



DoD INSTRUCTION 5000.73

COST ANALYSIS GUIDANCE AND PROCEDURES

Originating Component: Office of the Director of Cost Assessment and Program Evaluation

Effective: October 24, 2024

Releasability: Cleared for public release. Available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.

Reissues and Cancels: DoD Instruction 5000.73, "Cost Analysis Guidance and Procedures," March 13, 2020

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Purpose: In accordance with the authority in DoD Directive 5105.84; Section 139a of Title 10, United States Code (U.S.C.); and Chapter 222 of Title 10, U.S.C., this issuance establishes policy, assigns responsibilities, and provides procedures for the conduct of cost estimation, cost analysis, and collection of cost data in the DoD.

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY.

This issuance applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities (DAFAs), and all other organizational entities within the DoD (referred to collectively in this issuance as the “DoD Components”).

1.2. POLICY.

a. The DoD conducts analyses to provide accurate information and realistic estimates of cost for DoD acquisition programs.

b. Independent and sound cost estimates are vital for effective acquisition decision making and oversight. Cost estimates also support efficient and effective resource allocation decisions throughout the Planning, Programming, Budgeting, and Execution process.

c. The concepts presented in this issuance must be applied to applicable military construction (MILCON) projects, all DoD acquisition programs as designated in policies established in DoD issuances, and DoD Component and Service cost agency (SCA) policies. In this issuance, the use of “SCA” includes Defense Agency equivalents.

SECTION 2: RESPONSIBILITIES

2.1. DIRECTOR OF COST ASSESSMENT AND PROGRAM EVALUATION (DCAPE).

The DCAPE:

- a. Oversees implementation of the procedures in this issuance.
- b. Prepares clarifying guidance as needed for this issuance.
- c. Reviews and takes appropriate action on DoD Component waiver requests.

2.2. DEPUTY DIRECTOR FOR COST ASSESSMENT (DDCA).

Under the authority, direction, and control of the DCAPE, the DDCA:

- a. Approves cost and software data reporting (CSDR) plans and may waive CSDR requirements as appropriate. The authority to waive CSDR requirements may not be delegated.
- b. Signs independent cost estimates (ICEs) and other cost products prepared by the Office of Cost Assessment and Program Evaluation (CAPE). This authority may be delegated in writing, on a case-by-case basis, to a Cost Assessment Division Director.

2.3. DOD COMPONENT HEADS.

The DoD Component heads:

- a. Implement the procedures in this issuance and, as appropriate, develop DoD Component guidance.
- b. Request DCAPE approval for any waiver or exception to the provisions of this issuance.
- c. When necessary, designate in writing a Military Department organization to serve as the SCA to fulfill the requirements specified in this issuance.

SECTION 3: COST ESTIMATION REQUIREMENT AND PROCEDURES

3.1. COST ANALYSIS ACTIVITIES.

This section describes the points at which CAPE, DoD Components, and SCAs conduct cost analyses as well as the timelines and required documentation for the conduct of such analyses.

a. Major Capability Acquisition (MCA).

(1) ICEs.

(a) Pursuant to Section 3221 of Title 10, U.S.C., CAPE's Office of Cost Assessment (CA) conducts or approves ICEs and cost analyses for all major defense acquisition programs (MDAPs) and major subprograms:

1. In advance of any decision to grant Milestone A approval pursuant to Section 4251 of Title 10, U.S.C., or Milestone B approval pursuant to Section 4252 of Title 10, U.S.C.

2. In advance of any decision to enter low-rate initial production (LRIP) or full-rate production (FRP).

3. In advance of any certification under Section 4376 of Title 10, U.S.C., following unit cost growth that is equal to or greater than the critical cost growth threshold.

4. At any other time considered appropriate by the DCAPE or upon the request of the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)) or the milestone decision authority (MDA).

(b) CA conducts or approves ICEs in support of sustainment reviews required by Section 4323 of Title 10, U.S.C.

(2) Cost Analysis for Development Request for Proposals (RFP) Release Decision Point.

CA may conduct or approve an ICE or conduct a cost analysis to inform the development RFP release decision point for MDAPs or major subprograms. The program management office (PMO) will notify CA of a program's upcoming development RFP release decision point at least 210 days before the planned decision point. If CA does not conduct or approve an ICE or cost analysis, the relevant SCA will conduct the cost analysis in accordance with its policies and procedures.

(3) Multiyear Procurement (MYP) Certification.

(a) At any time considered appropriate by the DCAPE or upon the request of the USD(A&S), CA will perform an independent preliminary cost analysis assessing the potential that the use of a MYP contract for the acquisition of property exceeding \$500 million, then year dollars, will result in significant savings in comparison to the total anticipated costs of carrying

out the program through annual contracts. CA provides this analysis to the USD(A&S) and to the congressional defense committees upon request.

(b) At any time considered appropriate by the DCAPE or upon the request of USD(A&S), CA conducts a final cost analysis to support the certification by the Secretary of Defense under Section 3501(i)(3) of Title 10, U.S.C., or the USD(A&S) if delegated by the Secretary of Defense, that the use of a MYP contract for the acquisition of property exceeding \$500 million, then year dollars, will result in significant savings and that the estimates of both the cost of the contract and anticipated cost avoidance are realistic.

(4) Post-Initial Operational Capability (IOC).

(a) After IOC, DoD Components must continue to track operating and support (O&S) costs and update O&S cost estimates yearly throughout an MDAP's or major system's life-cycle to determine whether preliminary information and assumptions remain relevant and accurate and to identify and record reasons for variances. The updated O&S cost estimate should be reflected in the next modernized selective acquisition report (MSAR).

(b) Each O&S cost estimate must be compared to earlier estimates and the program's sustainment cost goals established pursuant to Section 4271 of Title 10, U.S.C., and as appropriate, used to update the life-cycle affordability analysis provided to the MDA and requirements validation authority. This comparison must identify the reasons for significant changes.

b. Middle Tier of Acquisition (MTA).

(1) Rapid Prototyping (RP) Programs.

CA conducts or approves estimates of costs for programs likely to exceed the MDAP dollar threshold in advance of an MTA advisory board (or DoD Component equivalent) meeting. CAPE may, at its discretion, delegate the authority for the conduct of the cost estimate to the SCA. Estimates for RP programs that do not exceed the MDAP dollar threshold must be conducted in accordance with the relevant SCA's policies and procedures.

(2) Rapid Fielding (RF) Programs.

CA conducts or approves estimates of lifecycle costs for programs likely to exceed the MDAP dollar threshold in advance of an MTA advisory board (or DoD Component equivalent) meeting. CAPE may, at its discretion, delegate the authority for the conduct of the cost estimate to the SCA. Estimates for RF programs that do not exceed the MDAP dollar threshold must be conducted in accordance with the relevant SCA's policies and procedures.

(3) Sustainment Reviews for MTA Programs.

CA conducts or approves ICEs in support of sustainment reviews required by Section 4323 of Title 10, U.S.C., for MTA programs that meet the dollar thresholds specified in Section 4201(a)(2) of Title 10, U.S.C.

c. Defense Business Systems (DBS).

CA may conduct a cost estimate for DBS at DCAPE's discretion. For business system category (BCAT) I programs, the PMO will notify CA of a program's upcoming authority to proceed (ATP) decision point, or similar decision point, at least 210 days before the planned decision point. CA will notify the PMO and SCA on CA's decision to conduct a cost estimate at least 165 days before the ATP decision point. For all other DBS, the SCA or, if delegated by the SCA, a designated organization will conduct cost analyses for each phase of the program in accordance with the relevant SCA's policies and procedures. Final documentation for cost estimates completed in support of ATP decision points, or similar decision points, for BCAT I programs must be uploaded to the Cost Assessment Data Enterprise (CADE).

d. Acquisition of Services.

CA may conduct a cost estimate for acquisition of a contracted service at DCAPE's discretion. All other cost estimates for acquisition of services must be conducted in accordance with the relevant SCA's policies and procedures.

e. Software Acquisition.

(1) CA conducts or approves estimates of costs for software acquisition programs likely to exceed the MDAP dollar threshold in advance of the execution phase (EP) decision. CAPE may, at its discretion, delegate the authority for the conduct of the cost estimate to the SCA. At the discretion of DCAPE, the cost estimate may be updated during the EP. Estimates for software acquisition programs that do not exceed the MDAP dollar threshold must be conducted in accordance with the relevant SCA's policies and procedures.

(2) For programs that do not have a defined schedule or extended road map, the cost estimate over a 5-year period post EP entry will be used to determine acquisition category (ACAT) equivalence for the purposes defined in this issuance. If the program is following the embedded software sub-path or is dependent on a separate acquisition program, the PMO must consult with CA and the SCA to determine ACAT equivalence prior to the EP decision.

3.2. POLICIES FOR ICES AND COST ESTIMATES CONDUCTED FOR ACQUISITION DECISIONS.

a. Content of ICE for Acquisition Programs.

The ICE is a full lifecycle cost estimate of a program and includes:

(1) All costs of development, production, deployment, operations and support, disposal, and MILCON without regard to funding source or management control.

(2) At Milestone A, identification and sensitivity analysis of key cost drivers that may affect lifecycle costs.

(3) When multiple acquisition framework pathways are used leading to an MCA or in combination with an MCA, all relevant pathway costs in accordance with the July 19, 2022, USD(A&S) Memorandum. All pathway efforts will be clearly and distinctly identified in the ICE.

b. Consideration of ICE at Milestone Reviews.

The MDA may not approve entering a milestone phase of an MDAP or major subprogram unless an ICE, conducted or approved by the DCAPE, has been considered by the MDA.

c. Cost Estimates Not Used for Contract Negotiation.

Pursuant to Section 3226 of Title 10, U.S.C., the cost estimates developed in accordance with Paragraph 3.1.a.(1) for baseline descriptions and other program purposes may not be used for contract negotiations or the obligation of funds.

d. Content of Cost Estimate in Support of MTA Programs.

For RP MTAs, the cost estimate conducted in accordance with Paragraph 3.1.b.(1) includes development and production costs in support of the RP effort without regard to funding source or management control. For RF MTAs, the cost estimate conducted in accordance with Paragraph 3.1.b.(2) includes all development, production, deployment, operations and support, and disposal associated with the rapidly fielded assets without regard to funding source or management control.

e. Content of Cost Estimate in Support of Software Acquisition Programs.

The cost estimate conducted in accordance with Paragraph 3.1.e. includes all costs over a minimum of a 5-year period post EP entry without regard to funding source or management control. If the program is following the embedded software sub-path or is dependent on a separate acquisition program, the CA and the SCA should consult with the PMO to determine the scope and timeframe of the cost estimate.

3.3. POLICIES FOR DOD COST ESTIMATING AND ANALYSIS ACTIVITIES.

a. Review of Estimates.

(1) DCAPE reviews all cost estimates and cost analyses conducted in connection with MDAPs and major subprograms, as well as estimates of O&S costs for all major systems.

(2) To facilitate the review of cost estimates, the DoD Component must submit the results of all cost estimates, cost analyses, and associated studies conducted for MDAPs and major subprograms to DCAPE.

(3) SCAs review all other cost estimates in accordance with SCA policy.

b. Discussion of Risk.

All cost estimates conducted for DoD programs must:

- (1) Include a discussion of risk, the potential impacts of risk on program costs, schedule, and approaches to mitigate risk.
- (2) Include analysis informed by program management to support decision making that identifies and evaluates alternative courses of action that may:
 - (a) Reduce cost and risk.
 - (b) Result in more affordable programs.
 - (c) Result in less costly systems.
- (3) Be developed, to the extent practicable, based on reliable historical actual cost information that is based on demonstrated contractor and U.S. Government performance. Cost estimates should provide a high degree of confidence that the program can be completed without the need for significant adjustment to the program's or subprogram's budgets.

c. Inflation and Escalation.

DoD Components must follow the guidance in CAPE's Inflation and Escalation Best Practices for Cost Analysis and document the rationale for inflation and escalation rates in all cost estimates.

d. Analysis of Alternatives (AoA).

In accordance with DoD Instruction 5000.84, the DCAPE develops and issues AoA study guidance to the DoD Component for potential ACAT I programs. DoD Components must follow CAPE's AoA Cost Estimating Handbook when developing lifecycle cost estimates in support of AoAs.

e. Access to Data.

CAPE, DoD Components, and SCAs must be provided timely access to any records and data in the DoD (including the records and data of each Military Department and Defense Agency, to include classified, unclassified, controlled unclassified information, and proprietary information) they consider necessary to review cost analyses and conduct ICEs, cost estimates, or analyses.

f. Cost Estimates Used for Baseline and Budget.

CAPE assesses whether a proposed program's baseline and associated budget provide the necessary confidence that the program can be completed without the need for significant adjustment to future program budgets.

- (1) Following a milestone decision for an MDAP, CA will verify that the DoD Component has fully funded the program, in accordance with the full funding certification made

at the milestone, in all subsequent program objective memorandum (POM) or President's Budget (PB) submissions to the OSD. If the program evolves after a milestone review, the DoD Component, in coordination with the SCA, will provide CAPE the cost estimate that aligns to the program strategy and technical baseline included in the budget position. The DoD Component must provide CAPE the rationale for any deviations between the cost estimate and the program funding identified in the POM or PB position.

(2) Following the MTA pathway entrance for MTA RP or RF programs likely to exceed the MDAP dollar threshold, CA will verify that the DoD Component has fully funded the program in all subsequent POM or PB submissions to the OSD. If the program evolves after the MTA entrance, the DoD Component, in coordination with the SCA, will provide CAPE the cost estimate that aligns to the program strategy and technical baseline included in the budget position. The SCA or DoD Component must provide CAPE the rationale for any deviations between the cost estimate and the program funding identified in the POM or PB position.

g. Cost Estimates for DAFA Programs.

For DAFAs without an SCA, a DAFA representative will meet with CA at least 210 days before a decision for which a cost estimate is required for an ACAT I DAFA program or DAFA program that exceeds the ACAT I dollar threshold. CA and the DAFA representative will determine what type of estimate is required for the decision, who will conduct the estimate, and the policies and procedures that will be followed.

h. Documentation for Cost Estimates and Analysis.

(1) For all cost analysis activities described in Paragraph 3.4., the SCA or responsible organization will upload all final cost analysis requirements descriptions (CARDS) or CARD-like documents, ICEs, DoD Component cost positions (CCPs), and DoD Component cost estimates (CCEs), as applicable, to the CADE library. CA uses the information submitted to CADE when preparing its annual report to Congress. The annual report summarizes DoD cost estimation and analysis activities during the previous year and assesses DoD progress in improving the accuracy of its cost estimates and analyses. For instructions for uploading classified documents, the responsible organization should contact CA.

(2) ICE, CCE, and CCP memorandums and reports must report costs in constant year dollars and then year dollars in accordance with CAPE's Inflation and Escalation Best Practices for Cost Analysis and must include a summary of:

(a) Estimated costs by lifecycle phase, by appropriation, and by fiscal years, to include sunk costs.

(b) Operations and support costs by the cost element structure defined in the OSD CAPE O&S Cost-Estimating Guide, where applicable.

(c) Costs by acquisition pathway, where applicable.

i. Notification Instructions.

If a cost estimate is required in accordance with Paragraph 3.1., the timelines in Paragraph 3.4. will be used when preparing the estimate. For all cost analysis activities in Paragraph 3.4. that require CA notification, the responsible organization will notify the relevant CA director and SCA using digitally signed electronic correspondence. The notification will include the program name, ACAT or ACAT-equivalent designation, decision type, and planned decision date.

j. Procurement Acquisition Unit Cost (PAUC) and Average Procurement Unit Cost (APUC).

PAUC and APUC calculations must follow the definitions in the Glossary. Additional guidance on PAUC and APUC calculations is provided in the CAPE's DoD Cost Estimating Guide.

3.4. TIMELINES FOR COST ANALYSIS ACTIVITIES.

If a cost estimate is required in accordance with Paragraph 3.1., these timelines must be used when preparing the estimate:

a. Determination of Organization that will Prepare ICE for an MCA.

Figure 1 describes the typical timeline of events and deadlines to support CAPE's decision whether to prepare an ICE or review and approve the DoD Component ICE.

(1) The PMO will notify CA of a program's upcoming milestone that requires either a CAPE ICE or a DoD Component ICE at least 210 days before the planned cost review board (CRB) meeting.

(2) A kick-off meeting is held no later than 180 days before the planned CRB meeting. Before the kick-off meeting, the SCA will develop an agenda of information to discuss, including requirements for the cost estimates, alternatives to consider, available data, and the assumptions on which the cost estimates will be based. CA may also provide agenda items and topics of interest for the kick-off meeting.

