DoD Cost Estimating Guide Update

Cost Assessment and Program Evaluation

CADE User Forum

October 21-22, 2020

Why a DoD Cost Estimating Guide?

OSD

	Acquisition	Cost Estimating
Statutes (not exhaustive)	10 USC 2366a 10 USC 2366b 10 USC 2366c 10 USC 2430 10 USC 2441 10 USC 2306b	10 USC 2334 10 USC 2337a 10 USC 2433 10 USC 2430 10 USC 2441 10 USC 2441
OSD Policy (not exhaustive)	DoDD 5000.01 DoDD 5134.01 DoDI 5000.02 DoDI 5000.85	DoDD 5105.84 DoDI 5000.73
OSD "How-to"	DAG	
Component Policy/How-to	AR 70-1 SECNAVINST 5000.2F AFI 63-101/20-101	Department of the Army Cost Analysis Manual Department of the Navy Cost Estimating Guide Cost Estimating and Analysis Handbook

Benefits of a DoD Cost Estimating Guide

OSD

- DoD-level resource for consistency across the community
- Consistent understanding of DoD cost estimating requirements
- Use of consistent terminology/lexicon
- Provide cost estimating basics for new cost estimators
- Centralized resource for seasoned analysts
- Assist in cost analyst cross training
- Supports the DAWIA Cost Estimating competencies

The process of creating the new guide

OSD

CE Guide Development Team

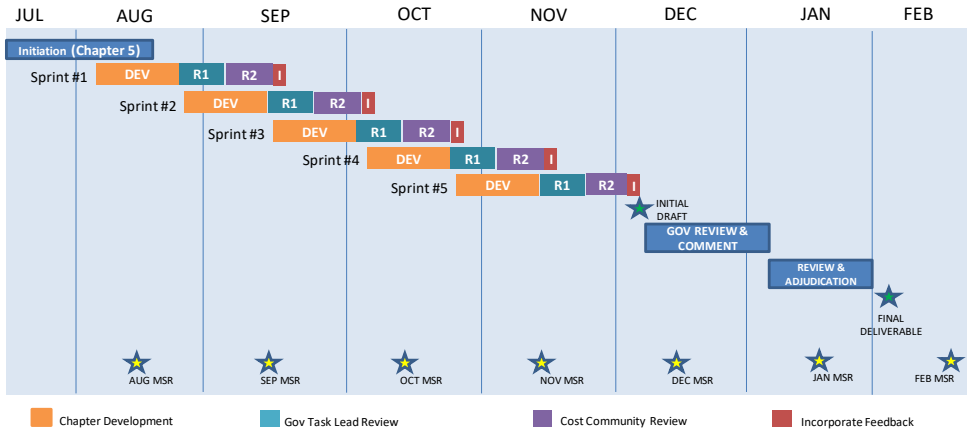
CAPE
Tecolote

Cost Community Stakeholders

Air Force (AFCAA)
Army (DASA-CE)
DoN (NCCA)
CAPE (CA)
MDA
NRO
NPS
AFIT
DAU
GAO
NASA

Process:

- Established working group of stakeholders from the Cost Community
- Used a series of "sprints" to tackle content incrementally
  - Allowed for correction during the process
  - Easier for stakeholders to review chapters as they evolve instead of whole document only at the end
- Provided adjudication to every submitted comment

