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# FY 2022 Annual Report on Cost Assessment Activities

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# **FY 2022 Annual Report on Cost Assessment Activities**



**Director, Cost Assessment and  
Program Evaluation**

**March 2023**

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## FOREWORD

In an environment of growing threats, competing priorities, and fiscal pressures, the Department of Defense (DoD) must spend its resources on the right things, in the right amounts, at the right time. The DoD cost analysis community, consisting of approximately 2,000 government analysts, plays a critical role in supporting DoD's budget of more than \$858 billion by preparing cost estimates and analyses concerning resource allocation, acquisition, and requirements generation processes for future capabilities for more than 300 major weapon systems and information systems. Additionally, analysts working in service cost organizations support their parent acquisition authorities for countless smaller acquisition programs.

The Director of Cost Assessment and Program Evaluation (DCAPE) is the Principal Staff Assistant and advisor to the Secretary of Defense for independent cost estimation and cost analysis to ensure that sound and unbiased cost estimates support the defense acquisition process. The DCAPE position was established by the Weapon Systems Acquisition Reform Act (WSARA) of 2009, milestone legislation that aimed to put acquisition programs on a sound footing from the outset to avoid major schedule delays and cost overruns.

In meeting this legislative mandate, DCAPE has several responsibilities. The office of Cost Assessment and Program Evaluation (CAPE) prepares or reviews independent cost estimates (ICEs) to inform milestone reviews and other program decisions for Major Defense Acquisition Programs (MDAPs). In practice, an ICE for a program uses a combination of historical data and precedents, results of extensive site visits, and the actual performance of that program to date to provide a careful and comprehensive analysis that looks at all aspects of a program, including risks.

CAPE is also responsible for prescribing policies and procedures for estimating costs, performing cost analyses, and collecting cost data within DoD. CAPE coordinates, publishes, and continually updates instructions, manuals, and guides that provide cost guidance, methods, and tools for DoD-wide use to improve cost awareness and improve transparency. These resources provide the foundation for accurate and realistic cost estimates for DoD acquisition programs throughout the cost community.

CAPE leads the development of improved analytic skills and competencies within the DoD cost analysis workforce through training and continuous education. CAPE's efforts include redesigning the Defense Acquisition University's curriculum, providing virtual training on cost analysis tools and databases, and supporting graduate education in cost estimating and analysis at the Naval Postgraduate School and the Air Force Institute of Technology. Hundreds of government and industry professionals take advantage of these opportunities each year, ensuring continued education and training to improve cost estimation capabilities.

For more than a decade, the cost analysis community has invested in the Cost Assessment Data Enterprise (CADE), one of the largest data repositories in DoD. CADE has over 3,000 government and industry users and contains over 7 terabytes of data on approximately 850 weapon system programs, 4,852 prime contracts, 2,171 subcontracts, and 40,152 cost and software data reports. CADE collects actual cost information provided directly from internal contractor business systems in modern data formats, curates the data for cost estimates, and stores the data for the entire DoD cost community.

The cost analysis community now seeks to extend this success by developing the Enterprise Visibility and Management of Operating and Support Cost (EVAMOS) system, a network-based, enterprise-level data system for Operating and Support (O&S) cost information. This system is already improving the Department's ability to track and evaluate O&S costs, which constitute the majority of a system's life-cycle cost for most weapon systems. CAPE also provides guidance to the military departments in preparing independent cost estimates to support formal sustainment reviews of major weapon systems, which are now required every five years after declaration of initial operational capability.

As a result of these efforts over the years, CAPE—in partnership with the military department cost organizations—has made considerable progress in improving the quality and accuracy of life-cycle cost estimates for MDAPs since the enactment of WSARA. The average annual number of statutory unit cost breaches is significantly lower. There has also been a steep decline in acquisition unit cost growth, a commonly accepted metric of acquisition program performance.

CAPE's roles and responsibilities have continued to evolve. In response to legislation enacted in the past few years, DoD has implemented major changes in defense acquisition management through the newly available Adaptive Acquisition Framework pathways to achieve the objectives of technological superiority and innovation, system affordability, and the more rapid development and fielding of new capabilities. CAPE and the cost agencies of the military departments have expanded guidance for the DoD cost analysis community to respond to the new framework and ensure that all of the possible acquisition strategies have rigorous cost estimation and data collection. In addition, CAPE has issued guidance for defense acquisition programs concerning cost data collection and reporting that will allow DoD to assess the effects of the COVID-19 pandemic on contractor cost, performance, and schedule.

