



OFFICE OF THE SECRETARY OF DEFENSE

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COST ASSESSMENT AND
PROGRAM EVALUATION

APR 05 2019

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

SUBJECT: Life-Cycle Cost Estimating Policy for Programs Carried Out Using the Rapid Fielding Pathway Under Section 804 of the National Defense Acquisition Act (NDAA) for Fiscal Year (FY) 2016 (Public Law 114-92)

Section 139a of Title 10, United States Code, provides that the Director of Cost Assessment and Program Evaluation is the principal official within the Department of Defense (DoD) for cost estimation and cost analysis for DoD acquisition programs, and for carrying out the responsibilities pursuant to section 2334 of Title 10. Section 2334(a) provides that the Director shall prescribe, by the authority of the Secretary of Defense, policies and procedures for the conduct of cost estimation and cost analysis for DoD acquisition programs.

Section 804 of the FY 2016 NDAA created a rapid fielding pathway to provide for the use of proven technologies to field production quantities of new or upgraded systems with minimal development. The statute requires that the Department establish guidance for programs using the pathway. One element of the guidance must be a process for considering life-cycle costs. Pursuant to the authority provided in Sections 139a and 2334, this memorandum sets forth the policies and procedures for the preparation of the life-cycle cost estimates for programs using this rapid fielding pathway. These cost estimating policies are applicable to all rapid fielding programs which exceed Acquisition Category (ACAT) I or II thresholds.¹

Within 10 days of signature of the acquisition decision memorandum (ADM) documenting the DoD Component's decision to pursue a program using the rapid fielding pathway, the program manager must submit a comprehensive program description to the relevant DoD Component Cost Agency (CCA) to support preparation of the life-cycle cost estimate. The program description must provide a sufficient level of detail upon which to base the cost estimate. The program manager may submit a Cost Analysis Requirements Description (CARD) for the program; however, a CARD is not required.

Within 14 days of signature of the ADM documenting the DoD Component's decision to pursue a program using the rapid fielding pathway, the Director of the relevant CCA shall meet

¹ Life-cycle cost estimates for rapid fielding programs that do not breach the ACAT II threshold should be conducted in accordance with guidance issued by the relevant DoD Component.

with the CAPE Deputy Director for Cost Assessment to determine the organization responsible for preparing the life-cycle cost estimate for the program.

The life-cycle cost estimate must be completed within 60 days of signature of the ADM documenting the DoD Component's decision to pursue a program using the rapid fielding pathway. A summary of the final cost estimate must be documented in a dated memorandum signed by the Director of the relevant CCA and a copy delivered to the defense acquisition executive, service acquisition executive, program manager, and CAPE Deputy Director for Cost Assessment.

The cost data reporting requirements set forth in the August 30, 2018, memorandum, "Implementation of Cost Data Reporting Requirements for Middle Tier Acquisition Programs," remain applicable to all middle tier acquisition programs with total estimated acquisition expenditures greater than \$100 million.

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

A handwritten signature in black ink, appearing to read "Bob Daigle", with a long horizontal flourish extending to the right.

Bob Daigle
Director