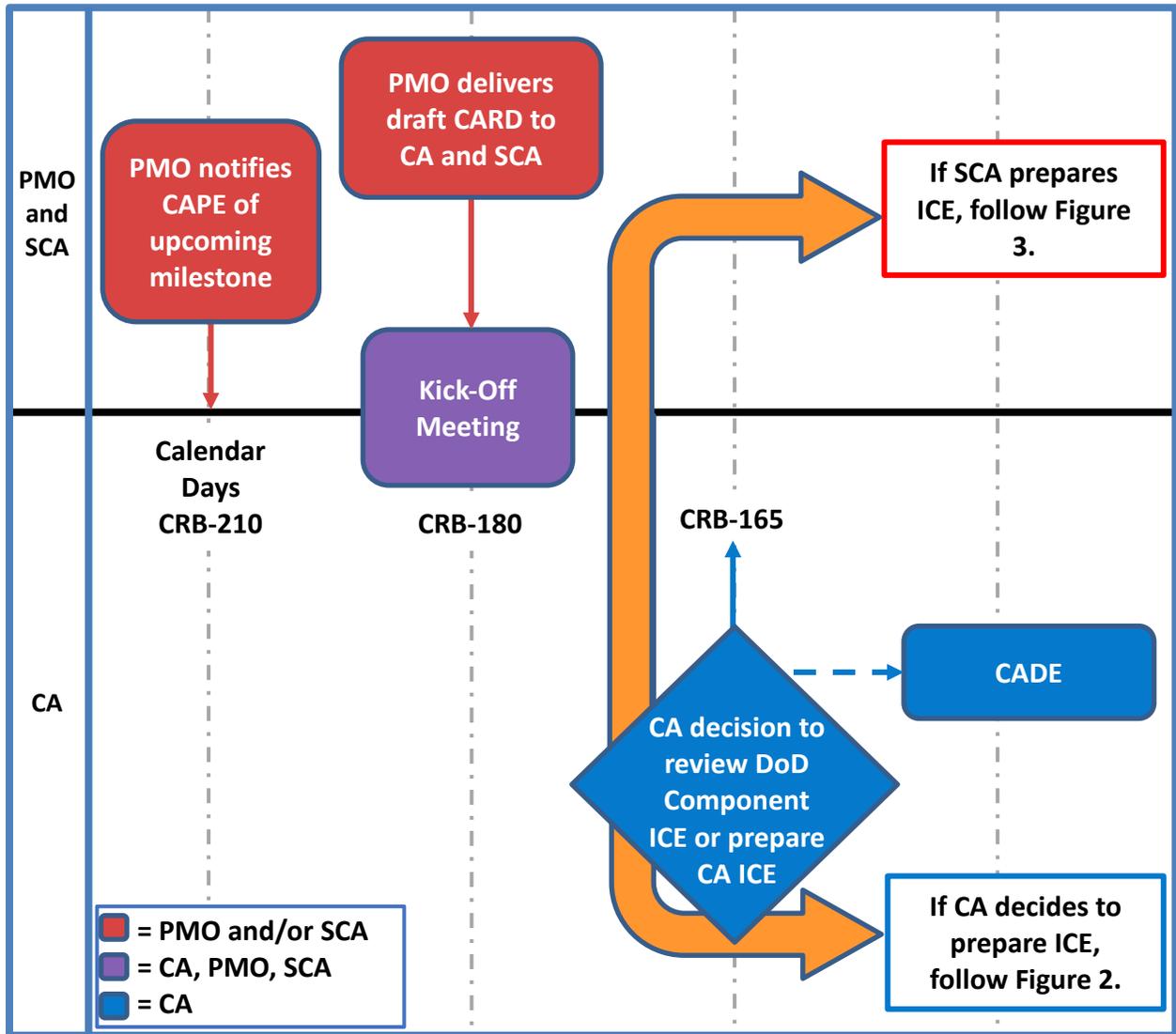
(3) The PMO will prepare and deliver the draft CARD to CA and the SCA at or before the kick-off meeting. For joint programs, the CARD will include the common program agreed to by all participating DoD Components, as well as any of their unique DoD Component program requirements.

(4) A PMO representative and SCA representative will hold the kick-off meeting with CA and other stakeholders. A PMO representative will brief a description of the program at the kick-off meeting. If a program's milestone decision is delayed, a second meeting must be held during which the PMO updates CA and the SCA on any changes to the program. Those changes must be included in an updated draft CARD.

(5) CA will decide whether to review and approve the DoD Component ICE or prepare a CAPE ICE at least 165 days before the planned CRB meeting. If CA decides to delegate the ICE, CA will issue a decision memorandum and upload the memorandum to CADE.

(6) If CA decides to prepare the ICE, the program will follow the timeline in Figure 2 and procedures described in Paragraph 3.4.b. If CA decides to review and approve the DoD Component ICE, the program will follow the timeline in Figure 3 and procedures described in Paragraph 3.4.c.

Figure 1. Timeline for Determination of Organization that will Prepare ICE for an MCA



b. Preparation of CAPE ICE for an MCA.

Figure 2 describes the typical timeline of events and deadlines to support CAPE’s timely completion of an ICE. This timeline may be tailored as needed, at CAPE’s discretion, depending upon the program and the information needed to best support the decision maker.

(1) CA will provide feedback to the PMO on the draft CARD no later than 45 days after receipt of the draft CARD, usually at least 135 days before the planned CRB meeting.

(2) If CA or the SCA determine that the CARD is insufficient, they will inform the PMO via memorandum, no later than 45 days after receipt of the draft CARD and usually at least 135 days before a planned CRB meeting, that the CARD is insufficiently developed to continue with preparation of the cost estimates. In this scenario, the planned CRB meeting and defense acquisition board (DAB) (or DoD Component equivalent) meeting may be delayed.

(3) Following the kick-off meeting, the CA analyst and SCA and PMO representatives will collect and review program data. This may include such activities as conducting site visits or requesting additional contractor data. During this same time, the CA analyst, SCA, and PMO representatives will have ongoing discussions concerning the cost estimating strategies and methodologies used to develop all relevant cost estimates, including the ICE, CCE, program office estimate (POE), and CCP.

(4) The PMO will deliver the draft final CARD to CA and the SCA at least 45 days before the CRB meeting. The draft final CARD should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final signed CARD.

(5) The PMO and SCA representatives will brief CA on the working level drafts of the POE, the CCE, the CCP, and any other relevant estimates at least 45 days before the CRB meeting. Following this briefing, the PMO and SCA representatives will provide CA any updates to the working level drafts of the estimates as appropriate or upon request.

(6) The PMO must provide the final CARD, dated and signed by the program executive officer (or DoD Component equivalent) and program manager, to CA and the SCA at least 21 days before the scheduled CRB meeting. The PMO (or designated Military Service representative) must upload the final signed CARD to CADE.

(7) CA, PMO, and SCA representatives may meet to compare and discuss methods, assumptions, and results of the draft ICE, CCE, and POE approximately 7 days before the CRB meeting.

(8) A CA representative will brief a summary of the draft ICE at the CRB meeting.

(9) The SCA will deliver the final, signed CCP to CA at least 10 days before the planned DAB (or DoD Component equivalent) meeting and upload a copy to CADE. If the program concept evolves after a milestone review, the SCA may update the CCP, and the DoD Component may recommend fully funding the program in the Future Years Defense Program (FYDP) to the updated CCP, provided acceptable rationale is provided.

(10) CA will brief the ICE to the MDA in conjunction with the DAB (or DoD Component equivalent) meeting.

(11) No later than immediately following the DAB (or DoD Component equivalent) meeting, CA will issue its ICE report and upload a copy to CADE.

(12) Following the DAB (or DoD Component equivalent) meeting:

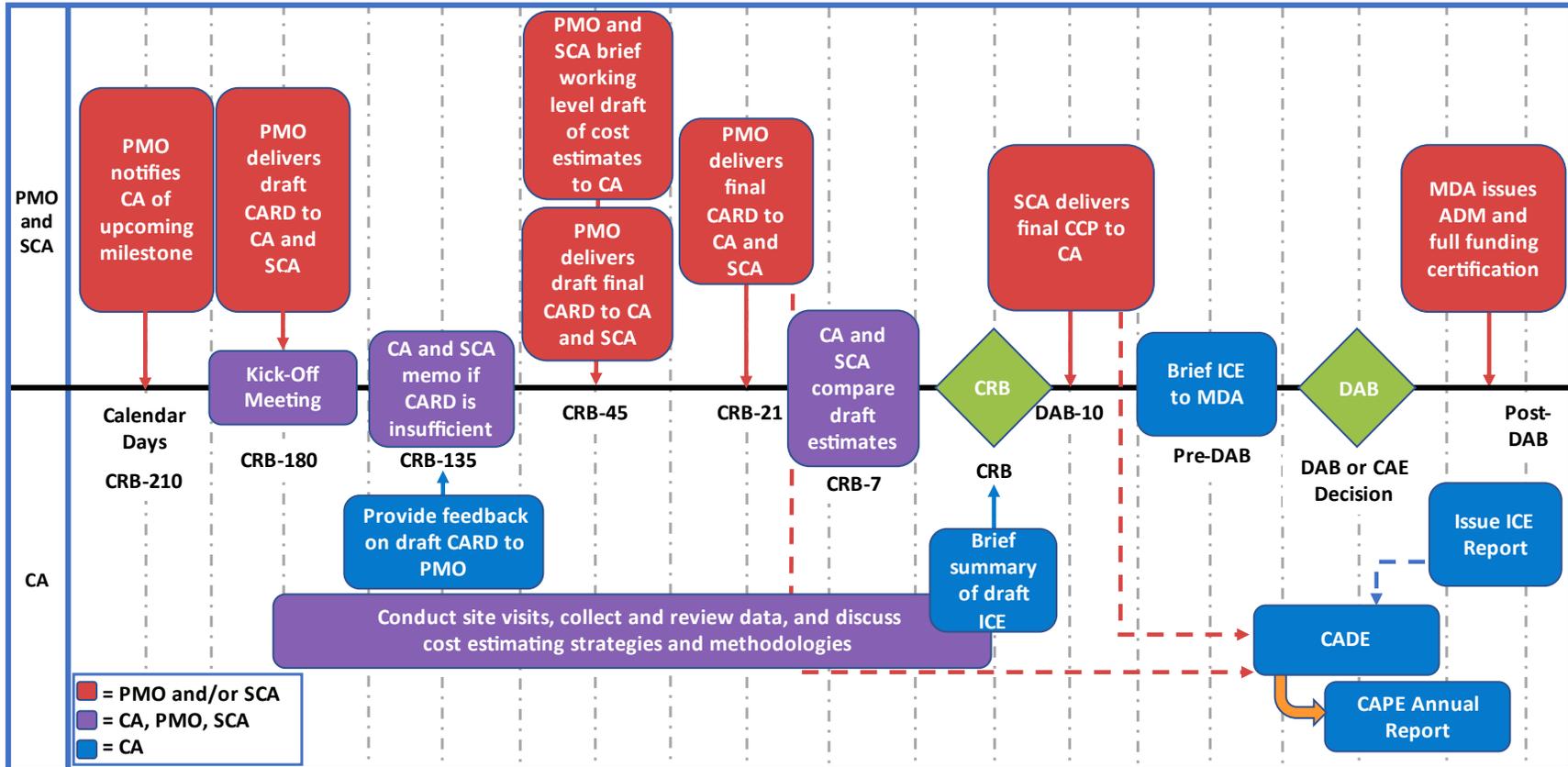
(a) CAPE will request the MDA, in the acquisition decision memorandum (ADM) documenting their decision that is coordinated through the DoD Component offices responsible for financial management and requirements, to certify the DoD Component will:

1. Fully fund the program to the CCP or the ICE in the current FYDP; or
2. Commit to full funding of the CCP or ICE during the preparation of the next FYDP.

(b) CAPE will request that, in the ADM, the MDA direct that either the CCP or ICE be used as the acquisition program baseline and that a full funding certification statement be included at Milestones A and B and at the LRIP and FRP decisions.

(c) If the DoD Component is directed to fund to the CAPE ICE, CAPE will help the DoD Component understand the methodologies used to conduct the CAPE ICE so the DoD Component can update its cost model.

Figure 2. Timeline for Preparation of CAPE ICE



c. Preparation and Review of DoD Component ICE for an MCA.

Figure 3 describes the typical timeline of events and deadlines to support a DoD Component's timely completion of an ICE. This timeline may be tailored as needed, at CAPE and the SCA's discretion, depending upon the program and the information needed to best support the decision maker.

(1) If CA decides to review and approve the DoD Component ICE, the CA analyst will continue to meet with PMO and SCA technical and cost analysts from 165 to 30 days before the CRB meeting. The SCA should invite the CA analyst to estimate discussion meetings throughout the process, and the CA analyst should participate in as many DoD Component meetings as possible. If, during this time, CA determines that there are significant changes to the program or increased cost or schedule risk, CA may decide to perform a CAPE ICE of the program. In this scenario, the planned CRB meeting and DAB (or DoD Component equivalent) meeting may be delayed.

(2) The SCA and CA will provide feedback to the PMO on the draft CARD no later than 45 days after receipt of the draft CARD and usually at least 135 days before the planned CRB meeting.

(3) If CA or the SCA determine that the CARD is insufficient, the SCA or CA will inform the PMO via memorandum, no later than 45 days after receipt of the draft CARD and usually at least 135 days before a planned CRB meeting, that the CARD is insufficiently developed to continue with preparation of the cost estimates. In this scenario, the planned CRB meeting and DAB (or DoD Component equivalent) meeting may be delayed.

(4) The PMO will deliver the draft final CARD to CA and the SCA at least 45 days before the CRB meeting. The draft final CARD should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final CARD.

(5) PMO and SCA representatives will brief CA on working level drafts of the POE, DoD Component ICE, CCP, and any other relevant estimates available at the time at least 30 days before the CRB meeting.

(6) The PMO must provide the final CARD, dated and signed by the program executive officer (or DoD Component equivalent) and program manager, to CA and the SCA at least 21 days before the CRB meeting. The PMO (or designated Military Service representative) must upload the final signed CARD to CADE.

(7) CA will review and assess the DoD Component ICE and provide feedback to the SCA before the SCA delivers the final ICE. To receive CAPE approval of the ICE, the SCA will revise the DoD Component ICE and brief CA on updates as needed.

(8) The SCA will deliver the final DoD Component ICE and CCP to CA within 7 days of the CRB. The SCA must upload a copy of the final signed DoD Component ICE and CCP to CADE.

(9) The SCA will brief the DoD Component ICE to the MDA in conjunction with the DAB (or DoD Component equivalent Component Acquisition Executive (CAE) decision) meeting conducted by the DoD Component.

(10) After the DAB (or DoD Component equivalent CAE decision), CA will document the adequacy of the ICE in a memorandum and deliver the memorandum to the DoD CAE and upload a copy to CADE.

(11) Following the DAB (or DoD Component equivalent CAE decision) meeting:

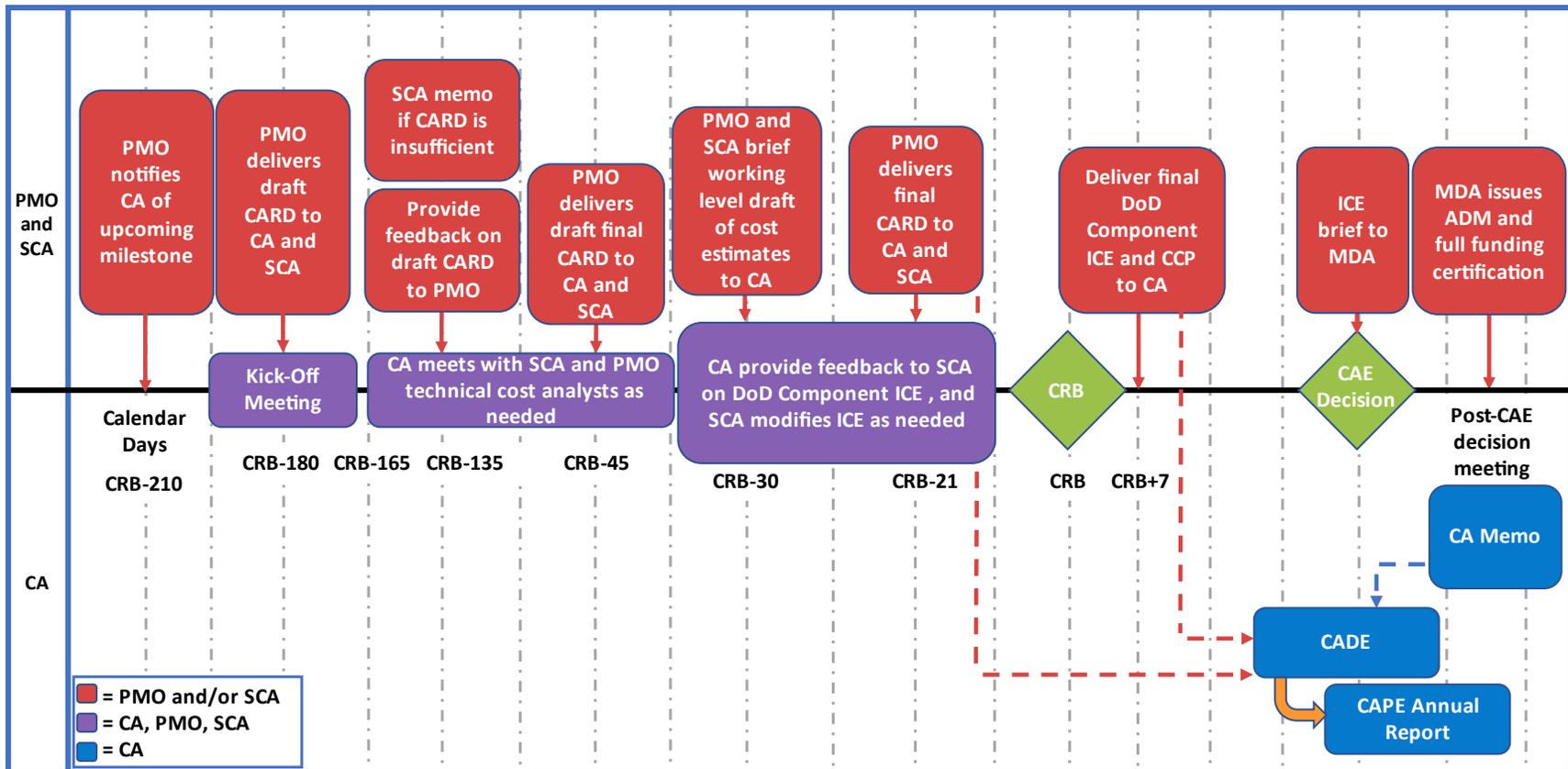
(a) CAPE will request the MDA, in the ADM documenting their decision that is coordinated through the DoD Component offices responsible for financial management and requirements, to certify the DoD Component will:

1. Fully fund the program to the CCP or the ICE in the current FYDP; or
2. Commit to full funding of the CCP or ICE during the preparation of the next FYDP.