Although the DoD cost analysis community has made significant progress, there is more work to be done. This Annual Report of Cost Assessment Activities provides a summary of our activities to date and our plans for the future in achieving the vision of independent, rigorous, and objective cost and schedule estimates, based on solid analytic methods, tools, and data.



Susanna V. Blume

Director

Cost Assessment and Program Evaluation

## CHAPTER I. INTRODUCTION

The Director of Cost Assessment and Program Evaluation (DCAPE), a position established by the Weapon Systems Acquisition Reform Act (WSARA) of 2009, is the principal official for independent cost estimation and cost analysis. DCAPE ensures that DoD acquisition programs have realistic cost estimates and accurate cost information.

In fulfilling this responsibility for DoD, CAPE:

- Prescribes policies and procedures for conducting cost estimation and other cost analyses
- Conducts independent cost estimates (ICEs) and other independent cost analyses
- Reviews all cost estimates and cost analyses conducted in connection with Major Defense Acquisition Programs (MDAPs) and other acquisition programs
- Conducts cost analyses of major programs to be procured using multiyear contract authority
- Prescribes policies and procedures for reporting and collecting actual cost data and other related information for acquisition programs
- Provides leadership in educating and training DoD and other United States Government cost analysis communities
- Issues guidance about giving full consideration of life-cycle management and sustainability costs in MDAPs and other acquisition programs

This year's Annual Report on Cost Assessment Activities is organized as follows:

- Chapter II provides an overview of cost analysis in DoD. It describes the types and purposes of cost analysis organizations throughout the Department and explains the procedures for preparing cost estimates that support the defense acquisition process. This chapter also introduces the main DoD systems that collect actual data and information on the contract and government costs of programs. Some of the key points in this chapter are:
  - **DoD Cost Organizations.** Cost organizations are embedded throughout the Department: at the Office of the Secretary of Defense (OSD), at the headquarters of the military departments and defense agencies, and at field-level acquisition organizations. These organizations conduct a wide range of cost estimation and analysis activities. Each cost organization serves a unique role but also contributes to the collective efforts of the cost analysis community as a whole.
  - **Procedures for Cost Assessments.** CAPE is responsible for nine major documents that provide guidance to DoD organizations concerning cost assessment policy and procedures. These documents are:
    - DoD Directive (DoDD) 5105.84, *Director of Cost Assessment and Program Evaluation (DCAPE)*
    - DoD Instruction (DoDI) 5000.73, *Cost Analysis Guidance and Procedures*

- DoD Manual (DoDM) 5000.04, *Cost and Software Data Reporting (CSDR) Manual*
- *Operating and Support Cost-Estimating Guide*
- *DoD Cost Estimating Guide*
- *Inflation and Escalation Best Practices for Cost Analysis: Analyst Handbook*
- *Analysis of Alternatives Cost Estimating Handbook*
- DoDI 7041.04, *Estimating and Comparing the Full Costs of Civilian and Active Duty Manpower and Contract Support*
- DoDI 7041.03, *Economic Analysis for Decision-making*

The first seven documents are the primary vehicles for implementing the cost assessment provisions associated with defense acquisition programs. CAPE's efforts to publish procedures for all cost assessment activities are now mainly complete. All nine documents are now in compliance with the OSD standard to be reviewed annually or updated within a 10-year period.

The policies and procedures for cost assessment for MDAPs and other acquisition programs are provided in DoDI 5000.73. Specific topics include processes and timelines for cost assessment activities supporting milestone reviews, cost analysis in support of the decision to release a request for proposal for development, formal cost positions and full funding commitments, cost estimates for multiyear procurement contracts for major programs, and cost estimates for contract negotiations.

- **Cost Assessment Data Enterprise.** CAPE has partnered with the military department cost agencies to implement the CADE vision of a centralized data warehouse and virtual library for DoD's government cost analysts, providing authoritative cost, acquisition, and technical data sources that are easily searchable and retrievable in a secure environment.
- Chapter III summarizes DoD's fiscal year (FY) 2022 cost estimation and cost analysis activities associated with MDAPs and other acquisition programs. These activities inform acquisition decision authorities at milestone reviews and at other acquisition decision points. This chapter also summarizes the degree to which DoD cost estimation and assessment activities in FY 2022 complied with established procedures. In addition, this chapter provides an assessment of the quality and accuracy of the cost estimates. Some of the notable highlights in this chapter are:
  - **Cost Assessment Activities**
    - CAPE provided one ICE and one assessment that supported reviews for MDAP programs where the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)) was the Milestone Decision Authority (MDA).

