technology and Program Protection to Maintain Technological Advantage	Policy Issued 20-Jul-20	Complete
DoDI 5010.44, Intellectual Property	Policy Issued 16-Oct-19	Complete
DoDI 5000.86, Acquisition Intelligence	Policy Issued 11-Sep-20	Complete

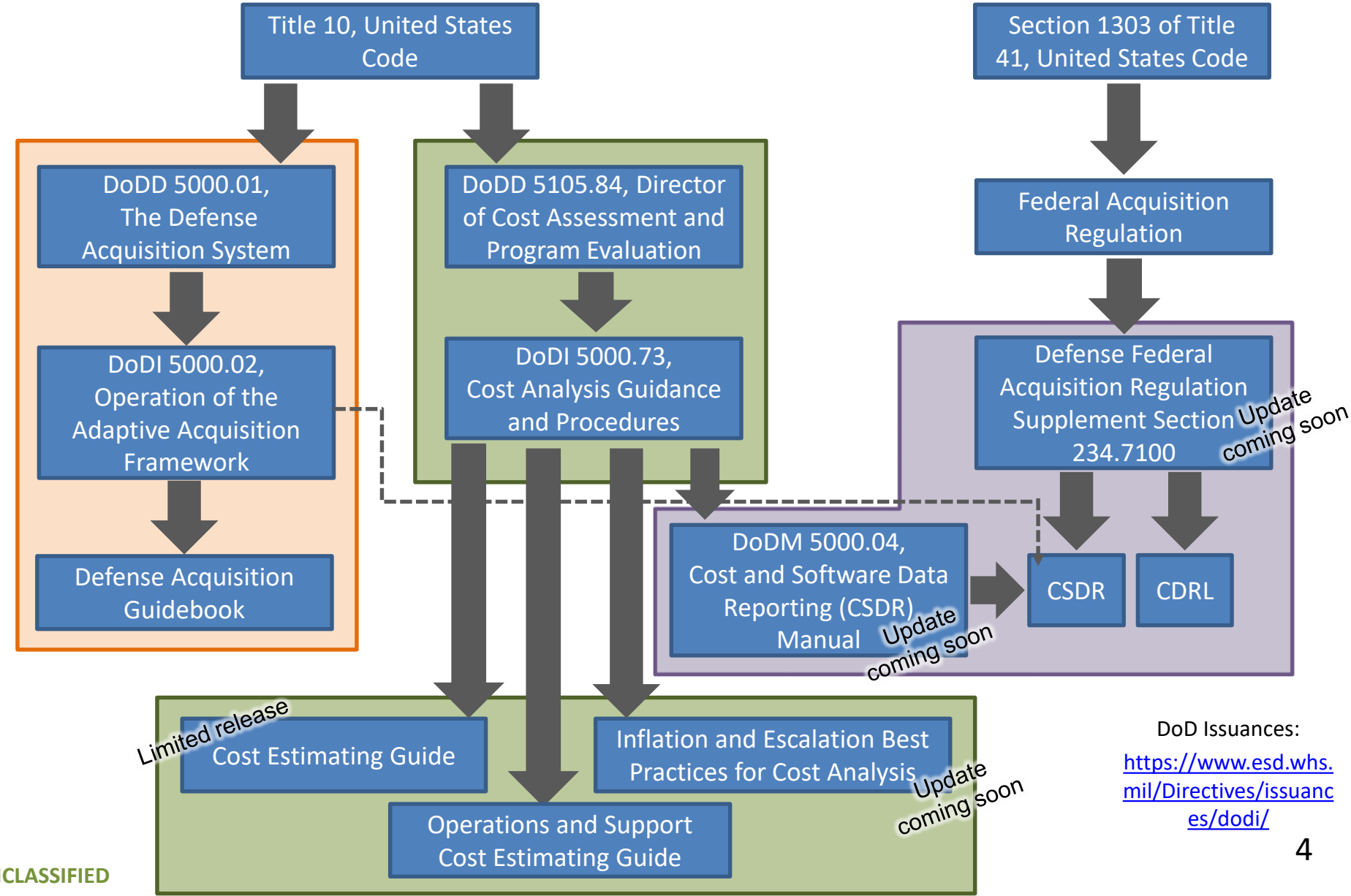
Color Code: **Yellow,** **In Formal Coordination** **Green,** **In Preparation for Signature** **Blue,** **Complete**