(b) CAPE will request that, in the ADM, the MDA direct that either the CCP or ICE be used as the acquisition program baseline and that a full funding certification statement be included at Milestones A and B and at the LRIP and FRP decisions.

(c) If the DoD Component is directed to fund to the DoD Component ICE, the SCA will help the DoD Component understand the methodologies used to conduct the ICE so the DoD Component can update its model.

Figure 3. Timeline for Preparation and Review of DoD Component ICE



d. Preparation of MYP Cost Analyses.

CA follows the timeline described in Figure 4 when preparing its preliminary and final MYP cost analyses under Paragraph 3.1(a)(3). MYP cost analyses for ships may follow a similar, but tailored, process.

(1) No later than September 1 of the fiscal year preceding the fiscal year in which a DoD Component plans to submit a legislative proposal to request legislative authority for a multiyear contract, CA will coordinate with the USD(A&S) to document the list of MYP contract authorization requests for which CA will perform independent preliminary cost analyses and provide the DoD Components a copy of this list.

(2) Within 30 days of notification that CA will be conducting a preliminary MYP cost analysis, the DoD Component will coordinate and schedule a preliminary analysis kick-off meeting with CA to establish ground rules and assumptions for preliminary single year cost estimates of the proposed multiyear contract scope. The DoD Component will:

(a) Provide necessary documentation to support a preliminary cost analysis including (but not limited to) relevant contract documentation, summaries of contract scope, and submitted proposals at, or before, this meeting; or

(b) Provide a plan to submit this information in a timely manner.

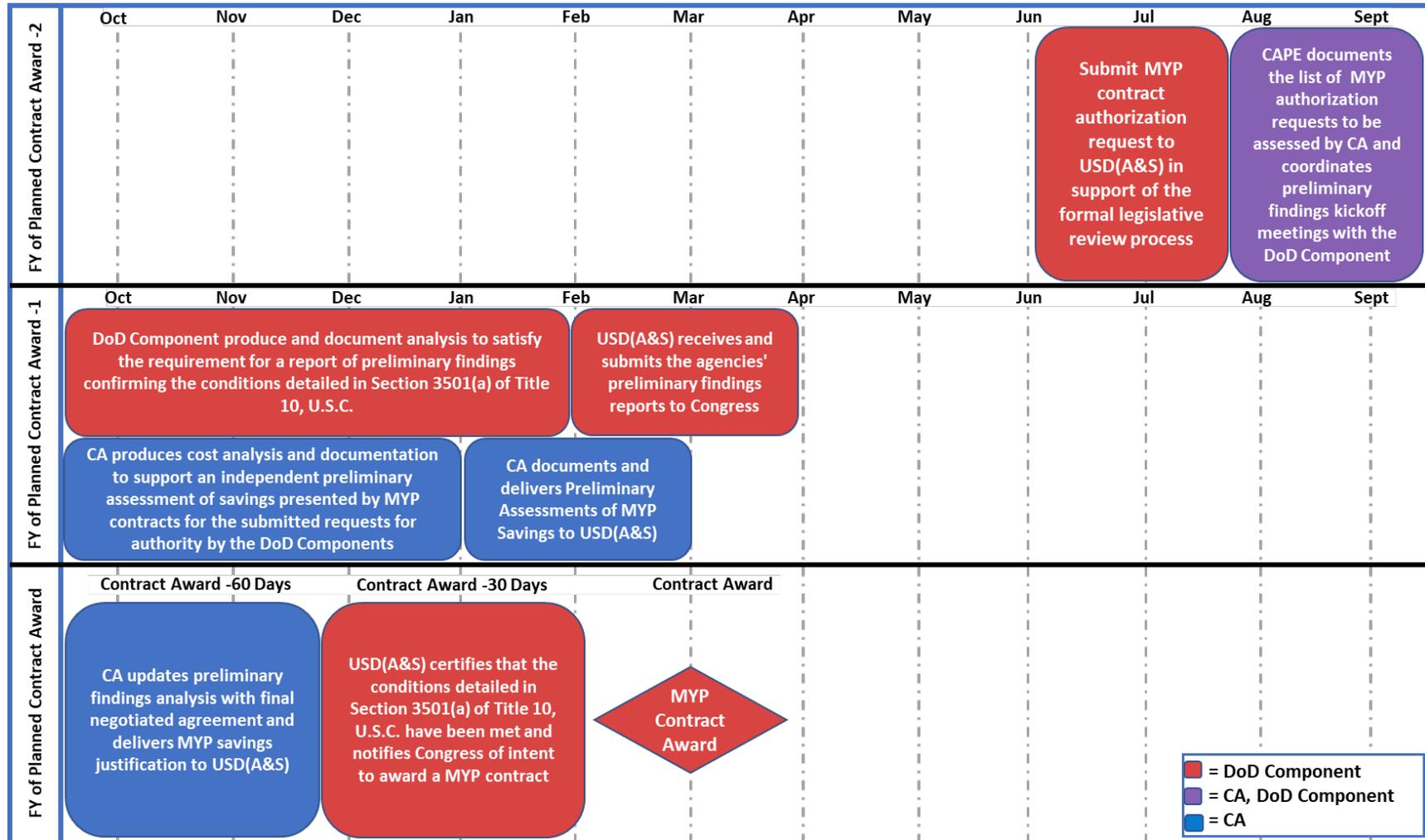
(3) No later than 15 days before February 1 of the fiscal year prior to the planned fiscal year of the contract award date, CAPE will finalize their preliminary analysis using either a negotiated “not-to-exceed” contract value for the MYP scope or the most recently available multiyear contract cost position provided by the DoD Component. Since shipbuilding preliminary estimates of savings are typically done before RFP release, multiyear contract cost positions provided by the DoD Component and shipyard visits are essential to support CAPE’s single year procurement and MYP estimates.

(4) CA will deliver its preliminary cost analysis to the USD(A&S) and upload a copy of its preliminary MYP savings justification to CADE.

(5) The USD(A&S) submits the Defense Agencies’ preliminary findings to Congress in conjunction with a request for a specific authorization by law to carry out a defense program using multiyear contract authority.

(6) At least 30 days prior to MYP contract award, CA will finalize its MYP savings justification and upload a copy to CADE. The final savings justification requires the submission of documentation that establishes the final MYP contract scope and price agreement between the DoD and contractor.

Figure 4. Timeline for Preparation of MYP Preliminary and Final Cost Analyses



e. Preparation of Critical Unit Cost Growth Breach Cost Assessment.

CA follows the timeline in Figure 5 when conducting its analysis to support a critical unit cost growth breach certification for an MDAP or designated subprogram. This timeline assumes that the breach is declared between October 1 and submission of the PB. If the breach is declared at a different time, a tailored version of this timeline is used.

(1) By October 1, the DoD Components or PMOs should informally notify CA and the SCA of any programs in danger of a critical or significant unit cost growth breach. The early notification allows the CA analyst to become familiar with the program, begin to gather data, and do preliminary analysis on the program.

(2) Concurrently with the official declaration to Congress of a critical unit cost growth breach, the PMO and SCA will deliver documentation regarding the program of record (POR) to CA, to include copies of the current CARD, latest cost estimates, and any other relevant program data.

(3) Approximately 1 week after the critical unit cost growth breach is declared, the integrated product team responsible for conducting cost analysis holds a kick-off meeting. At the meeting, changes to the program's cost, schedule, and technical status since the last acquisition milestone review should be discussed. If necessary, following the kick-off meeting the DoD Component will brief the appropriate division director within CA regarding program status. Additionally, the division director may lead a team of CA analysts on a site visit to one or more contractor facilities.

(4) By approximately March 15, CA will complete its analysis of the POR.

(5) From March 15 through May 1, CA participates in and supports discussions concerning potential reasonable modifications to the program. In many cases, DoD leadership considers adjustments to program definition, including technical content, costs and funding, and planned schedules. CA's review and assessment of the reasonably modified program is completed around May 1. The CA analysts:

(a) Typically assess options for program definition to support the decision-making process that could result in a reasonably modified or restructured program, perhaps constrained to align with available funding.

(b) May be called upon to assist the CAPE Deputy Director of Program Evaluation or CAPE Deputy Director of Capability Enablers to assess alternatives to the program. The Office of Program Evaluation analysts will perform an initial screening of program alternatives, based on factors other than cost, and identify the most promising alternative.

(c) May be called upon to provide cost estimates for one or a small number of alternatives and may request additional data and information from the DoD Component to support such cost estimates.

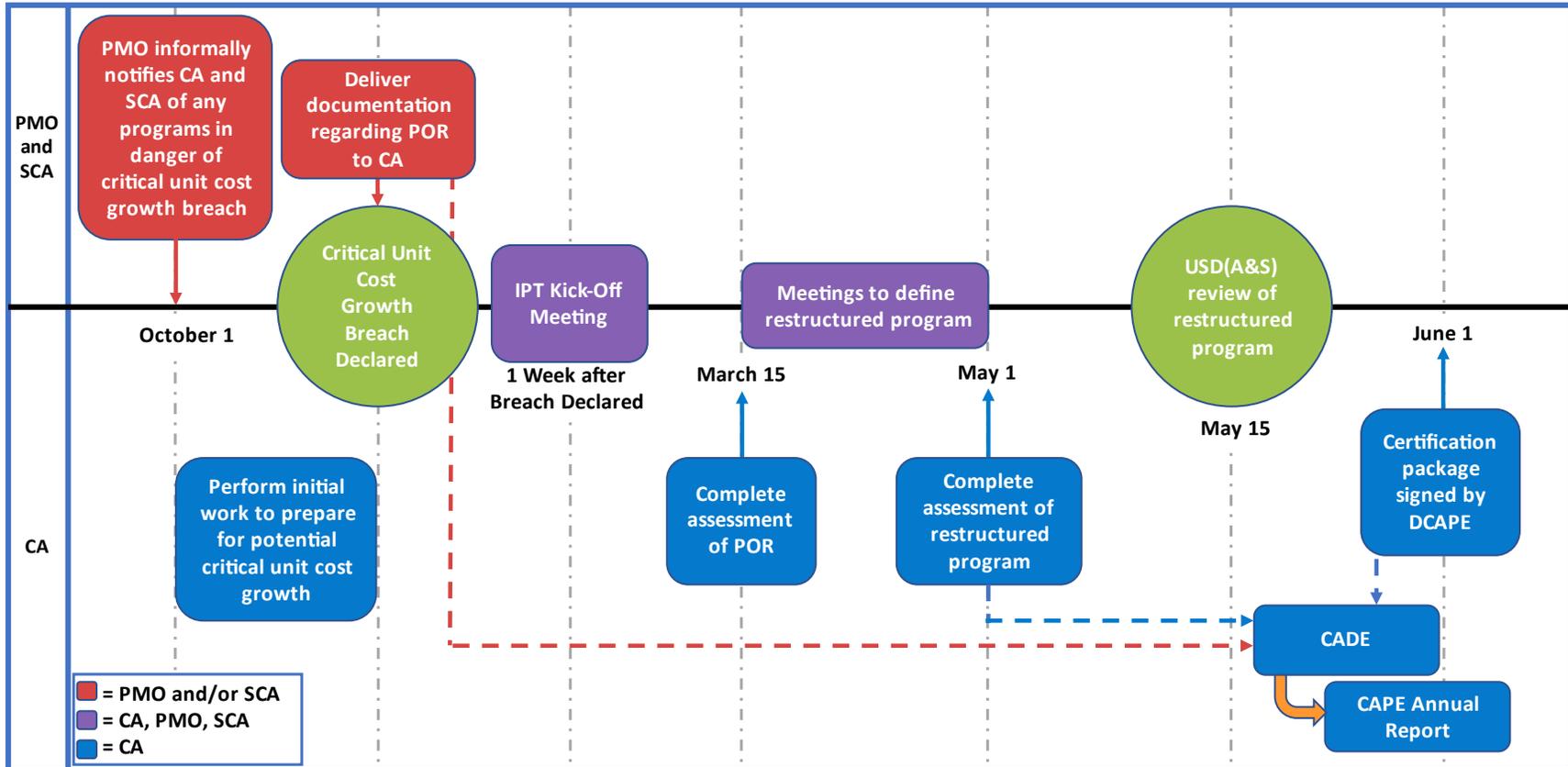
(6) CA documents the results of the review in a formal memorandum to the USD(A&S) around June 1 and submits a copy to CADE. The memorandum:

(a) Summarizes the current acquisition cost estimate for the program, as reported in the most recent MSAR, as well as the results of the CA analysis of program acquisition costs if the program is not modified and program acquisition costs if the program is reasonably modified.

(b) Provides a breakdown of the considerations that led to the growth in unit cost and an assessment of the adequacy of current program funding.

(c) Documents the Director of CAPE's determination that the new estimates of the program acquisition unit cost are reasonable.

Figure 5. Timeline for Preparation of Critical Unit Cost Growth Cost Analysis



f. Determination of Organization that will Prepare ICE for a Sustainment Review.

Figure 6 describes the typical timeline of events and deadlines to support CAPE's decision whether to prepare an ICE or review and approve the DoD Component ICE for a sustainment review conducted in accordance with Section 4323 of Title 10, U.S.C.

(1) The DoD Component or PMO will notify CA and the SCA of a program's upcoming sustainment review that requires a CAPE ICE or a DoD Component ICE at least 210 days before the planned sustainment review.

(2) A kick-off meeting will be held no later than 180 days before the planned sustainment review meeting. Before the kick-off meeting, the SCA will develop an agenda of information to discuss including requirements for the cost estimate, available data, scope of the estimate, and the assumptions on which the cost estimate will be based. CA may also provide agenda items and topics of interest for the kick-off meeting.