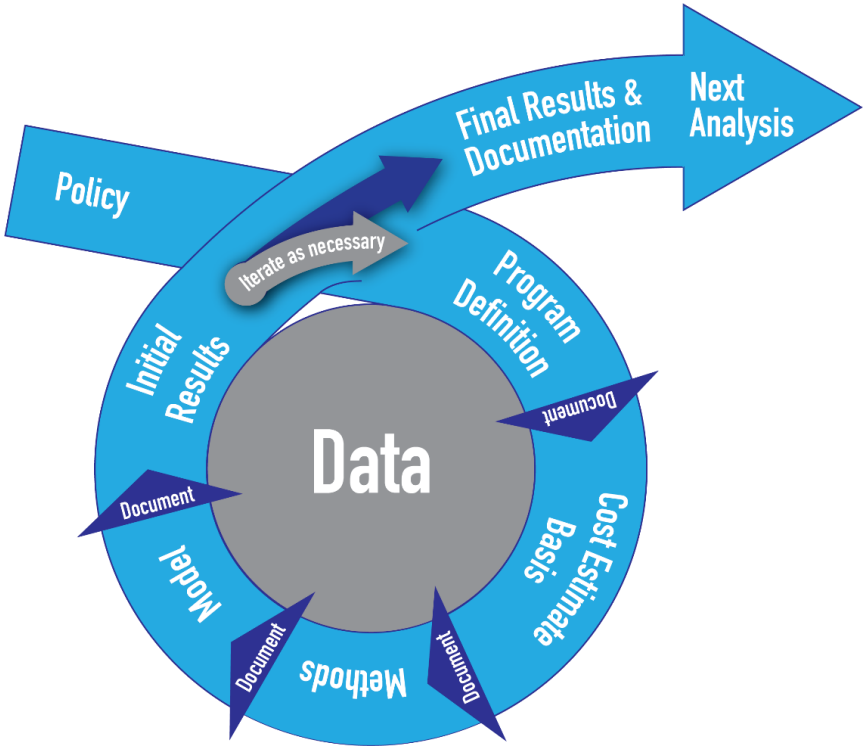


Ground Rules:

- Do not repeat policy
- Do not repeat existing Component materials
- Point to additional detail/training on pertinent topics
- Complete v1 in 6 months

The Result

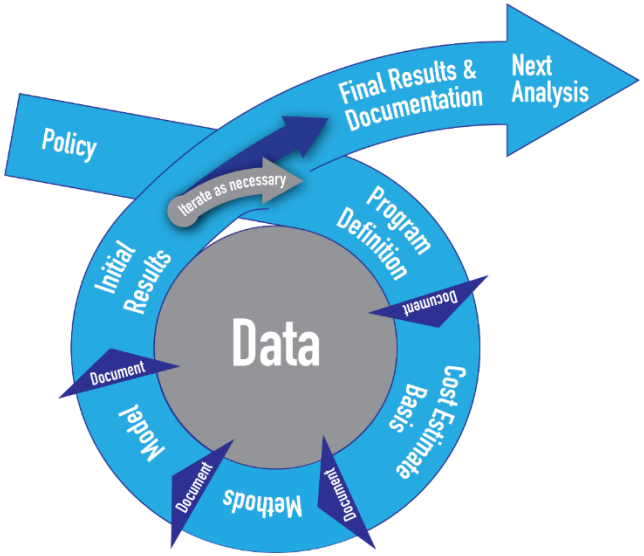
- A guide centered around a generalized DoD Cost Estimating Process that provides description and explanation of cost estimating basics
  - Applies to all types of cost analyses
  - Non-Component specific
  - Very limited use of “must” and “shall”
- Consolidated lists of references and training resources