DoD 5000 Policy Development Status, cont'd

POLICY ISSUANCE	CURRENT STATUS	PLANNED COMPLETION
Separately Issued Functional Policy, cont'd:		
DoDI 5000.UQ, Product Support Management	Completing formal comment adjudication.	**Oct 2020**
DoDI 5240.25, Counterintelligence Support to Research, Development and Acquisition	WHS pre-coordination review complete; changes identified; editing document.	**Oct 2020**
DoDI 5200.39, Critical Program Information (CPI) Identification and Protection Within Research, Development, Test, and Evaluation (RDT&E), Change 3	**Chang 3 Issued 1-Oct-20**	**Complete**
DoDI 5200.XX, Acquisition Security	Internal I&S coordination complete; starting formal coordination.	**Dec 2020**
DoDI 5000.74, Defense Acquisition of Services, Change 1	Preparing changes to conform to the AAF for internal A&S review.	**Dec 2020**

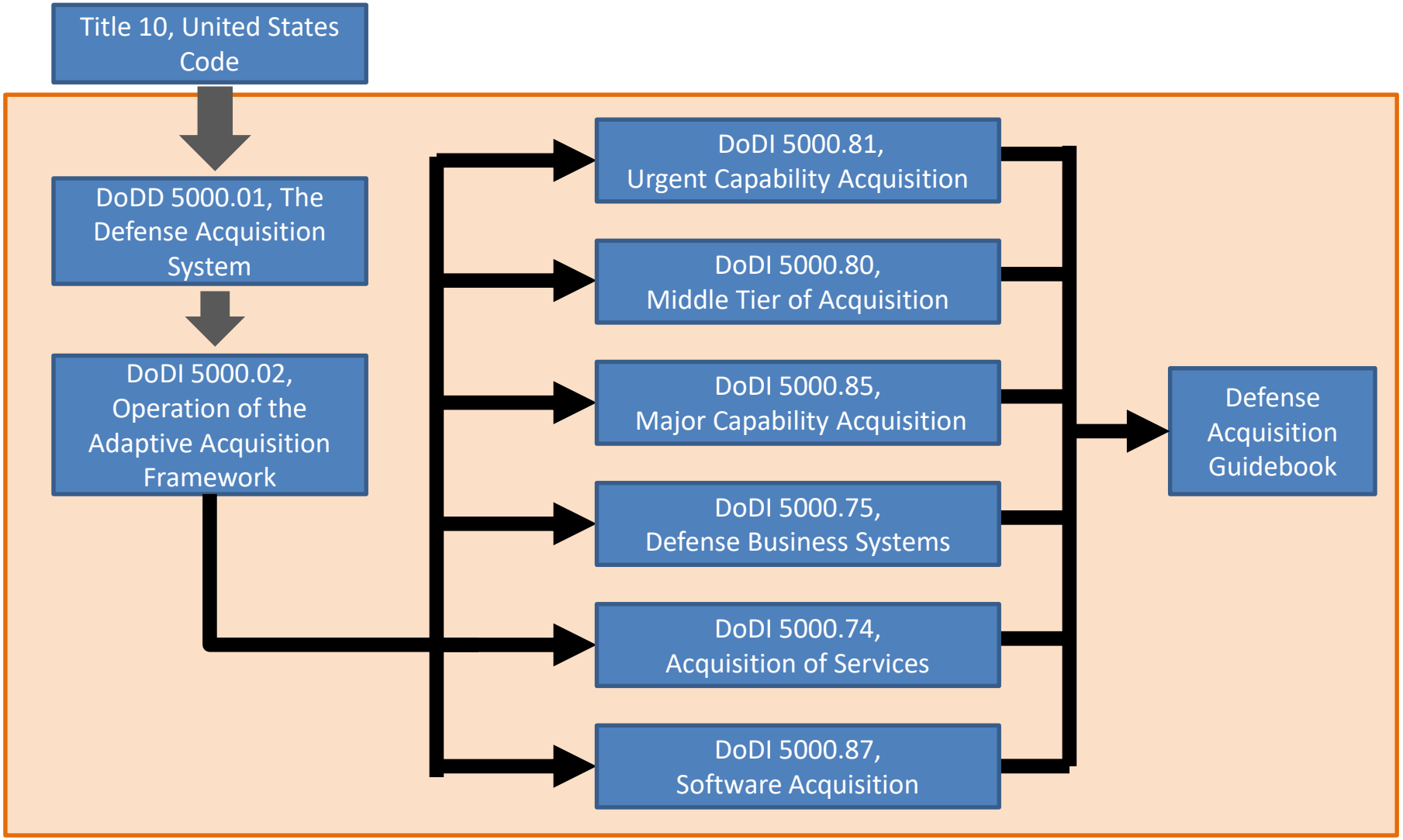
Color Code: Yellow, In Formal Coordination Green, In Preparation for Signature Blue, Complete