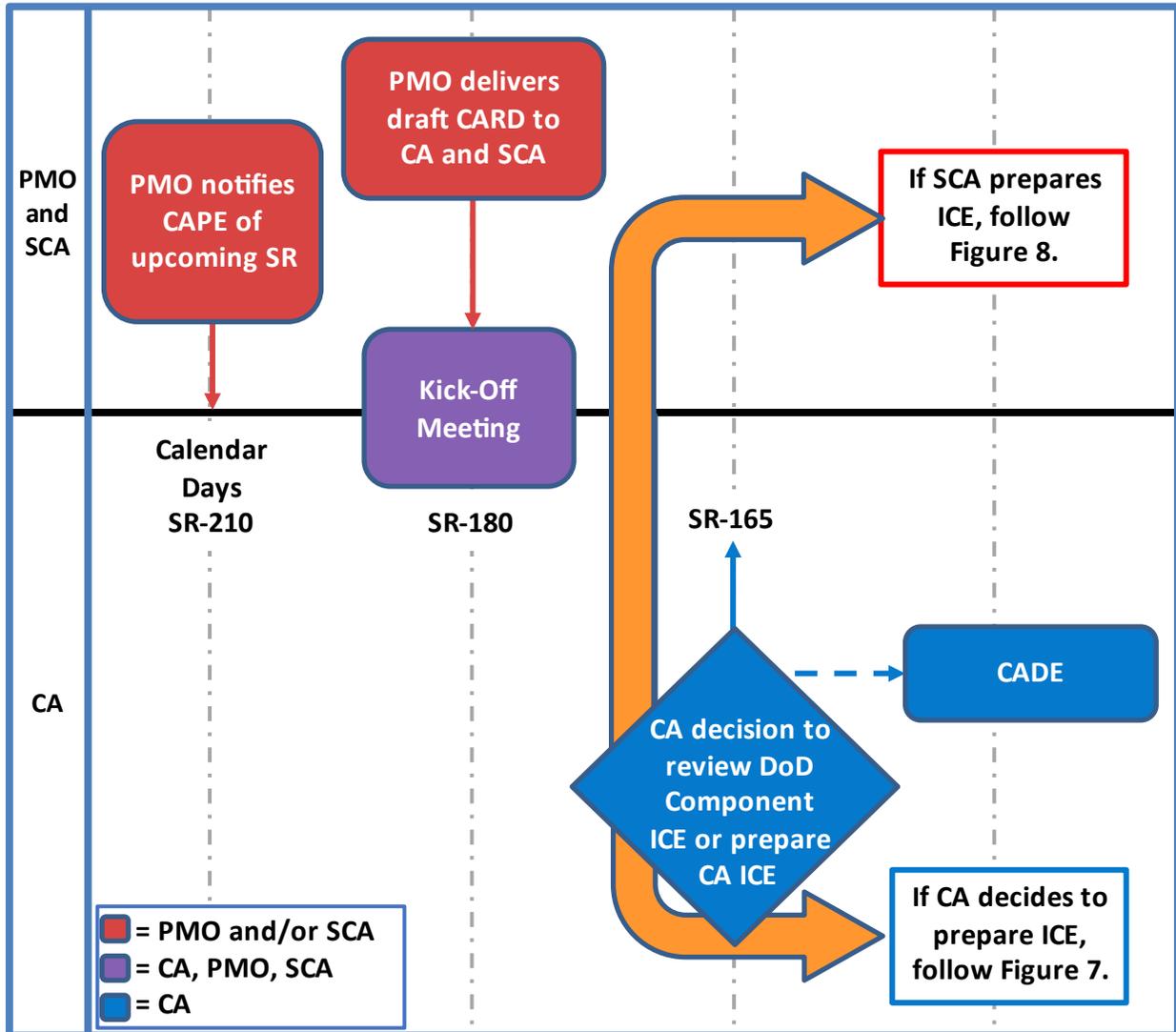
(3) The PMO will prepare and deliver the draft CARD to CA and the SCA at or before the kick-off meeting. For joint programs, the CARD will include the common program agreed to by all participating DoD Components, as well as any unique program requirements of the participating DoD Components.

(4) A PMO and SCA representative will hold the kick-off meeting with CA and other stakeholders. A PMO representative will brief a description of the program, the scope of the covered system being examined in the sustainment review, and the product support strategy at the kick-off meeting.

(5) CA will decide whether to prepare a CAPE ICE or review and approve the DoD Component ICE at least 165 days before the planned sustainment review. If CA decides to review and approve the ICE, CA will document its decision via memorandum and upload the memorandum to CADE. At the discretion of DCAPE, CA may issue a memorandum documenting its decision to review and approve an ICE for some or all sustainment reviews that will occur in the fiscal year.

(6) If CA decides to prepare the ICE, the program will follow the timeline in Figure 7 and procedures described in Paragraph 3.4.g. If CA decides to review and approve the DoD Component ICE, the program will follow the timeline in Figure 8 and procedures described in Paragraph 3.4.h.

Figure 6. Timeline for Determination of Organization that will Prepare ICE for a Sustainment Review



g. Preparation of CAPE ICE for a Sustainment Review.

Figure 7 describes the timeline to support CAPE’s timely completion of a sustainment review ICE. This timeline may be tailored as needed, at CAPE’s discretion, depending upon the program and the information needed to best support the decision maker.

(1) CA will provide feedback to the PMO on the draft CARD no later than 45 days after receipt of the draft CARD.

(2) If CA or the SCA determine that the CARD is insufficient, they will, no later than 45 days after receipt of the draft CARD, inform the PMO via memorandum that the CARD is insufficiently developed to continue with preparation of the cost estimates. In this scenario, CA may recommend that the DoD Component delay the sustainment review.

(3) Following the kick-off meeting, the CA analyst and SCA and PMO representatives will collect and review program data. This may include such activities as conducting site visits or requesting additional contractor data. The CA analyst and SCA and PMO representatives will have ongoing discussions concerning the cost estimating strategies and methodologies used to develop all relevant cost estimates, including the ICE, DoD CCE, and POE, if applicable.

(4) The PMO will deliver the draft final CARD to CA and the SCA at least 45 days before the sustainment review. The draft final CARD should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final CARD.

(5) The SCA will brief CA on the working level draft of the CCE at least 45 days before the sustainment review meeting. Following this briefing, the SCA will provide CA any updates to the working level draft of the CCE as appropriate or upon request.

(6) The PMO must provide the final CARD, dated and signed by the program executive officer (or DoD Component equivalent) and program manager, to CA and the SCA at least 21 days before the scheduled sustainment review and upload the final signed CARD to CADE.

(7) Representatives from CA, the SCA, and the PMO may meet to compare and discuss methods, assumptions, and results from the draft ICE and CCE approximately 21 days before the sustainment review.

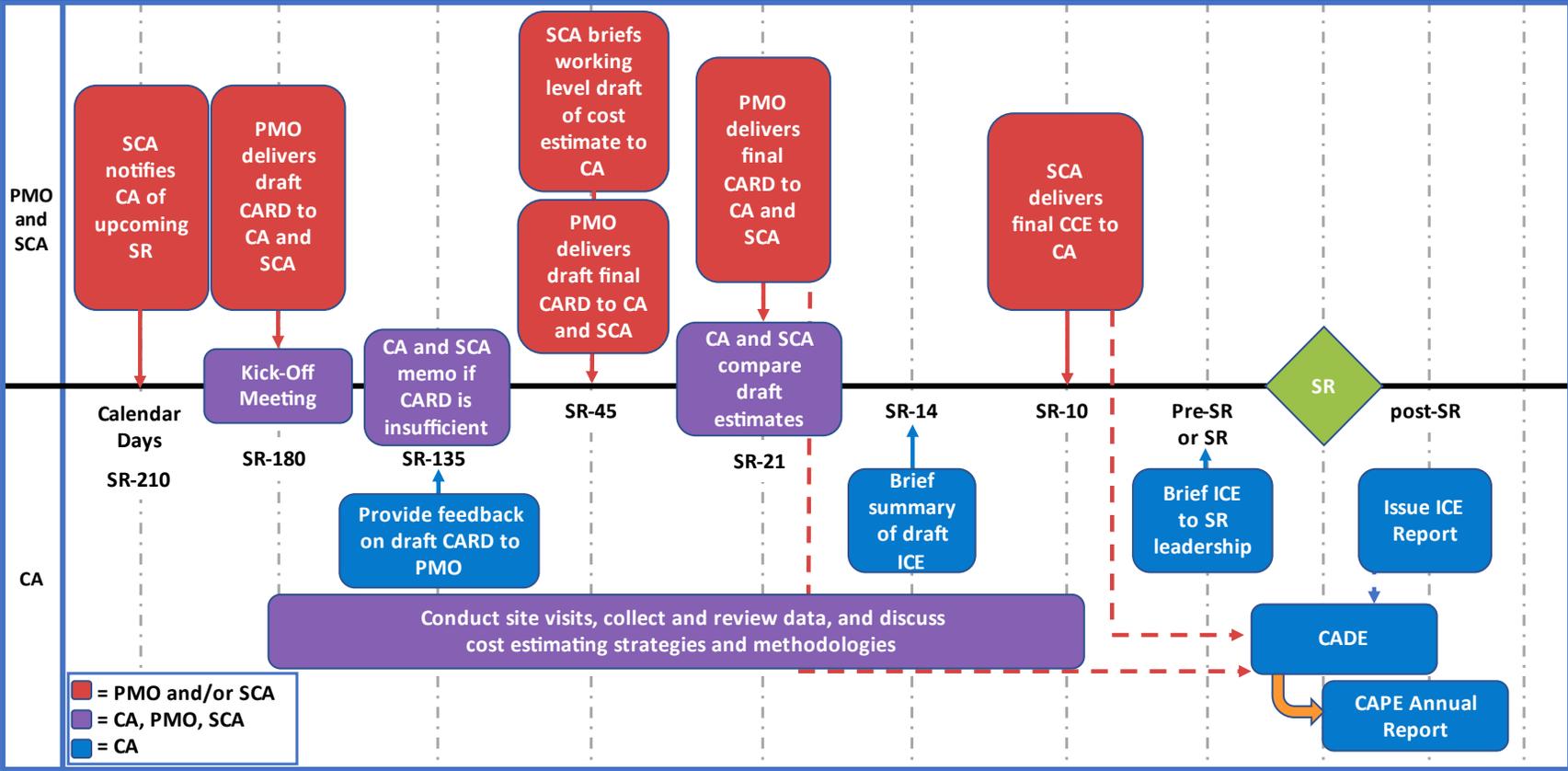
(8) A CA representative will brief a summary of the draft ICE to the relevant agency conducting the sustainment review approximately 14 days before the sustainment review. The draft ICE will contain sufficient detail to allow for the Category A and B comparisons defined in Section 4323 of Title 10, U.S.C.

(9) The SCA will deliver the final SCA-signed CCE to CA at least 10 days before the planned sustainment review and upload a copy to CADE.

(10) CA will brief the ICE to the organization responsible for the sustainment review either before or at the sustainment review.

(11) Following the sustainment review, CA will issue its ICE report and upload a copy to CADE.

Figure 7. Timeline for Preparation of CAPE ICE for a Sustainment Review



h. Preparation and Review of DoD Component ICE for a Sustainment Review.

Figure 8 describes the typical timeline of events and deadlines to support a DoD Component's timely completion of a sustainment review ICE. This timeline may be tailored as needed, at the discretion of CAPE and the SCA, depending upon the program and the information needed to best support the decision maker.

(1) The CA analyst will meet with technical and cost analysts from the PMO and SCA from 165 to 30 days before the sustainment review. The SCA should invite the CA analyst to estimate discussion meetings throughout the process, and the CA analyst should participate in as many DoD Component meetings as possible. If, during this time, CA determines that there are significant changes to the program or increased cost or schedule risk, CA may decide to perform a CAPE ICE. In this scenario, CA may recommend that the DoD Component delay the sustainment review.

(2) The SCA and CA will provide feedback to the PMO on the draft CARD no later than 45 days after receipt of the draft CARD and usually at least 135 days before the planned sustainment review.

(3) If CA or the SCA determine that the CARD is insufficient, the SCA or CA will inform the PMO via memorandum, no later than 45 days after receipt of the draft CARD and usually at least 135 days before a planned sustainment review, that the CARD is insufficiently developed to continue with preparation of the cost estimates. In this scenario, CA or the SCA may recommend that the DoD Component delay the sustainment review.

(4) The PMO will deliver the final draft CARD to CA and the SCA at least 45 days before the sustainment review. The final draft CARD should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final CARD.

(5) The SCA will brief CA on the working level draft of the DoD Component ICE at least 30 days before the sustainment review.

(6) The PMO must provide the final CARD, dated and signed by the program executive officer (or DoD Component equivalent) and program manager, to CA and the SCA at least 21 days before the scheduled sustainment review and upload the final signed CARD to CADE.

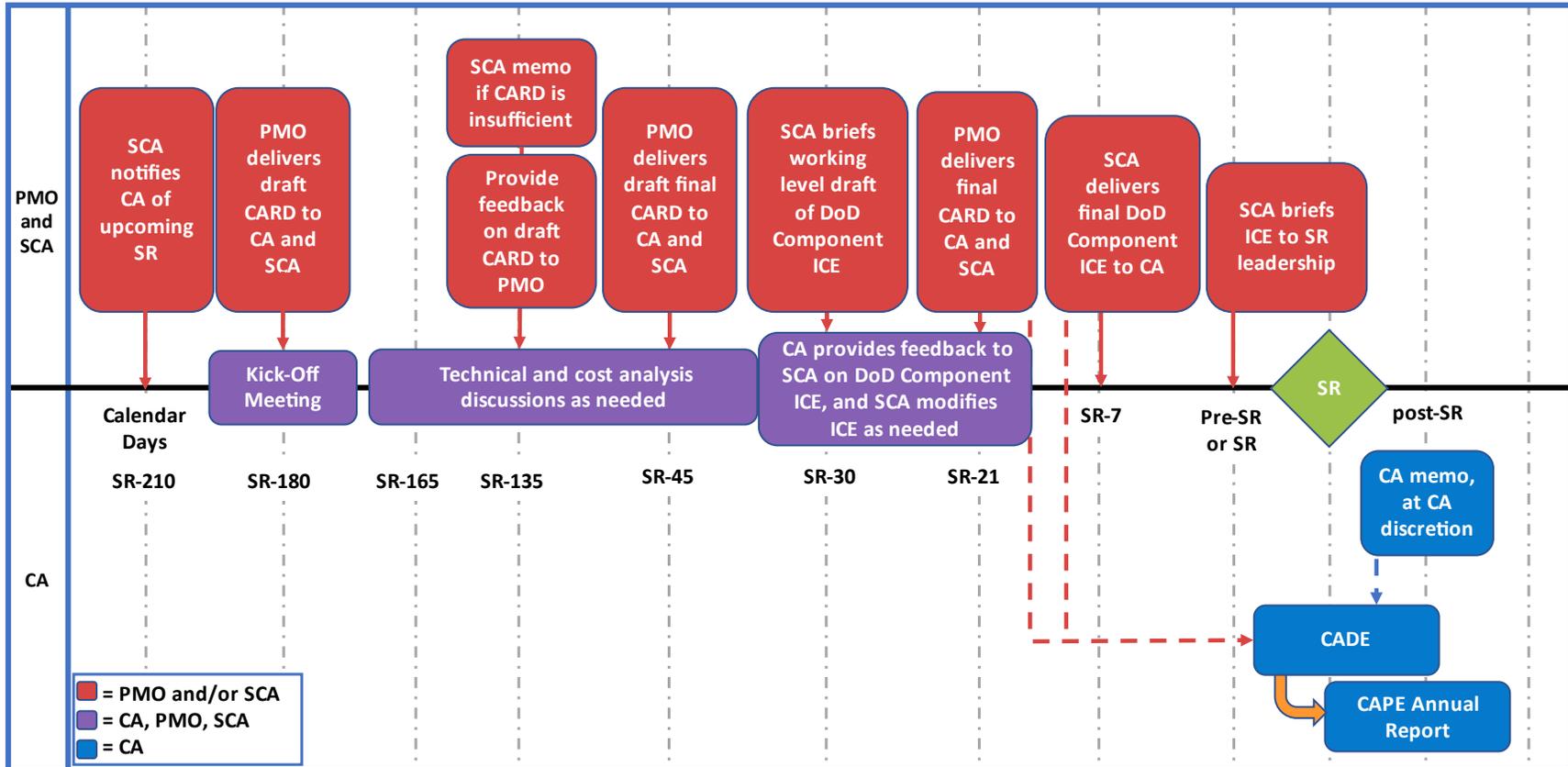
(7) CA will review and assess the DoD Component ICE and provide feedback to the SCA before the SCA delivers the final signed ICE. To receive CAPE approval of the ICE, the SCA will revise the DoD Component ICE and brief CA on updates as needed.

(8) The SCA will deliver a final DoD Component ICE to CA within 7 days of the sustainment review and upload a copy to CADE.

(9) The SCA will brief the DoD Component ICE either before or at the sustainment review.

(10) Following the sustainment review, at CA's discretion, CA may document the adequacy of the DoD Component ICE in a memorandum to the DoD Component head concerned and uploaded a copy to CADE.

Figure 8. Timeline for Preparation and Review of DoD Component ICE for a Sustainment Review



i. Determination of Organization that will Prepare Estimate of Costs for an MTA Program.

Figure 9 describes the typical timeline of events and deadlines to support CAPE's decision whether to prepare an estimate of costs for MTA RP programs or an estimate of lifecycle costs for MTA RF programs or delegate the estimate to the DoD Component. The scope of the MTA estimate is defined in Paragraph 3.2.d.

(1) The PMO will notify CA of a program's upcoming MTA entrance decision that requires either a CAPE cost estimate of costs or a DoD Component estimate of costs at least 120 days before the planned MTA Advisory board (or DoD Component equivalent) meeting.