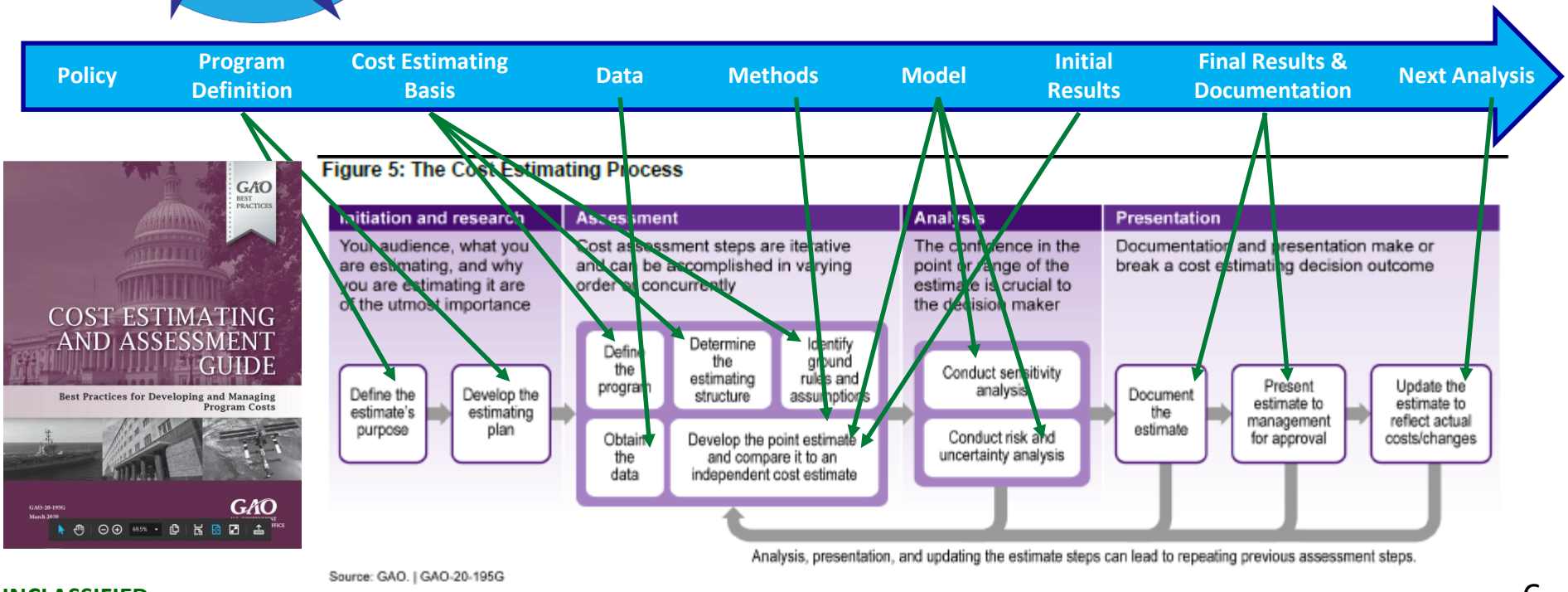
“the snake”

Chapter	Title
1	Purpose, Policy, Properties, and Definitions
2	The Cost Estimating Process
3	Program Definition
4	Cost Estimate Basis
5	Identify, Collect, Validate, Normalize, and Analyze Data
6	Select Cost/Schedule Estimating Methods
7	Build Cost Estimate Model (includes Initial Results)
8	Final Documentation and Results
9	Next Analysis

Comparison to GAO process



- GAO released its updated "Cost Estimating and Assessment Guide" in March 2020
- It includes a cost estimating process that applies to the entire federal government
- The general DoD Cost Estimating process aligns to the GAO Cost Estimating Process