Acquisition Authority and Guidance



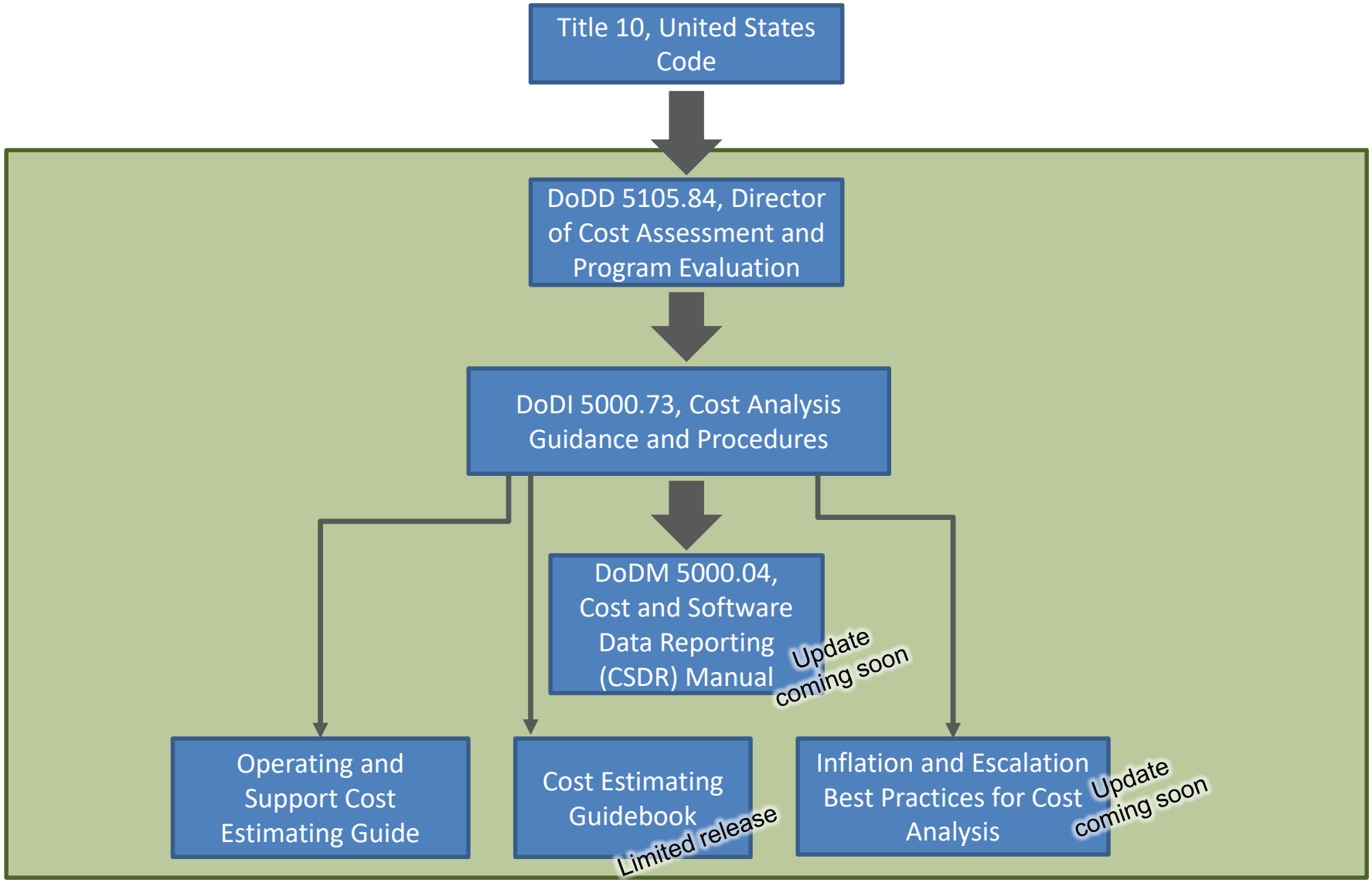
DoD Issuances:
https://www.esd.whs.mil/Directives/issuances/dodi/