(2) A kick-off meeting will be held no later than 105 days before the planned MTA Advisory board (or DoD Component equivalent) meeting. Before the kick-off meeting, the SCA will develop an agenda of information to discuss, including requirements for the cost estimates, alternatives to consider, available data, scope of the estimate, and the assumptions on which the cost estimates will be based. CA may also provide agenda items and topics of interest for the kick-off meeting.

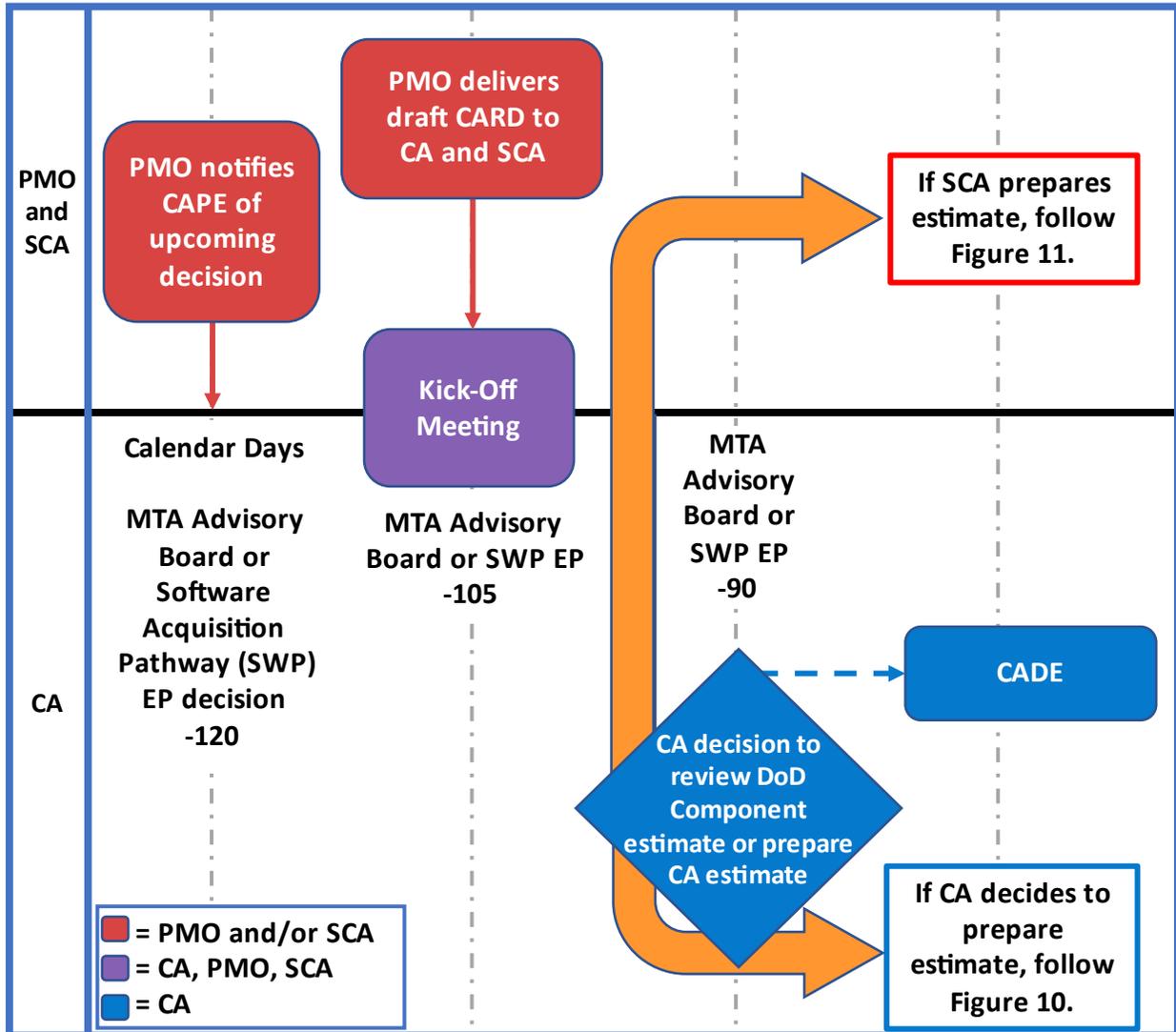
(3) The PMO will prepare and deliver the draft CARD or CARD-like document to CA and the SCA at or before the kick-off meeting. For joint programs, the CARD or CARD-like document will include the common program agreed to by all participating DoD Components as well as any of their unique DoD Component program requirements. The CARD or CARD-like document must provide a sufficient level of detail upon which to base the cost estimate.

(4) A PMO and SCA representative will hold the kick-off meeting with CA and other stakeholders. A PMO representative will brief a description of the program at the kick-off meeting.

(5) CA will decide whether to conduct a CAPE estimate of costs or delegate the estimate of costs to the DoD Component at least 90 days before the planned MTA Advisory board (or DoD Component equivalent) meeting. If CA decides to delegate, CA may document its decision via memorandum and upload a copy to CADE.

(6) If CA decides to prepare the estimate of costs, the program will follow the timeline in Figure 10 and procedures described in Paragraph 3.4.j. If CA decides to delegate the estimate of costs, the program will follow the timeline in Figure 11 and procedures described in Paragraph 3.4.k.

Figure 9. Determination of Organization that will Prepare Estimate of Costs for an MTA or Software Acquisition Program



j. Preparation of CAPE Estimate of Costs for an MTA Program.

Figure 10 describes the typical timeline of events and deadlines to support CAPE's timely completion of an estimate of costs for MTA RP programs or an estimate of lifecycle costs for MTA RF programs. This timeline may be tailored as needed, at CAPE's discretion, depending upon the program and the information needed to best support the decision maker.

(1) CA will provide feedback to the PMO on the draft CARD or CARD-like document no later than 45 days after receipt of the draft CARD or CARD-like document.

(2) If CA or the SCA determine the CARD or CARD-like document is insufficient, they will inform the PMO via memorandum that the CARD or CARD-like document is insufficiently developed to continue with the preparation of the cost estimates. In this scenario, the planned MTA advisory board (or DoD Component equivalent) meeting may be delayed.

(3) Following the kick-off meeting, the CA analyst and SCA and PMO representatives will collect and review program data. This may include such activities as conducting site visits or requesting additional contractor data. The CA analyst and SCA and PMO representatives will have ongoing discussions concerning the cost estimating strategies and methodologies used to develop all relevant cost estimates.

(4) The PMO will deliver the draft final CARD or CARD-like document to CA and the SCA at least 45 days before the MTA advisory board (or DoD Component equivalent) meeting. The draft final CARD or CARD-like document should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final CARD or CARD-like document.

(5) The SCA will brief CA on the working level draft of the CCE at least 30 days before the MTA advisory board (or DoD Component equivalent) meeting. Following this briefing, the SCA will provide CA any updates to the working level draft of the CCE as appropriate or upon request.

(6) The PMO must provide the final CARD or CARD-like document, dated and signed by the program executive officer (or DoD Component equivalent) and program manager, to CA and the SCA at least 21 days before the MTA advisory board (or DoD Component equivalent) meeting and upload the final signed CARD or CARD-like document to CADE.

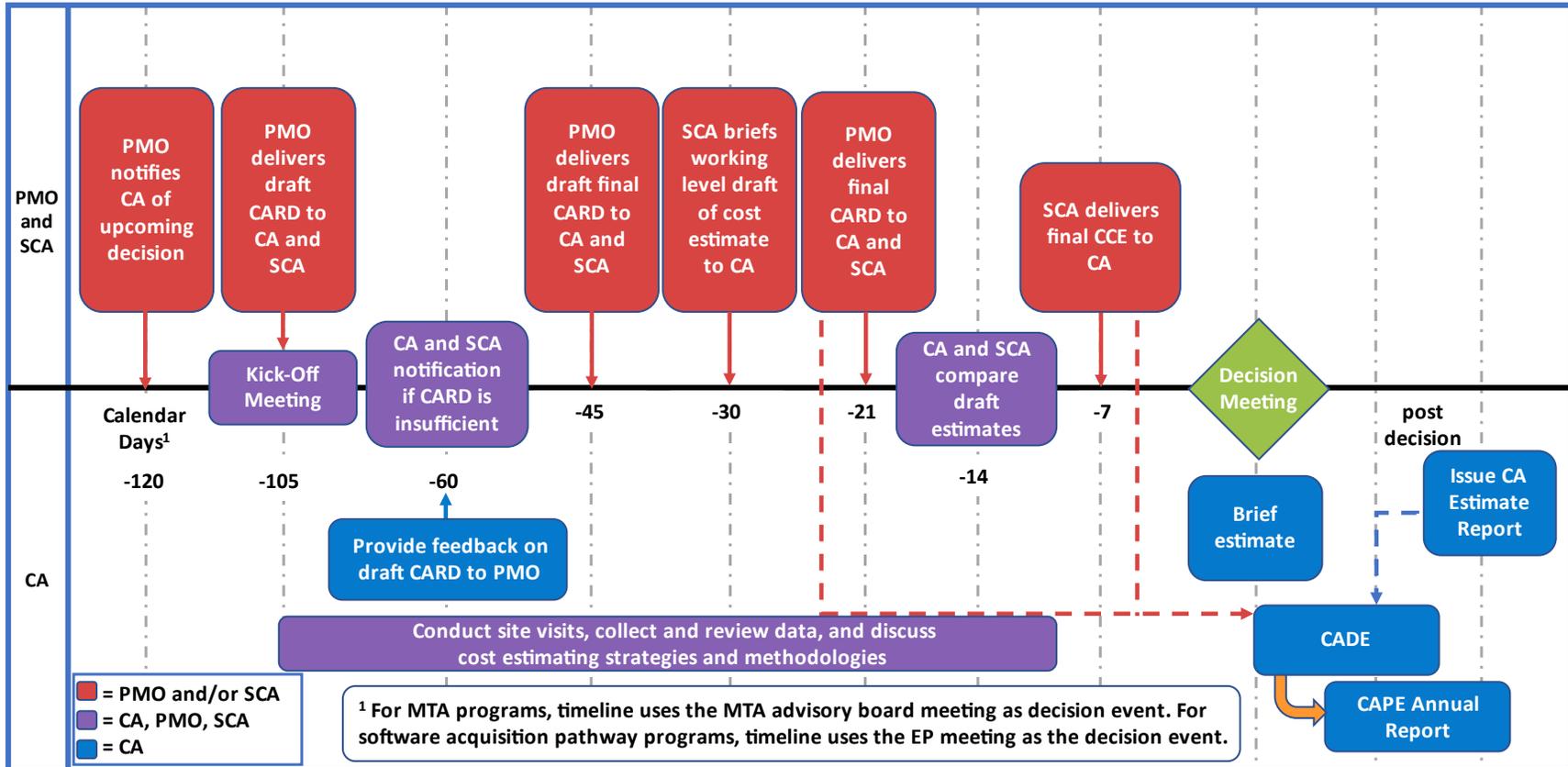
(7) CA, SCA, and PMO representatives may meet to compare and discuss methods, assumptions, and results from the draft CA estimate of costs and the CCE approximately 14 days before the MTA advisory board (or DoD Component equivalent) meeting.

(8) The SCA will deliver the final SCA-signed CCE to CA at least 7 days before the scheduled MTA advisory board (or DoD Component equivalent) and upload a copy to CADE.

(9) CA will brief the estimate of costs to the decision authority either before or at the MTA advisory board (or DoD Component equivalent) meeting.

(10) Following the MTA advisory board (or DoD Component equivalent) meeting, CA will issue a report on the estimate of costs and upload a copy to CADE.

Figure 10. Timeline for Preparation of CAPE Estimate of Costs for an MTA or Software Acquisition Program



k. Preparation and Review of DoD Component Estimate of Costs for an MTA Program.

Figure 11 describes the typical timeline of events and deadlines to support a DoD Component's timely completion of an estimate of costs for an MTA RP program or an estimate of lifecycle costs for an MTA RF program. This timeline may be tailored as needed, at the discretion of CAPE and the SCA, depending upon the program and the information needed to best support the decision maker.

(1) The CA analyst will continue to meet with PMO and SCA technical and cost analysts from 105 to 21 days before the MTA advisory board (or DoD Component equivalent) meeting. The SCA should invite the CA analyst to estimate discussion meetings throughout the process, and the CA analyst should participate in as many DoD Component meetings as possible. If, during this time, CA determines that there are significant changes to the program or increased cost or schedule risk, CA may decide to perform an estimate of costs for the program.

(2) The SCA and CA will provide feedback to the PMO on the draft CARD or CARD-like document no later than 45 days after receipt of the draft CARD or CARD-like document.

(3) If CA or the SCA determine the CARD or CARD-like document is insufficient, CA or the SCA will inform the PMO via memorandum that the CARD or CARD-like document is insufficiently developed to continue with the preparation of the cost estimates. In this scenario, the planned MTA advisory board (or DoD Component equivalent) meeting may be delayed.

(4) The PMO will deliver the draft final CARD or CARD-like document to CA and the SCA at least 45 days before the MTA advisory board (or DoD Component equivalent) meeting. The draft final CARD or CARD-like document should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final CARD or CARD-like document.

(5) The SCA will brief CA on the draft of the DoD Component estimate of costs at least 21 days before the MTA advisory board (or DoD Component equivalent) meeting.

(6) CA will review the DoD Component estimate of costs and provide feedback to the SCA before the delivery of the final DoD Component estimate of costs. To receive CAPE approval, the SCA will revise the DoD Component estimate of costs and brief CA on updates as needed.

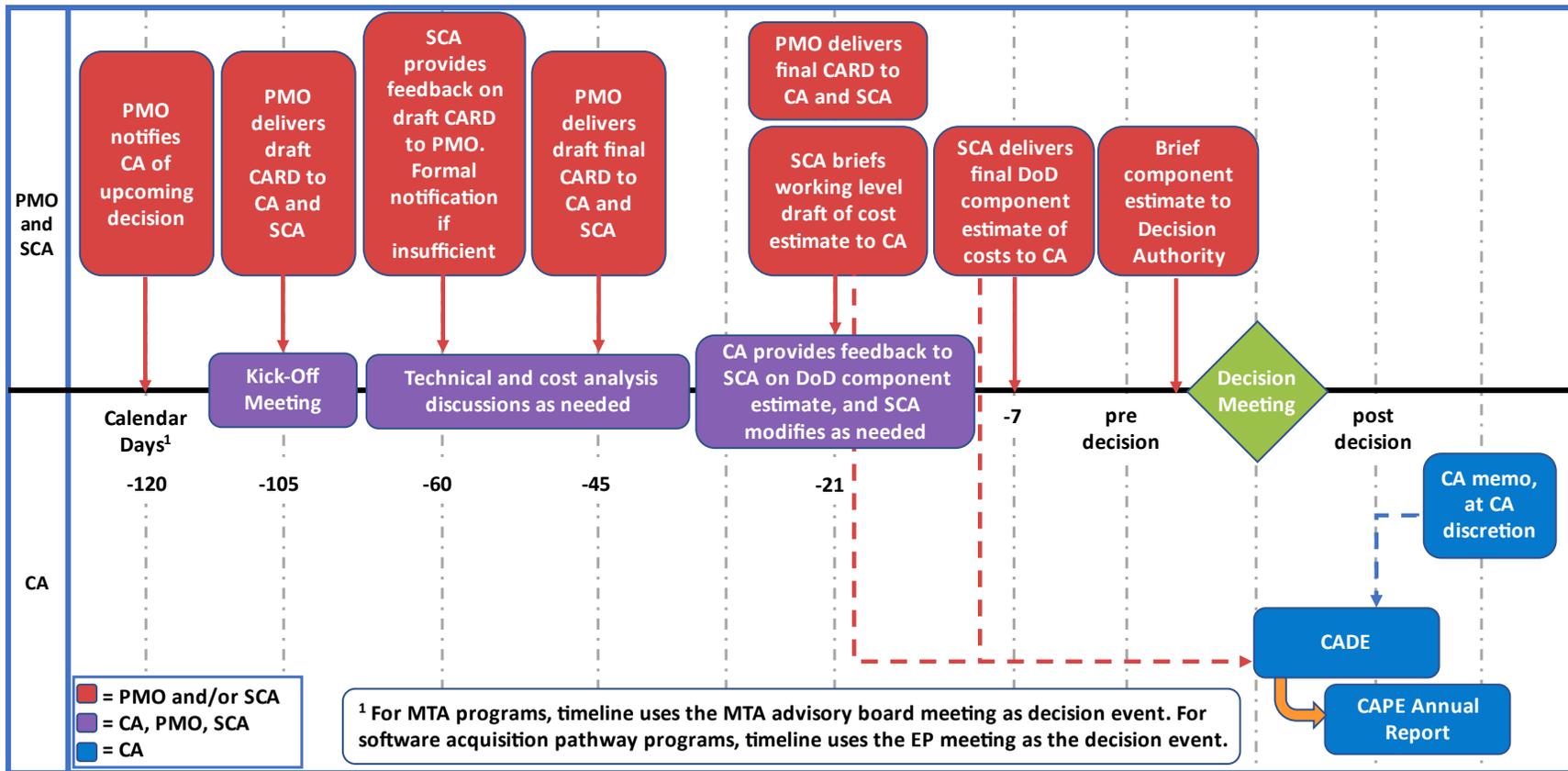
(7) The PMO will deliver a copy of the final CARD or CARD-like document, signed by the program executive officer (or DoD Component equivalent) and program manager, to CA and the SCA at least 21 days before the MTA advisory board (or DoD Component equivalent) meeting and upload a copy to CADE.

