



OFFICE OF THE SECRETARY OF DEFENSE

1800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1800

FEB 16 2018

COST ASSESSMENT AND
PROGRAM EVALUATION

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEFS OF THE MILITARY SERVICES
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Implementation of Data Reporting Requirements for Acquisition Programs in
Accordance with the National Defense Authorization Act (NDAA) for Fiscal Year
(FY) 2017

Section 842 of the NDAA for FY 2017 (Public Law 114-328) amended section 2334 of title 10, United States Code (section 2334), to require that the Director of Cost Assessment and Program Evaluation (CAPE) develop policies, procedures, guidance, and a collection method to ensure that quality acquisition cost data are collected to facilitate cost estimation and comparison across acquisition programs. Further, the Department is to ensure that cost data is collected in accordance with these policies and procedures for each acquisition program in an amount greater than \$100 million. This memorandum sets forth policies and procedures and an implementation plan in accordance with section 2334(g).

The amended section 2334 greatly expands the cost data reporting requirement to all acquisition programs with eventual total expenditures of \$100 million. In particular, the Department needs to improve visibility into the planned resources and actual expenditures for Acquisition Category (ACAT) II, III, and IV acquisition programs that meet this criterion. It is essential that the Department obtain improved internal visibility into this information to enable the development of sound cost reporting policies and procedures for this category of programs.

To improve the Department's visibility into this information, CAPE will create a working group to improve the quality of the information that is collected on acquisition programs that are below ACAT I program resource thresholds but that exceed the resource threshold specified in section 2334(g). The working group will create a reporting mechanism for use by DoD components that will allow programs below the ACAT I threshold to submit historical actual and planned future funding information for use in the DoD Enterprise. This reporting of improved funding information will be implemented with the submission of the FY 2020 Program Objective Memoranda (POMs) next year. The working group will also identify instances in which the Director, CAPE, may elect to waive collection of cost data from an entity (e.g., the contractor involved is a very small business, collection would not be cost effective, etc.). Finally, the working group will recommend whether a legislative proposal is necessary to refine the requirements in section 2334(g), and if so, draft such a proposal. By March 15, 2018, I request that each DoD Component designate a representative to participate in the working group by

emailing the name and contact information for the representative to David Lyons at david.w.lyons16.civ@mail.mil.

To better inform the development of sound policies and procedures for collection of actual cost information, the Departments of the Army, Navy, and Air Force have proposed selected pilot programs for experimentation with cost data collection from contractors for specific ACAT II, III, or IV programs. The pilot programs identified by the military departments are provided in Attachment 1. Military departments may propose additional pilot programs in accordance with section 2334(g) in the future for my approval.

Until the end of calendar year 2018, the new cost data collection requirements specified in section 2334(g) are waived for all ACAT II, III, and IV programs other than the pilot programs identified by the military departments and listed in Attachment 1.

Finally, note that ACAT I programs must continue to submit cost data reporting in accordance with the requirements of Table 7 of DoD Instruction 5000.02, "Operation of the Defense Acquisition System," and the detailed policies and procedures found in DoD Manual 5000.04-M-1, "Cost and Software Data Reporting (CSDR) Manual."

Following submission of the FY 2020 POMs, CAPE will assess the improved resource information for non-ACAT I acquisition programs, together with the experience gained from the military department pilot programs, and update cost information collection policies and procedures for these programs as appropriate.

My point of contact for this effort is Stephanie Patton, stephanie.j.patton8.civ@mail.mil.



Bob Daigle
Director

Attachment (as stated)

**ATTACHMENT 1
MILITARY DEPARTMENT PILOT PROGRAMS
(ACAT II, III, AND IV)**

ARMY

Common Robotics System
Maneuver Support Vessel (Light)
RQ-7 Shadow Electro-Optic/Infrared/Laser Designation Payload
AN/MQP-64 Sentinel
Multi-Function Electronic Warfare-Air

NAVY

MK-48 Heavyweight Torpedo
Night Vision and Cueing Display
Surface Electronic Warfare Improvement Program Block 3
SPQ-9B Radar Set

AIR FORCE

Numerical Weather Modeling
Weather Data Analysis
Air Force DCGS SI-1 Sensor Integration
Weather Services – Live Virtual Construction
F-16 Simulator Training Program
C-130 Training Systems
Towers Simulation System
Enhanced GPS and Inertial Navigation System – Military Code
Next Generation IT
F-15E Advanced Display Computer Processor II
B-2 ID/IQ
C-17 Common Configuration – FISA for Kit Procurement
LGM-30G Aero-I Replacement Program
KC-135 Aero-I Replacement Program
KC-46 Pegasus Capability Improvements
Global Positioning System III Contingency Operations
M-Code Early Use