Adaptive Acquisition Framework Pathways



Defense Acquisition University resources: https://aaf.dau.edu/

Cost Authority & Policies



Cost Reporting Statutory Authority

- **Title 10, U.S.C., Sec 139a** – Director CAPE
- **Title 10, U.S.C., Sec 221**. FYDP: submission to Congress; consistency in budgeting
- **Title 10, U.S.C., Sec 2306b(i)**, conduct cost analysis for certification of MYP savings
- **Title 10, U.S.C., Sec 2334**
  - **(a)(1)**, policies and procedures for the conduct of cost estimation and analysis
  - **(a)(4)**, issue guidance relating to life-cycle management and sustainability costs in MDAPs
  - **(a)(5)**, review all cost estimates and cost analyses conducted in connection with MDAPs
  - **(a)(6)**, conduct ICEs for MDAPs and major subprograms at MS A, MS B, LRIP, FRP, and at any other time deemed appropriate by DCAPE
  - **(g)**, develop policies, procedures, guidance, and a collection method for collection of cost data for acquisition programs over $100 million
- **Title 10, U.S.C., Sec 2366a**, determination required for MDAPs before Milestone A approval that Analysis of Alternatives has been completed and a cost estimate for the program has been submitted and concurred by DCAPE
- **Title 10, U.S.C., Sec 2366b**, certification required for MDAPs before Milestone B approval that cost and schedule estimates are reasonable and concurred by DCAPE
- **Title 10, U.S.C., Sec 2366c**, provide independent estimated cost and schedule for MDAPs within 15 days of Milestone C
- **Title 10, U.S.C., Sec 2337a(c)**, develop and maintain a database on operating and support estimates, supporting documentation, and actual operating and support costs for major weapon systems
- **Title 10, U.S.C., Sec 2433a**, conduct cost assessment for critical Nunn-McCurdy breach as part of reassessment of program and certification to Congress
- **Title 10, U.S.C., Sec 2441**, include sustainment reviews in ICEs for MDAPs within 5 years of IOC
- **Title 10, U.S.C., Sec 2446b(b)**, include consideration of modular open system approach in AoA study guidance
- **Weapon Systems Acquisition Reform Act of 2009** (Public Law Public Law 111-23)

DoDI 5000.73 Changes

- Reflects cost estimate requirements and process for Adaptive Acq Framework pathways rather than ACAT 1D vs. 1C programs

- Organized by acquisition pathway rather than by event

- Added:
  - Process for determining who is responsible for MCA ICE
  - Sustainment ICE section
  - Description of LCCE for MTA programs
  - Cost estimate requirements for software acquisition
  - Detailed table with reporting requirements for CSDRs, focusing on dollar thresholds

- Administrative updates (e.g., USD(AT&L) to USD(A&S))

Other Policy Updates

- MIL-STD-881E implements more detailed Test & Evaluation elements and Government Test & Evaluation Appendix M; more comprehensive update (MIL-STD-881F) to follow

- DFARS changes

- "Back to Basics" initiative (https://4edacm.dau.edu/assets/Back_to_Basics_Memo_2_Sep_2020.pdf)
  - Business-Financial Management/Cost Estimating certification and credential development
  - Curriculum review

- Update to MDAP and Major System dollar thresholds for RDT&E and Procurement (Title 10 U.S.C. Sec. 2430) from 1990 to 2020 $

Backup

CAPE Cost Data Reporting Policy Memos

- "DoD Cost Analysis Data Improvement" Memorandum, January 9, 2017
- "Implementation of Data Reporting Requirements for Acquisition Programs in Accordance with the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017" Memorandum, February 16, 2018
- "Implementation of Cost Data Reporting Requirements for Middle Tier Acquisition Programs" Memorandum, August 30, 2018
- "Updated Implementation of Cost Data Reporting Requirements in Accordance with Section 2334(g)" Memorandum, January 4, 2019
- "Implementation of Cost and Hour Report (FlexFile) and Quantity Data Reports Within the Cost and Software Data Reporting (CSDR) System" Memorandum, March 22, 2019

Memos have been superseded by DoDI 5000.73 and incorporated into draft DoDM 5000.04.