(8) The SCA will deliver the final signed DoD Component estimate of costs to CA at least 7 days before the scheduled MTA advisory board (or DoD Component equivalent) and upload a copy to CADE.

(9) The SCA will brief the DoD Component estimate of costs to the decision authority either before or at the MTA advisory board (or DoD Component equivalent) meeting.

(10) Following the MTA advisory board (or DoD Component equivalent), at CA's discretion, CA may document the adequacy of the estimate of costs in a memorandum to the CAE and upload a copy to CADE.

Figure 11. Timeline for Preparation and Review of DoD Component Estimate of Costs for an MTA or Software Acquisition Program



l. Determination of Organization that will Prepare Estimate of Costs for a Software Acquisition Program.

Figure 9 describes the typical timeline of events and deadlines to support CAPE's decision whether to prepare an estimate of costs or review and approve the DoD Component estimate of costs for a software acquisition program. The scope of the software acquisition pathway estimate is defined in Paragraph 3.2.e.

(1) The PMO will notify CA of a program's upcoming EP decision that requires either a CAPE estimate of costs or a DoD Component estimate of costs at least 120 days before the planned EP decision meeting.

(2) A kick-off meeting will be held no later than 105 days before the planned EP decision meeting. Before the kick-off meeting, the SCA will develop an agenda of information to discuss, including requirements for the cost estimates, alternatives to consider, available data, scope of the estimate, and the assumptions on which the cost estimates will be based. CA may also provide agenda items and topics of interest for the kick-off meeting.

(3) The PMO will prepare and deliver the draft CARD or CARD-like document to CA and the SCA at or before the kick-off meeting. For joint programs, the CARD or CARD-like document will include the common program agreed to by all participating DoD Components, as well as any of their unique DoD Component program requirements. The CARD or CARD-like document must provide a sufficient level of detail upon which to base the cost estimate.

(4) A PMO and SCA representative will hold the kick-off meeting with CA and other stakeholders. A PMO representative will brief a description of the program at the kick-off meeting.

(5) CA will decide whether to conduct an estimate of costs or delegate the estimate of costs to the DoD Component at least 90 days before the planned EP decision meeting. If CA decides to delegate, CA may document its decision via memorandum and upload a copy to CADE.

(6) If CA decides to prepare the estimate of costs, the program will follow the timeline in Figure 10 and procedures described in Paragraph 3.3.m. If CA decides to delegate the estimate of costs, the program will follow the timeline in Figure 11 and procedures described in Paragraph 3.3.n.

m. Preparation of CAPE Estimate of Costs for a Software Acquisition Program.

Figure 10 describes the typical timeline of events and deadlines to support CAPE's timely completion of an estimate of costs for software acquisition programs. This timeline may be tailored as needed, at CAPE's discretion, depending upon the program and the information needed to best support the decision maker. If an updated cost estimate is required based on the procedures in Paragraph 3.1.e., this timeline may be tailored.

(1) CA will provide feedback to the PMO on the draft CARD or CARD-like document no later than 45 days after receipt of the draft CARD or CARD-like document.

(2) If CA or the SCA determine the CARD or CARD-like document is insufficient, they will inform the PMO via memorandum that the CARD or CARD-like document is insufficiently developed to continue with the preparation of the cost estimates. In this scenario, the planned EP decision meeting may be delayed.

(3) Following the kick-off meeting and continuing until the EP decision meeting, the CA analyst and SCA and PMO representatives will collect and review program data. This may include such activities as conducting site visits or requesting additional contractor data. The CA analyst and SCA and PMO representatives will have ongoing discussions concerning the cost estimating strategies and methodologies used to develop all relevant cost estimates.

(4) The PMO will deliver the draft final CARD or CARD-like document to CA and the SCA at least 45 days before the EP decision meeting. The draft final CARD or CARD-like document should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final CARD or CARD-like document.

(5) The SCA will brief CA on the working level draft of the CCE, at least 30 days before the EP decision meeting. Following this briefing, the SCA will provide CA any updates to the working level draft of the CCE as appropriate or upon request.

(6) The PMO will provide the final CARD or CARD-like document, dated and signed by the program executive officer (or DoD Component equivalent) and program manager, to CA and the SCA at least 21 days before the EP decision meeting and upload a copy to CADE.

(7) CA, SCA, and PMO representatives may meet to compare and discuss methods, assumptions, and results from the draft CA estimate of costs and the CCE approximately 14 days before the EP decision meeting.

(8) The SCA will deliver the final SCA-signed CCE to CA at least 7 days before the scheduled EP decision and upload a copy to CADE.

(9) CA will brief the estimate of costs to the decision authority either before or at the EP decision meeting.

(10) Following the EP decision meeting, CA will issue a report on the estimate of costs and upload a copy to CADE.

n. Preparation and Review of DoD Component Estimate of Costs for a Software Acquisition Program.

Figure 11 describes the typical timeline of events and deadlines to support a DoD Component's timely completion of an estimate of costs for a software acquisition program. This timeline may be tailored as needed, at CAPE and SCA's discretion, depending upon the program and the information needed to best support the decision maker.

(1) The CA analyst will continue to meet with SCA and PMO technical and cost analysts from 105 to 21 days before the EP decision meeting. The SCA should invite the CA analyst to estimate discussion meetings throughout the process, and the CA analyst should participate in as

many DoD Component meetings as possible. If, during this time, CA determines that there are significant changes to the program or increased cost or schedule risk, CA may decide to perform an estimate of costs for the program.

(2) The SCA and CA will provide feedback to the PMO on the draft CARD or CARD-like document no later than 45 days after receipt of the draft CARD or CARD-like document.

(3) If CA or the SCA determine the CARD or CARD-like document is insufficient, CA or the SCA will inform the PMO via memorandum that the CARD or CARD-like document is insufficiently developed to continue with the preparation of the cost estimates. In this scenario, the planned EP decision meeting may be delayed.

(4) The PMO will deliver the draft final CARD or CARD-like document to CA and the SCA at least 45 days before the EP decision meeting. The draft final CARD or CARD-like document should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final CARD or CARD-like document.

(5) The SCA will brief CA on the draft of the DoD Component estimate of costs at least 21 days before the EP decision meeting.

(6) CA will review the DoD Component estimate of costs and provide feedback to the SCA before the SCA delivers the final DoD Component estimate of costs. To receive CAPE approval, the SCA will revise the DoD Component estimate of costs and brief CA on updates as needed.

(7) The PMO will deliver a copy of the final CARD or CARD-like document, signed by the program executive officer (or DoD Component equivalent) and program manager, to CA and the SCA at least 21 days before the EP decision meeting and upload a copy to CADE.

(8) The SCA will deliver the final signed DoD Component estimate of costs to CA at least 7 days before the scheduled EP decision and upload a copy to CADE.

(9) The SCA will brief the DoD Component estimate of costs to the decision authority either before or at the EP decision meeting.

(10) Following the EP decision, at CA's discretion, CA may document the adequacy of the estimate of costs in a memorandum to the CAE and upload a copy to CADE.

SECTION 4: DATA COLLECTION

4.1. COLLECTION OF ESTIMATES AND SUPPORTING DOCUMENTATION.

a. Well-documented estimates, research, and cost data represent enduring investments of U.S. Government time and resources that can be used on estimates of similar systems, foster improvement in knowledge and estimating techniques over time, and serve as a basis for future methodology improvement efforts. CADE electronically houses cost estimates and the associated supporting documentation.

b. For all programs that exceed the MDAP dollar thresholds, SCAs and DoD Components must upload the final CARD or CARD-like document, CCP, CCE, DoD Component ICE, as applicable, and other program documentation to the CADE library. Copies of certain documents are accessible to authorized U.S. Government DoD users via the CADE Website (<https://cade.osd.mil/>). For instructions for uploading classified documents, the responsible organization should contact CA.

4.2. COLLECTION OF STUDIES.

CADE serves as the electronic repository for cost research reports so that cost estimating organizations can share data and research in traditionally difficult areas of estimation and avoid re-learning what other organizations have already experienced. To enable this sharing of data, CA, SCAs, DoD Components, and other DoD organizations associated with developing cost and schedule estimates for the DoD will upload research reports developed or sponsored by their organization to CADE.

4.3. COST DATA COLLECTION.

Systematic and institutionalized cost data collection by each DoD Component is important to support credible cost estimates of current and future programs. The cost data collection systems subject to CA oversight are the CSDR system and the Enterprise Visibility and Management of Operating and Support Costs (EVAMOSC) and Visibility and Management of Operating and Support Costs (VAMOSC) systems.

a. CSDR.

The CSDR system serves as the primary source of cost data for DoD acquisition programs over \$100 million, then year dollars.

(1) Section 3227(a) of Title 10, U.S.C. requires the DCAPE, in consultation with the USD(A&S), to 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. CAPE implements this requirement through the CSDR system.

(2) Section 3227(b) of Title 10, U.S.C. requires the program manager and contracting officer for each acquisition program in an amount greater than \$100 million, in consultation with the relevant SCA, to ensure that cost data are collected in accordance with the requirements of Section 3227(a) of Title 10, U.S.C.

(3) DoD Manual (DoDM) 5000.04 provides additional guidance on CSDR reporting. CSDR reports are submitted by and accessible to authorized users via the CADE website.

(a) **CSDR Requirements and Definitions.**

Table 1 establishes the cost reporting requirements for DoD programs in an amount greater than \$100 million, then year dollars, based on the acquisition pathway utilized and projected expenditures. Table 2 establishes the cost reporting requirements for each effort being performed within those programs. The definitions and thresholds should be applied when implementing the requirements shown in Table 1 and Table 2:

1. Table 1 establishes the default CSDR requirements based on projected program expenditures and acquisition pathway. In conjunction with major program milestones, the CSDR plan approval authority has the discretion to designate any acquisition program with acquisition expenditures expected to exceed \$100 million, then year dollars, as “high interest” and to require CSDR reporting. CSDR requirements apply to all types of acquisition programs independent of program security classification.

2. CSDR collection requirements begin at program initiation and extend to the end of the system’s lifecycle. The term “acquisition program” applies to programs in the development, production, and deployment phase, also known as the acquisition phase, as well as programs in the operations and support phase of the lifecycle. Operations and support phase CSDR requirements are based on CSDR requirements criteria for the acquisition phase of the program (i.e., CSDR requirements endure to the completion of a system’s lifecycle even in cases in which, during sustainment, a program is reclassified, or different acquisition pathways are used).

3. The term “acquisition expenditures” refers to the acquisition phase, not necessarily acquisition appropriations. If a program will rely on funding from appropriations not typical for the acquisition phase (e.g., operations and maintenance appropriations or working capital funds during development), such funding must be included as part of the anticipated value. Also, the thresholds are without regard to funding source. For example, if a program will receive funding from a different program element, such funds will be counted as part of the expected program value.

4. For programs estimated to exceed the ACAT I, BCAT I, Service acquisition category (SCAT) I, or ACAT I equivalent dollar threshold, the CAPE DDCA is the CSDR plan approval authority. For programs that do not exceed the ACAT I, BCAT I, SCAT I, or ACAT I-equivalent dollar threshold, the SCA director or highest-level equivalent authority is the CSDR plan approval authority.

5. CAPE DDCA is the approval authority for all CSDR waiver requests independent of plan approval authority.

Table 1. Cost Data Reporting Requirements by Program Type

Acquisition Pathway	Cost Reporting or Waiver Required	Cost Reporting Required at the Discretion of CSDR Plan Approval Authority
MCA	All ACAT I-II	Other high interest programs expected to exceed \$100 million in total acquisition expenditures
MTA	All programs expected to exceed \$100 million in acquisition expenditures over the MTA period	
Software Pathway	All programs expected to exceed \$100 million in acquisition expenditures over any 5-year period	
DBS	All BCAT I-II expected to exceed \$100 million in acquisition expenditures over any 5-year period	
Services	All SCAT I & all services that directly support a current or former acquisition program with CSDR requirements	
Urgent Capability Acquisition	At discretion of CSDR plan approval authority if expected to exceed \$100 million in acquisition expenditures	
Other Efforts	At discretion of CSDR plan approval authority if expected to exceed \$100 million in acquisition expenditures	
<ol style="list-style-type: none"> 1. All dollar values in this table represent then year dollars. 2. CSDR requirements for sustainment efforts are based upon the pathway and expected dollar value during the acquisition phase of the system (e.g., a system acquired as an ACAT I MCA where sustainment efforts are managed as a different program type or pathway retains the CSDR requirement from the acquisition phase of the program). 3. Examples of “other efforts” include: prototyping efforts expected to exceed \$100 million which are executed before formal program initiation and meet these thresholds; classified acquisition programs; or acquisition efforts utilizing authorities outside of the adaptive acquisition framework. 4. Any efforts directly supporting an MCA (e.g., a separately managed software effort using the software pathway) will use the total MCA projected expenditures to determine CSDR requirements. 5. High interest determination for a program is assigned by the CSDR plan approval authority. 		

Table 2. Cost Data Reporting Requirements by Estimated Effort Value within Covered Programs

Deliverable	Contractor Cost Data Report	Software Resources Data Report	Maintenance and Repair Parts Data Report	Technical Data Report	Contractor Business Data Report (DD Form 1921-3)
Effort-Level Thresholds	<p>Required for any of:</p> <p>All Efforts greater than \$50 million</p> <p>Software Efforts greater than \$20 million</p> <p>High Interest Efforts greater than \$20 million</p>	<p>Required for:</p> <p>Software Efforts greater than \$20 million</p>	<p>Required for:</p> <p>Sustainment Efforts greater than \$50 million</p> <p>Not required for:</p> <p>Subcontracts unless designated high interest</p>	<p>Required for:</p> <p>All Efforts greater than \$50 million</p> <p>Not required for:</p> <p>Subcontracts unless designated high interest</p>	<p>Required for: Contractor business entities (e.g., plant, site, or business unit) responsible for any individual contracts or subcontracts with CSDR requirements that are expected to exceed \$250 million</p> <p>Not required for: Companies foreign to the United States or for business units based solely on MTA program contracts.</p>
Effort Definition and Types	<p>Required for: The work scope of any entity (e.g., prime contractor, subcontractor, U.S. Government organizations such as depots, software centers, and test organizations), irrespective of funding source (e.g., appropriation, revolving fund) or customer (e.g., DoD, foreign military sales (FMS)) for any (1) contract (e.g., prime contract, subcontract, intercompany work order) of any type (e.g., fixed-price, cost-type, incentive, time and materials, requirements, indefinite delivery, indefinite quantity), (2) agreement (e.g., basic agreement, basic ordering agreement, other transaction authority agreement, intercompany work order), (3) purchase request (e.g., military interdepartmental purchase request), or (4) work order (e.g., for depot work, software)</p>				<p>Required for: All entities (e.g., prime contractor, subcontractor, U.S. Government organization) conducting efforts that qualify for CSDR deliverables.</p>

Table 2. Cost Data Reporting Requirements by Estimated Effort Value within Covered Programs, Continued

These notes apply to all reports in this table:

1. All dollar values in this table represent then year dollars.
2. For CSDR purposes, effort value represents the estimated cost at completion (i.e., initial contract award plus all expected authorized contract changes) and assumes that all possible contract options will be exercised. If an indefinite delivery, indefinite quantity contract; a basic ordering agreement; a blanket purchase agreement; or a similar type of contract is estimated to exceed the designated threshold in total, the cost working integrated product team, whose membership is defined in DoDM 5000.04, will determine which individual task or delivery orders require CSDRs and if CSDRs are required at the total contract level.
3. All lists beginning with “e.g.,” are not exhaustive and may include other examples that are not cited.
4. If FMS requirements are a portion of a contract that surpasses the reporting thresholds for CSDRs, the FMS content will be reported in addition to the DoD content. If a contract contains only FMS requirements and surpasses the reporting thresholds for CSDRs, the program manager will contact CAPE to determine if CSDRs should be placed on FMS contracts with no DoD content.
5. High interest determination for an effort is assigned by the CSDR plan approval authority.
6. Sustainment efforts include all activities associated with operating and maintaining a completed end-item or system. Software efforts include all activities associated with software requirements analysis, software development, software integration, software testing, and software support to include correction of deficiencies or enhancements, software patches to address vulnerabilities, and certification and accreditation.
7. Forms are located at: <https://cade.osd.mil/policy/dids>

(b) Special Cases.