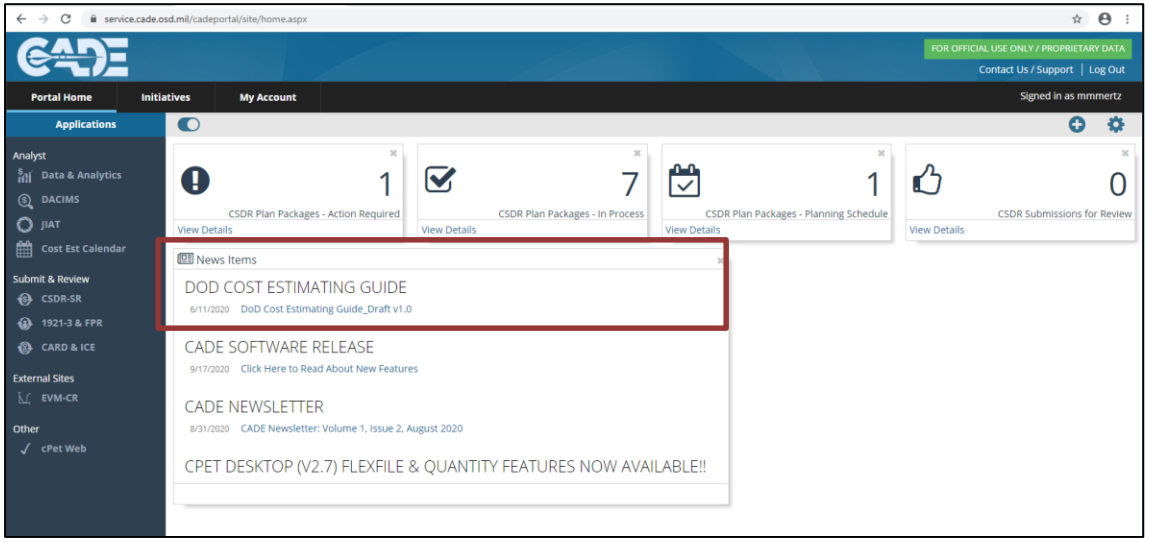
Takeaways

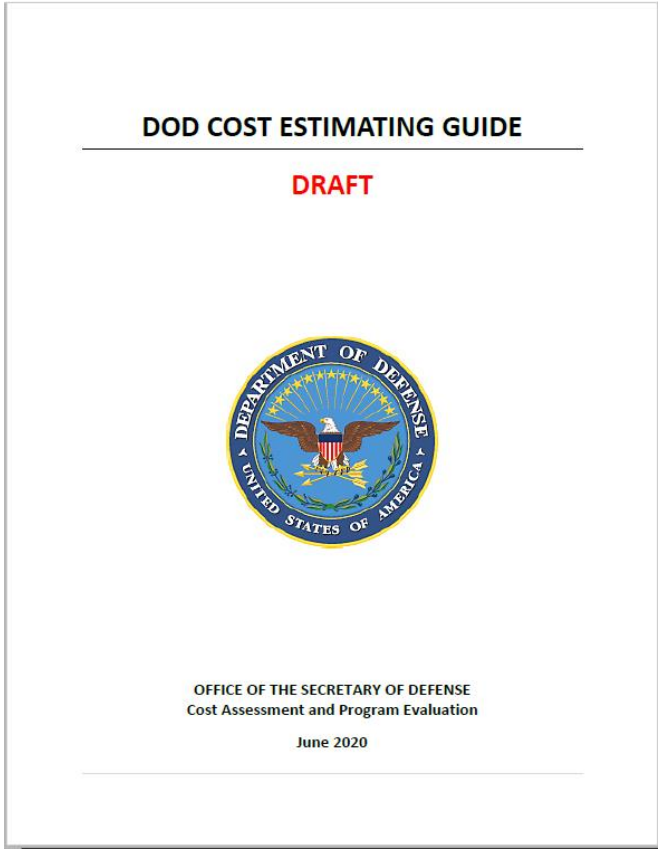
- The DoD Cost Estimating Guide is NOT:
  - New Policy from DoD
  - A replacement for existing Component materials
  - A checklist/scorecard for cost estimates
  - Exhaustive to every cost estimating scenario

- It is:
  - A description of the general cost estimating process
  - A reference for new and seasoned analysts
  - A link between DoD Policies and Component Guides
  - Expected to evolve and be updated over time

V1 Release

- DoD Cost Estimating Guide v1 DRAFT is available in the CADE Portal to government users with a CADE account
- DRAFT was released on June 11, 2020
- Official, signed v1 is forthcoming




DOD COST ESTIMATING GUIDE

DRAFT

OFFICE OF THE SECRETARY OF DEFENSE
Cost Assessment and Program Evaluation

June 2020

Provide any comments/suggestions to:

osd.pentagon.cape.mbx.cost-assessment@mail.mil

V2 Efforts

- V2 efforts have already started, currently focused on items that can be done independently of the final v1 configuration
- V2 will incorporate fact of life changes and comments/feedback from v1 coordination that were deferred
  - Main effort will be developing a critical thinking case study that will use a fictitious program to walk through the cost estimating process and help estimators consider the necessary thought/decision process to develop a sound cost estimate
  - Other planned items include:
    - Statute/Policy updates
    - Recommended reading list
    - Commodity specific WBS/CES examples
    - Expanded information on middle tier acquisition
    - Expanded discussion of community tools, models, and resources
- Currently, no target date for V2 completion