CSDR Data Overview (Cost & Software Data Reports)

CSDR Requirement

- Collecting major weapons systems historical contract costs since the 1960s
  - Separate from earned value management (EVM) reporting
- CSDRs required on all ACAT I, ACAT II, and MTA programs valued over $20M-$50M[1]
  - Required on contracts and subcontracts independent of contract type
  - Required for government-performed efforts that meet reporting thresholds

CSDR Report Types

- **Contractor Cost Data Reports (CCDRs): 1921 Series (legacy format), FlexFile and Quantity Data Reports**
  - By-contract costs and labor hours by work breakdown structure (WBS), recurring & nonrecurring, and functional category
  - Insight into overhead rates and realized fee
- **Software Resource Data Reports (SRDRs)**
  - Software development/maintenance metrics (e.g., SLOC), context information, and effort hours

Important Note: Contractor-submitted CSDR data is proprietary and cannot be shared outside of the Government – DoD support contractors cannot access the data without non-disclosure agreements in place with the data-submitting organization(s)

1 Threshold dependent upon program type and contract content risk leve

CSDR Process

1. Program manager submits cost reporting plan to CAPE[1] prior to RFP release
   - CSDR plan outlines WBS, report formats, and report frequency
2. CDSG reviews plan for content, ensuring the data collection plan meets the data needs of the cost estimating community
3. Stakeholders from OSD/MILDEP review plan and plan is approved by CAPE[1]
4. Plan is placed on contract as CDRL item
5. Weapon system contractor submits data reports in accordance with plan
6. CDSG reviews reports for content/compliance and accepts or rejects
7. Data is made available in CADE repository for Government analyst usage

CSDR process involves cost estimators at the program office, Service headquarters, and OSD levels to ensure the appropriate cost data is collected from industry on major defense acquisition contracts

1 MILDEP Cost Center Director is approval authority for programs below ACAT I threshold

CSDR Data Collection Requirements

ACAT	I	II	III-IV	Middle Tier of Acq above ACAT I Dollar Threshold	Middle Tier of Acq below ACAT I Dollar Threshold
Programs With Cost Reporting Requirements	All Acquisition All Sustainment All Gov't-Performed Efforts	All	>$I00M of projected investment	All	>$I00M of projected investment
Cost Reporting Contract/Effort Threshold	>$50M required, at discretion of PM and/or DDCA for $20-$50M	>$50M required, at discretion of PM and/or MILDEP Cost Center for $20-$50M	At discretion of MILDEP Cost Center	>$20M required	>$20M required
Cost Reporting Plan Approval Authority	CAPE	MILDEP Cost Center	MILDEP Cost Center	CAPE	MILDEP Cost Center
Waiver Authority	CAPE	CAPE	CAPE	CAPE	CAPE
Requirements Source	DoDI 5000.73	DoDI 5000.73	DoDI 5000.73	DoDI 5000.73	DoDI 5000.73

PM = Program Manager
DDCA = Deputy Director, Cost Assessment (CAPE)

Recent Initiatives & Changes to CSDRs

- Implementation of "FlexFiles" for cost reporting
  - Moves from DD Form with normalized Government-defined categories to a more detailed file with data aligned to industry native categories
- Cost reporting for government organizations
  - Still working on most efficient method of capturing work performed by Government activities (e.g., depots)
- Cost reporting for updated for all acquisition programs in DoDI 5000.73
  - Recent expansion of reporting beyond ACAT I programs and delegation of plan approval authorities to MILDEP Cost Center Director for those programs
- New cost reporting submissions for Technical parameters and Maintenance and Repair
- Updating MIL-STD-881D (to version 'E') to better capture government funded test and evaluation events