1. The DD Form 1921 series of forms (located at https://www.esd.whs.mil/Directives/forms/dd1500_1999) and contract work breakdown structure dictionary may be substituted for the contractor cost data report requirements in Table 2 subject to the concurrence of the CSDR plan approval authority.

2. The program manager may provide data in an alternative format for the Maintenance and Repair Parts Data Report or the Technical Data Report subject to the concurrence of the CSDR plan approval authority.

3. For programs with CSDR requirements where Table 2 thresholds do not result in data collection for most of the projected program expenditures, the program manager must work with the CSDR plan approval authority to develop a tailored data collection plan to provide actual cost, effort, and metrics data for the program. For example, for a program that in total exceeds the thresholds laid out in Table 1 where the U.S. Government acts as integrator using multiple contracts less than \$20 million, the program manager must work with the CSDR plan approval authority to deliver cost and technical data that supports the needs of the cost estimating community.

4. Efforts that span multiple programs that breach the threshold for CSDR requirements are subject to the requirements in Table 2 (e.g., a contract for engineering support or spares that supports multiple platforms meeting the thresholds in Table 1 is subject to the reporting requirements in Table 2).

b. CSDR Planning Process.

The detailed procedures for planning, preparation, and submission of CSDRs are provided in DoDM 5000.04. These policies apply to the planning process:

(1) The planning process that occurs before contract award is the foundation for successful CSDR. The planning process involves determining what data is needed, when the data will be needed, and how the data will be reported. This includes formally incorporating a discussion of the CSDR planning process within the program acquisition planning documents (e.g., acquisition strategy, acquisition plan) and appropriate contractual requirements into RFPs and other pertinent contractual documents.

(2) The program resource distribution table is a vital CSDR planning artifact outlining the projected expenditures by major organization and is critical in validating which entities meet reporting requirements. Each PMO for covered programs must submit a program resource distribution table to CAPE as prescribed in DoDM 5000.04, in conjunction with developing CSDR plans for RFPs anticipated to breach CSDR reporting thresholds.

(3) The key outputs of the planning process are the approved contract and subcontract CSDR plans that reflect the data requirements for each major acquisition effort. These CSDR plans document the:

(a) Work breakdown structure elements.

- (b) Specific CSDR formats.
- (c) Reporting frequency.

(4) The PMO must include documentation within its acquisition strategy or acquisition plan on the applicability of CSDR to contracts awarded in support of the acquisition program. When CSDR is required, the PMO must develop the contract and subcontract plans in consultation with CAPE, representatives from the SCA, and any other appropriate stakeholders. The PMO must submit the planning documents, related RFP language, and other supporting documents to the CSDR plan approval authority with sufficient time to incorporate an approved plan into the RFP release on the timelines prescribed in DoDM 5000.04.

(5) Updates to the CSDR portion of the acquisition strategy, acquisition plan, or any specific CSDR plan must be coordinated with CAPE, representatives from the SCA, and any other appropriate stakeholders and, as applicable, approved by the CSDR plan approval authority. Failure to include documentation within an acquisition strategy or acquisition plan on the applicability of CSDR does not waive the requirement.

c. EVAMOSC and VAMOSC.

(1) Pursuant to Section 4325(c) of Title 10, U.S.C., CAPE is responsible for developing and maintaining a database with actual O&S costs for major systems. CAPE has established EVAMOSC, which provides access to actual O&S costs for DoD major systems. EVAMOSC cost data must be reported using the cost element structure defined by CAPE's O&S Cost-Estimating Guide to standardize business rules, data definitions, and taxonomy across the Military Services. To the greatest extent feasible, data from EVAMOSC should be used to support ICEs and other cost analysis activities. The granular nature of EVAMOSC data can support program budget analysis, readiness cost issues, DoD audit analysis, and many other analytic efforts in the DoD.

(2) Each Military Department has developed and maintains a historical O&S cost data collection system in the form of the Military Department's VAMOSC program. CA oversees and provides broad policy and guidance pertaining to VAMOSC programs but leaves the details concerning implementation to each Military Department.

(a) Each Military Department:

1. Must collect and manage actual O&S cost data for its fielded major systems.
2. Is responsible for the design, maintenance, administration, and quality control of its O&S cost data system.
3. Will make its VAMOSC data system readily available to its registered users through online access.

(b) To the greatest extent feasible, the Military Department VAMOSC data systems should provide a wide variety of choices for O&S cost displays and extracts. There should be options for displays in constant year dollars, derived from appropriate inflation indices.

VAMOSOC reporting should be timely to support the program and budget process and required annual O&S reporting, such as MSARs.

1. When appropriate, O&S cost data should be provided separately for active, Reserve, and National Guard branches, as well as by the Service's major operational commands. In addition, and when appropriate, the data should be provided separately for operational units and dedicated training units (e.g., Naval aviation fleet readiness squadrons).

2. When feasible, the data systems should provide users with system (i.e., end-item) level data, as well as lower levels of data (major subsystems and components). The data systems also should provide O&S-related non-cost data, such as system quantities and operating tempos.

(c) The VAMOSOC systems must support the use of a documented and well-defined cost element structure. The purpose of a cost element structure is to categorize and define specific cost elements that, in total, comprise the full range of O&S costs that could occur for any defense system. To the greatest extent feasible, the VAMOSOC systems will support the cost element structure provided in CAPE's O&S Cost-Estimating Guide.

(3) The Military Departments and CAPE conduct a review of the accuracy and completeness of EVAMOSOC and the VAMOSOC programs, where applicable, in the sustainment reviews.

SECTION 5: MILCON

5.1. COST ANALYSIS ACTIVITIES FOR MILCON PROJECTS.

This section describes the points at which CAPE conducts or approves cost estimates and other cost analyses related to MILCON projects as well as the timelines and required documentation for the conduct or review of such analyses.

a. MILCON Projects.

(1) Pursuant to Section 3221(b)(6)(A)(v) of Title 10, U.S.C., and to support the reporting requirements in Section 2851(d)(4) of Title 10, U.S.C., CA conducts or approves ICEs and cost analyses in advance of any decision to enter into a contract in connection with a MILCON project of a value greater than \$500 million, then year dollars. This value represents the total MILCON project cost on the latest DD Form 1391, “FY ___ Military Construction Project Data” (located at https://www.esd.whs.mil/Directives/forms/dd1000_1499) or current working estimate (CWE) and is not obviated by incremental funding which may not exceed the \$500 million threshold in any given year. To support this requirement and ensure that this requirement does not delay the award of such contracts in the event of cost growth, CAPE conducts an estimate of costs for any MILCON project likely to exceed a value of \$400 million:

(a) In advance of the authority to advertise decision.

(b) At any other time considered appropriate by the DCAPE or upon the request of the USD(A&S) or the DoD construction agent (DCA) as designated in DoD Directive 4270.05.

(2) CAPE may, at its discretion, delegate the authority for the conduct of the cost estimate to the DCA. Estimates that are delegated must be conducted in accordance with the relevant DCA policies and procedures and Unified Facilities Criteria (UFC) 3-740-05, 3-701-01, and 3-730-01 as prescribed by Military Standard MIL-STD 3007G.

(3) CAPE will review and approve delegated cost estimates. To facilitate the review and approval of cost estimates, the DCA must submit the most current design package; the latest DD Form 1391, the CWE with the basis of estimate and supporting documentation, and data; and any associated studies (collectively, the “project documentation”).

b. Notification Instructions.

(1) If a cost estimate is required in accordance with Paragraph 5.1.a., the DCA will notify CA using digitally signed electronic correspondence. This notification will include the project name, project location, estimated funding level, and schedule for planned decision dates and will occur as soon as the DCA is aware of such a project. This should occur during the budget development phase, but no later than 270 days prior to the authority to advertise decision meeting.

(2) If a solicitation for a project which was not expected to exceed the \$400 million threshold, and therefore has had no CA involvement, results in proposals which exceed the

\$500 million statutory threshold, the DCA will notify CA immediately. The DCA will work expeditiously with CA on a review or revision of the latest cost estimate, following the steps in Paragraph 5.2.c. but on a compressed timeline to avoid any delay in contract award.

c. Content of Cost Estimate in Support of MILCON Projects.

Cost estimates conducted in accordance with Paragraph 5.1.a. will include all costs associated with the scope of the project as outlined on the corresponding DD Form 1391 and as described in UFC 3-740-05.

d. Documentation for Cost Estimates and Analysis.

(1) For all cost analysis activities in Paragraph 5.2, the DCA will upload final project documentation and decision memos to the CADE library. These documents must be uploaded within 10 days of the final decision meeting supporting the cost estimate purpose. CA uses the information submitted to CADE when preparing its annual report to Congress.

(2) Cost estimate memos and/or reports must include a summary of the estimated project value incremented by fiscal year in then year dollars in accordance with CAPE's Inflation and Escalation Best Practices for Cost Analysis.

5.2. TIMELINES FOR COST ANALYSIS ACTIVITIES.

If a cost estimate is required in accordance with Paragraph 5.1.a., these timelines will be used when preparing the estimate:

a. Determination of Organization that will Prepare the Cost Estimate for a MILCON Project.

Figure 12 describes the typical timeline of events and deadlines to support CAPE's decision whether to prepare the cost estimate or review and approve the DCA cost estimate.

(1) The DCA will notify CA of a project's upcoming decision point that requires a cost estimate as soon as the DCA is aware of such a project, usually during the budget development phase, but at least 270 days before the planned decision point (typically the authority to advertise decision meeting).

(2) A kick-off meeting is held no later than 255 days before the planned decision point. Before the kick-off meeting, the DCA will develop an agenda of information to discuss, including requirements for the cost estimate, available data, and the assumptions on which the cost estimate will be based. CA may also provide agenda items and topics of interest for the kick-off meeting.

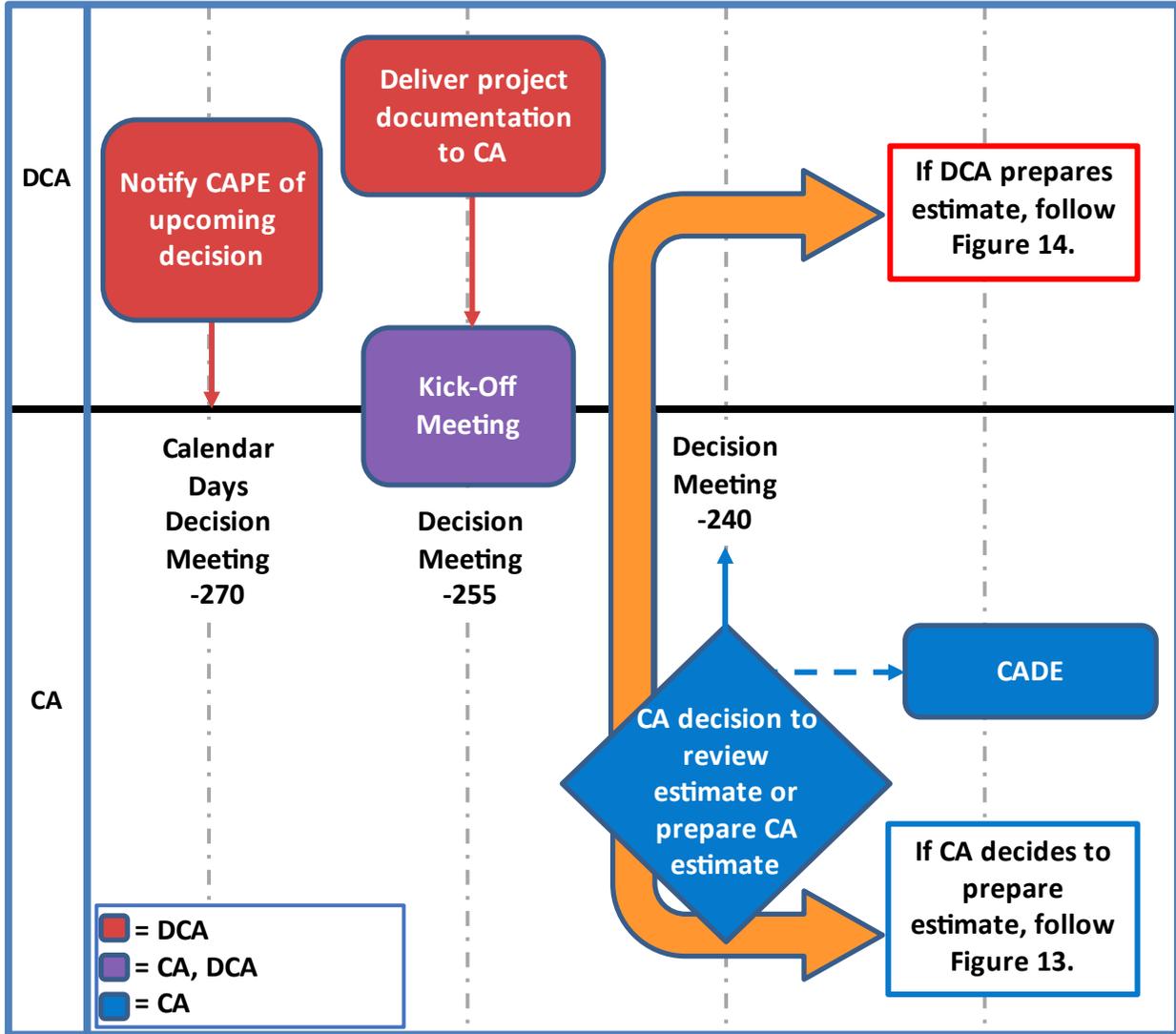
(3) The DCA will prepare and deliver project documentation to CA before the kick-off meeting.

(4) A DCA representative will hold the kick-off meeting with CA and other stakeholders and will brief a project description at the kick-off meeting.

(5) CA will decide whether to review and approve the DCA estimate or prepare a CAPE estimate at least 240 days before the planned decision point. If CA decides to review and approve the DCA cost estimate, CA will document its decision via memorandum and upload a copy to CADE. If CA decides to conduct the cost estimate, this does not obviate the need for the DCA to follow their own internal cost estimating policies and procedures and those outlined in UFC 3-740-05.

(6) If CA decides to prepare a cost estimate, the effort will follow the timeline in Figure 13 and procedures described in Paragraph 5.2.b. If CA decides to review and approve the DCA cost estimate, the effort will follow the timeline in Figure 14 and procedures described in Paragraph 5.2.c.

Figure 12. Timeline for Determination of Organization that will prepare Cost Estimate for a MILCON Project



b. Preparation of CAPE cost estimate for a MILCON Project.

Figure 13 describes the typical timeline of events and deadlines to support CAPE's timely completion of the cost estimate. This timeline may be tailored as needed, at CAPE's discretion, depending upon the project and the information needed to best support the decision maker.

(1) CA will provide feedback to the DCA on the project documentation no later than 45 days after receipt, usually at least 210 days before the planned decision date.

(2) If CA determines that the project documentation is insufficient, CA will inform the DCA via memorandum no later than 45 days after receipt and usually at least 210 days before a planned decision date that the project documentation is insufficiently developed to continue with preparation of the cost estimate.

(3) Following the kick-off meeting, the CA analyst and DCA will collect and review project data. This may include such activities as conducting site visits or requesting additional data. During this same time, the CA analyst and DCA representatives will have ongoing discussions concerning the cost estimating strategies and methodologies used.

(4) The DCA will deliver the draft final project documentation to CA at least 90 days before the planned decision date. The project documentation should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final project documentation.

(5) The DCA will brief CA on the CWE and any other relevant estimates at least 90 days before the planned decision date. Following this briefing, the DCA representatives will provide CA any updates of the estimates as appropriate or upon request.

(6) The DCA must provide a final copy of the project documentation to CA at least 30 days before the planned decision meeting and upload the final project documentation to CADE. If the project concept evolves after a decision review, the DCA may update the estimate. The DCA must upload a copy of the updated estimate to CADE.

(7) CA and DCA representatives may meet to compare and discuss methods, assumptions, and results of the cost estimates approximately 21 days before the planned decision meeting.

