



OFFICE OF THE SECRETARY OF DEFENSE

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WASHINGTON, D.C. 20301-1800

AUG 30 2018

COST ASSESSMENT AND  
PROGRAM EVALUATION

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
UNDER SECRETARIES OF DEFENSE  
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

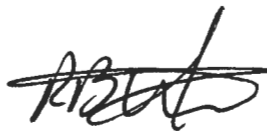
SUBJECT: Implementation of Cost Data Reporting Requirements for Middle Tier Acquisition Programs

Reference: (a) Implementation of Data Reporting Requirements for Acquisition Programs in Accordance with the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, February 16, 2018

Section 842 of the National Defense Authorization Act (NDAA) for Fiscal Year (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), in consultation with the Under Secretary of Defense for Acquisition and Sustainment, 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. In accordance with section 2334(g), this memorandum sets forth interim cost data reporting policies and procedures for rapid prototyping and rapid fielding programs executed under the Middle Tier acquisition authorities granted by Section 804 of the FY 2016 NDAA, Public Law 114-92, and serves as a supplement to Reference (a).

Consistent with section 2334, cost data reporting is required for all Middle Tier acquisition programs with total estimated acquisition expenditures greater than \$100 million. For the purposes of this threshold, total estimated acquisition expenditures are the estimated total cost for development, procurement, and system-specific military construction for the defined Middle Tier acquisition program. For covered programs, cost reporting is required to be submitted to CAPE for all contracts and individual efforts (e.g., scope performed by Government organizations) greater than \$20M in accordance with the attached Middle Tier policies and procedures. The Deputy Director of Cost Assessment shall be responsible for approval of cost data collection plans for programs that are projected to require an eventual total expenditure of greater than \$480M (FY14 \$) for research, development, test and evaluation (RDT&E) or greater than \$2.79B (FY14 \$) for procurement. The MILDEP Cost Center Director shall be responsible for approval of cost data collection plans for Middle Tier acquisition programs anticipated to require expenditures of less than \$480M (FY14 \$) for RDT&E and less than \$2.79B (FY14 \$) for procurement. The Deputy Director of Cost Assessment shall be responsible for cost reporting waivers for all Middle Tier programs.

My point of contact for this effort is David Lyons (david.w.lyons16.civ@mail.mil).

A handwritten signature in black ink, appearing to read 'Bob Daigle', with a stylized, sweeping flourish at the end.

Bob Daigle  
Director

Attachment:  
As stated

**Cost Reporting Policies for  
Section 804 Rapid Prototyping and Rapid Fielding Activities**

**1. General Requirements**

- a. Cost reporting requirements apply to all Section 804 rapid prototyping and rapid fielding programs with total estimated acquisition expenditures greater than \$100 million (covered programs). Total estimated acquisition expenditures are the estimated total cost for development, procurement, and system-specific military construction for the defined Middle Tier acquisition program.
- b. An approved Cost and Software Data Reporting (CSDR) plan (DD Form 2794) must be included in all Requests for Proposals (RFPs) for contracts and individual efforts (e.g., scope performed by Government organizations), regardless of contract type, greater than \$20 million for covered programs.
- c. CAPE is the cost reporting approval authority and has the responsibility for cost report planning, validation, and compliance for all rapid acquisition activities anticipated to require RDT&E of more than \$480M (FY14 \$) or procurement of more than \$2.79B (FY14 \$). For programs expected to require expenditures less than \$480M (FY14 \$) for RDT&E and less than \$2.79B (FY14 \$) for procurement, approval authority is delegated to the MILDEP Cost Center Director.
- d. Waiver of cost reporting requirements may only be granted by CAPE for all Section 804 programs. Examples of situations where waivers may be issued include efforts that involve commodity-like items (e.g., uniforms), procurement of commercial systems, or procurement of non-commercial systems bought under competitively-awarded firm fixed-price contracts, as long as competitive conditions continue to exist. Subcontract cost reporting requirements will be determined via the plan approval process as applicable; a separate waiver is not required for subcontracts greater than \$20M if included in the 804 program reporting plan.

**2. Cost Reporting Plan Approval for Programs with Cost Reporting Requirements**

- a. For contracts, subcontracts, and individual efforts (e.g., scope performed by Government organizations) greater than \$20 million, the Program Manager must submit draft CSDR plans and draft Contract Data Requirements Lists (CDRLs) (DD Form 1423-1) or a waiver request at least 21 days prior to RFP Release.
  - i. For programs with CAPE cost reporting approval authority, it will be the responsibility of the PM in conjunction with CAPE to ensure that the plans are appropriately reviewed by the cost estimating stakeholders from CAPE and the relevant MILDEP Cost Center, comments are adjudicated, and approval is received by DD, CA, or their designated representative, within 21 days.
  - ii. For programs delegated to the MILDEP, the MILDEP Cost Center Director, in consultation with the MILDEP Secretary for Acquisition, must develop a

process and policies for the PM to work with the MILDEP Cost Center to receive MILDEP Cost Center Director cost reporting plan approval within 21 days and provide the approved plan to CAPE.

### **3. Tailoring of Standard Formats**

- a. The starting point for cost data collection plans is a MIL-STD-881-based Work Breakdown Structure (WBS) with the approved CSDR Data Item Descriptions (DIDs), i.e., the DD 1921 series or FlexFiles, Software Resource Data Reports (SRDRs), and the Contractor WBS dictionary.
- b. If program circumstances prevent efficient application of the established standard WBS or standard formats (e.g., small businesses or companies are involved that do not have a history of DoD cost reporting), tailoring of both WBS and formats will be considered on a case-by-case basis. Cost reporting must at a minimum incorporate a product-oriented WBS and actual incurred costs/hours segregated by recurring/non-recurring and some type of functional breakout. Cost reporting requirements for rapid prototyping and rapid fielding programs do not imply a requirement for Earned Value Management (EVM) or compliance with ANSI/EIA-748 standards.
- c. The Contractor Business Data Report (CBDR), DD Form 1921-3, is not required for business units based solely on rapid prototyping or rapid fielding activities.

### **4. Cost Data Delivery**

- a. All cost reports must be submitted electronically to CAPE's Defense Cost and Resource Center (DCARC) at <http://cade.osd.mil> and uploaded to DCARC's CSDR Submit-Review system.