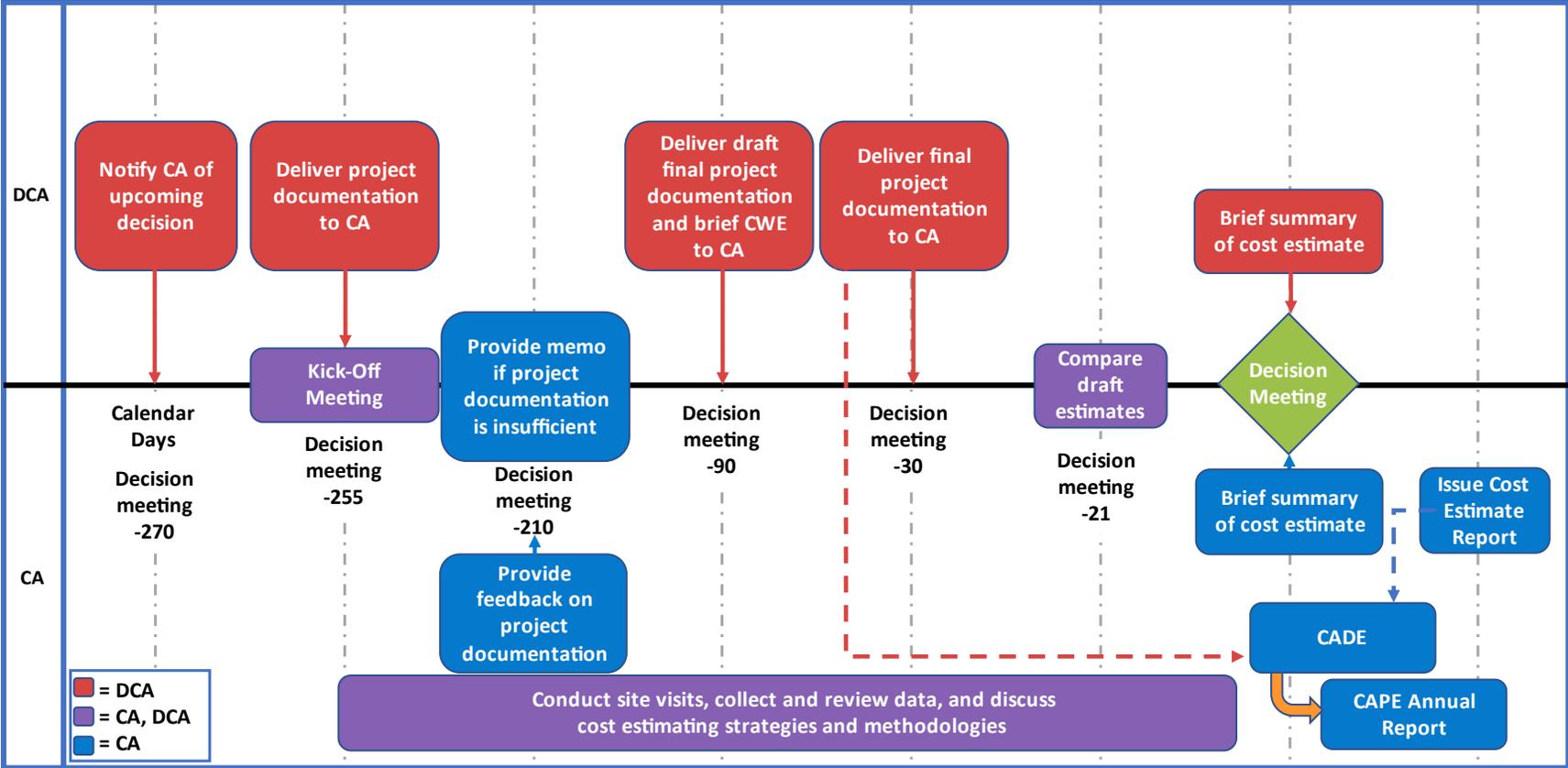
(8) CA and the DCA will brief their estimates to the project sponsor at the planned decision meeting.

(9) Following the decision meeting, CA will issue its cost estimate report and upload a copy to CADE.

(10) Following the decision meeting, the project sponsor will issue a memorandum documenting their decision to use either the DCA or CAPE estimate as the project baseline.

(11) If the project sponsor selects the CAPE estimate, CAPE will help the DCA understand the methodologies used to conduct the CAPE estimate so the DCA can update its cost model.

Figure 13. Timeline for Preparation of a CAPE Cost Estimate for a MILCON Project



c. CAPE review and approval of a DCA Cost Estimate for a MILCON Project.

Figure 14 describes the typical timeline of events and deadlines to support CAPE's timely review and approval of the DCA's cost estimate. This timeline may be tailored as needed, at CAPE and the DCA's discretion, depending upon the project and the information needed to best support the decision maker.

(1) If CA decides to review and approve the DCA cost estimate, the CA analyst will continue to meet with technical and cost analysts from the DCA following the kick-off meeting and continuing until the planned decision date. The DCA should invite the CA analyst to estimate discussion meetings throughout the process, and the CA analyst should participate in DCA meetings as appropriate. If, during this time, CA determines that there are significant changes to the project or increased cost or schedule risk, CA may decide to perform a CAPE estimate of the program.

(2) The DCA will deliver the draft final project documentation to CA at least 90 days before the planned decision date. The project documentation should be in near complete form, with only minor changes occurring between its delivery and the delivery of the final project documentation.

(3) The DCA will brief CA on their CWE and any other relevant estimates at least 90 days before the planned decision date. Following this briefing, the DCA representatives will provide CA any updates of the estimates as appropriate or upon request.

(4) The DCA must provide a final copy of the project documentation to CA at least 30 days before the planned decision meeting and upload the final project documentation to CADE. If the project concept evolves after a decision review, the DCA may update the estimate. The DCA must upload a copy of the updated estimate to CADE.

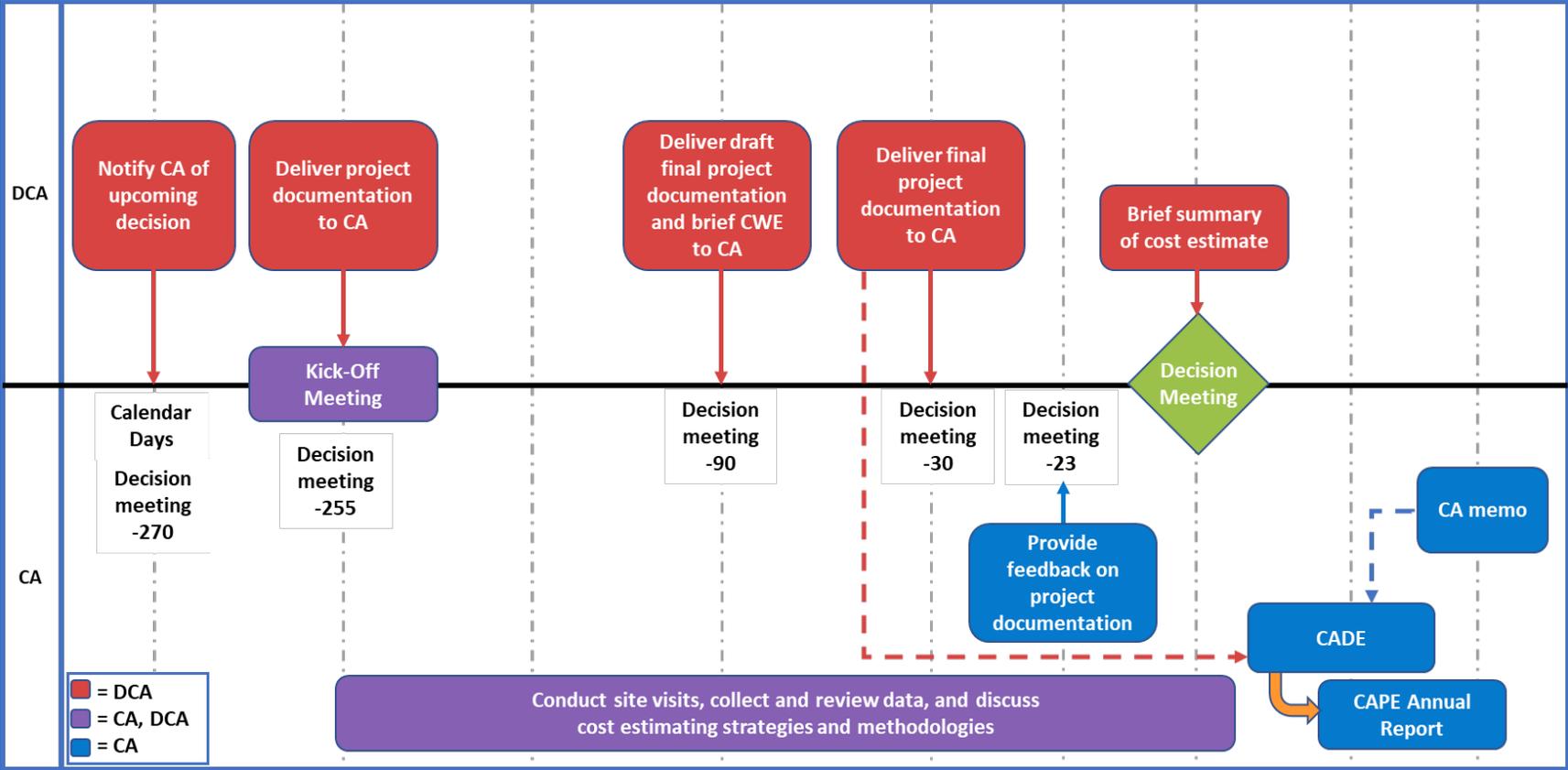
(5) CA will review and assess the DCA's cost estimate and provide feedback to the DCA within 7 days. To receive CAPE approval of the estimate, the DCA will revise their estimate and brief CA on updates as needed.

(6) The DCA will brief their estimate to the project sponsor and CA at the planned decision meeting.

(7) After the decision meeting, CA will document the adequacy of the estimate in a memorandum to the project sponsor and upload a copy to CADE.

(8) Following the decision meeting, the project sponsor will issue a memorandum documenting the decision to use the DCA estimate as the project baseline.

Figure 14. Timeline for CAPE review of a DCA’s Cost Estimate for a MILCON Project



GLOSSARY

G.1. ACRONYMS.

ACRONYM	MEANING
ACAT	acquisition category
ADM	acquisition decision memorandum
AoA	analysis of alternatives
APUC	average procurement unit cost
ATP	authority to proceed
BCAT	business system category
CA	Cost Assessment and Program Evaluation Office of Cost Assessment
CADE	Cost Assessment Data Enterprise
CAE	Component acquisition executive
CAPE	Cost Assessment and Program Evaluation
CARD	cost analysis requirement description
CCE	DoD Component cost estimate
CCP	DoD Component cost position
CRB	cost review board
CSDR	cost and software data reporting
CWE	current working estimate
DAB	defense acquisition board
DAFA	Defense Agency and DoD Field Activity
DBS	defense business system
DCA	DoD construction agent
DCAPE	Director of Cost Assessment and Program Evaluation
DDCA	Deputy Director for Cost Assessment
DoDM	DoD manual
EP	execution phase
EVAMOSOC	Enterprise Visibility and Management of Operating and Support Costs
FMS	foreign military sales
FRP	full-rate production
FYDP	Future Years Defense Program
ICE	independent cost estimate
LRIP	low-rate initial production
MCA	major capability acquisition

ACRONYM	MEANING
MDA	milestone decision authority
MDAP	major defense acquisition program
MILCON	military construction
MSAR	modernized selective acquisition report
MTA	middle tier of acquisition
MYP	multiyear procurement
O&S	operating and support
PAUC	procurement acquisition unit cost
PB	President's Budget
PMO	program management office
POE	program office estimate
POM	program objective memorandum
POR	program of record
RF	rapid fielding
RFP	request for proposal
RP	rapid prototyping
SCA	Service cost agency
SCAT	Service acquisition category
UFC	Unified Facilities Criteria
U.S.C.	United States Code
USD(A&S)	Under Secretary of Defense for Acquisition and Sustainment
VAMOSC	Visibility and Management of Operating and Support Costs

G.2. DEFINITIONS.

These terms and their definitions are for the purpose of this issuance.

TERM	DEFINITION
APUC	The program procurement cost divided by the procurement quantity. The procurement quantity includes any engineering and manufacturing development quantities that have been refurbished using procurement dollars. APUC is displayed in constant year dollars of a base year fixed for each program.

TERM	DEFINITION
CARD	A detailed description of the acquisition program that is used to prepare the ICE, POE, CCE, CCP, and other cost estimates, as required. The CARD must be signed by the program executive officer and program manager. The CARD is initially prepared to support the first milestone review after the materiel development decision or the first program decision requiring a cost estimate. The CARD must be prepared and submitted by the PMO in accordance with the guidance issued by DCAPE.
CARD-like document	A description of the acquisition program that is used to prepare the POE, CCE, CCP, and other cost estimates, as required. The CARD-like document must be signed by the program executive officer (or DoD Component equivalent) and program manager. Acceptable only for MTA and software acquisition pathway costing support, a CARD-like document does not necessarily have all the structure and content required in a CARD, in accordance with CARD guidance issued by DCAPE. CARD-like document preparation is meant to be less intensive than for a CARD, consistent with the more limited scope and reduced documentation requirements of MTA and software acquisition programs. CAPE's CARD guidance should be used as the starting point and framework for the CARD-like document, especially for programs which may transition into an acquisition pathway requiring a CARD.
CCE	Documents the cost analysis conducted by the DoD Component in cases where the SCA is not developing an ICE. This cost analysis may range from an SCA non-advocate estimate, independent SCA assessment of another U.S. Government estimate, or other DoD Component cost analysis, as determined by the SCA and reflected in DoD Component policy.
CCP	The cost position established by the DoD Component. It is derived from the CCE and POE per DoD Component policy before Milestones A, B, and C and the FRP decision. The CCP must be signed by the DoD Component Deputy Assistant Secretary for Cost and Economics (or Defense Agency equivalent) and include a date of record.
constant year dollars	A cost that has been normalized relative to a selected base year via an inflation index, such as the Gross Domestic Product Price Index. Constant year dollars exclude the effect of inflation relative to the base year and include real price change.

TERM	DEFINITION
CRB	A meeting usually chaired by the director of the SCA, or DoD Component equivalent, during which the DoD Component reconciles the POE, CCE, and any other CCEs in order establish a CCP.
days	Calendar days, as opposed to business days.
DCA	The U.S. Army Corps of Engineers, the Naval Facilities Engineering Systems Command, or such other approved DoD activity assigned the design or construction execution responsibilities associated with the MILCON program.
ICE	Estimate that covers the entire lifecycle of the program, including the development, production, operations and support, and disposal phases, regardless of funding source or management control. The estimate must include analysis to support decision making that identifies and evaluates alternative courses of action that may reduce cost and risk and result in more affordable programs and less costly systems. The term “independent” refers to organizational and analytic independence. Organizational independence means that the cost estimate is prepared by an entity that is outside of any organization that would provide undue influence over the estimate. Analytic independence means that the cost estimate is free of any bias or preconceived notions about the program’s most likely cost.
PAUC	The sum of all appropriations used to acquire a system (research, development, test, and evaluation; procurement; MILCON; and acquisition operations and maintenance) divided by the total quantity of fully configured end items from both the engineering and manufacturing development and production and deployment phases. Program acquisition unit cost is displayed in constant year dollars of a base year fixed for each program.
POE	A cost estimate developed by the PMO or by a U.S. Government cost estimating organization on behalf of the PMO. Each DoD Component will establish policy to determine how its POEs are developed and what role the POE plays in the establishment of a CCP.
SCA	A cost agency independent of and unaffiliated with the DoD Component acquisition chains of command.

TERM

DEFINITION

then year dollars

Dollars unadjusted for relative price changes, which represent the actual amount of dollars needed at a point in time to meet an obligation or expenditure.

REFERENCES

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- DoD Directive 5105.84, “Director of Cost Assessment and Program Evaluation,” August 14, 2020
- DoD Instruction 5000.84, “Analysis of Alternatives,” August 4, 2020
- DoD Manual 5000.04, “Cost and Software Data Reporting,” May 7, 2021
- Military Standard MIL-STD-3007G, “Standard Practice Unified Facilities Criteria, Facilities Criteria and Unified Facilities Guide Specifications,” December 13, 2006, as amended
- Office of the Secretary of Defense Cost Assessment and Program Evaluation, “Analysis of Alternatives Cost Estimating Handbook,” July 2021¹
- Office of the Secretary of Defense Cost Assessment and Program Evaluation, “Inflation and Escalation Best Practices for Cost Analysis,” December 2021²
- Office of the Secretary of Defense Cost Assessment and Program Evaluation, “DoD Cost Estimating Guide,” January 2022³
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- Unified Facilities Criteria 3-701-01, “DoD Facilities Pricing Guide,” March 17, 2022, as amended
- Unified Facilities Criteria 3-730-01, “Programming Cost Estimates for Military Construction,” March 1, 2024
- Unified Facilities Criteria 3-740-05, “Construction Cost Estimating,” December 9, 2022
- United States Code, Title 10

¹ Located at <https://www.cape.osd.mil/files/Reports/AoACostHandbook2021.pdf>

² Located at <https://www.cape.osd.mil/files/Reports/OSDCAPEEscalationHandbook2021.pdf>

³ Located at https://www.cape.osd.mil/files/Reports/DoD_CEGuidev2_FINAL_PR.pdf

⁴ Located at https://www.cape.osd.mil/files/OS_Guide_Sept_2020.pdf