- CAPE provided one ICE and reviewed one military department ICE that supported milestone or other reviews for MDAP programs where the Component Acquisition Executive (CAE) was the MDA.
  - CAPE provided two ICEs and reviewed one military department ICE that supported milestone or other reviews for Middle Tier of Acquisition (MTA) programs where the CAE was the MDA.
  - The military departments provided 21 ICEs that supported sustainment reviews of major weapon systems.
  - CAPE independently estimated the cost savings for two cases of multiyear procurement contracts for major programs.
- **Assessment of Compliance, Quality, and Accuracy.** The cost assessment activities in FY 2022 complied with the established procedures described in Chapter II. The quality of the cost estimates produced by both CAPE and the military departments has continued to improve, largely due to better data and training for the cost analysis community. Cost estimates have also improved due to increased rigor and more disciplined processes. The annual number of statutory unit cost breaches after the enactment of WSARA in 2009 remains low relative to the period before WSARA. Additionally, cost growth for major weapon systems is considerably less since the enactment of WSARA.
  - **Other Cost Assessment Activities**
    - The National Defense Authorization Act (NDAA) for FY 2022 called for CAPE to identify the data required for a new system that will replace Selected Acquisition Reports (SARs) for reporting the status of MDAPs and other acquisition programs. CAPE provided USD(A&S) with its final recommendations in December 2022.
    - CAPE completed a review of an Army ICE for the Global Combat Support System-Army (GCSS-A) Increment II. GCSS-A Increment II is a Defense Business System program.
- Chapter IV describes the status of ongoing initiatives that are intended to improve and modernize DoD's cost assessment functions. These initiatives address a wide range of issues and concerns, including leadership for the cost analysis community as a whole, cost estimation policies and procedures, cost tools and data systems, and education and training for the DoD cost analysis community. Some of the notable highlights in this chapter are:
    - **Enhanced Collection of Cost Data.** Feedback from government users has identified desired improvements to the cost data being collected, noting gaps in coverage where important cost data are not being collected. CAPE and the military department cost agencies have established several initiatives to address these concerns and increase efficiency through better business processes and the use of

advancements in information systems technology. These initiatives include the following:

- CAPE has issued guidance concerning cost data collection and reporting from DoD acquisition programs that will allow DoD to assess the effects of the COVID-19 pandemic on contractor cost, performance, and schedule. CAPE will use this information to assess the effects of COVID-19 on contractor performance.
- CAPE has modernized cost data reporting by enabling contractors to submit low-level cost data, called the Cost and Hour Report (FlexFile), directly from their accounting systems. These reports are more accurate and timelier. The transition from the legacy cost reports to FlexFile reports is now underway.
- **EVAMOSOC.** Due to recent statutory requirements, CAPE now has a requirement to develop a comprehensive, enterprise-wide operating and support (O&S) cost data system, which is known as EVAMOSOC, that will allow DoD to better track and assess system O&S costs and improve cost estimation over a system's life cycle.
- **Cost Analysis Education and Training.** CAPE and the military department cost agencies have worked with the Defense Acquisition University (DAU) to redesign the curriculum and course content supporting professional certification in cost estimating. Education and training specific to CAPE and its supporting cost data has been developed for incorporation into the curricula at DAU and other educational institutions. In 2022, CAPE also established a dedicated CAPE training team that has provided numerous virtual training and outreach activities to government organizations and defense industry contractors throughout the country. CAPE users, most of whom now frequently work from home, also have access to modern on-line training and to several user guides.

This report includes the following appendices that provide background information relevant to cost assessment activities:

- Appendix A enumerates the cost analysis organizations in the Department.
- Appendix B describes MDAP unit cost reporting and unit cost breach thresholds.
- Appendix C describes additional CAPE guides and handbooks that support the DoD cost analysis community.
- Appendix D enumerates recent CAPE policy memos that pertain to cost data reporting.
- Appendix E provides additional information on CAPE and DoD cost data collection systems.
- Appendix F describes recent legislative changes to defense acquisition statutory requirements and related acquisition and cost assessment policy and procedures.
- Appendix G provides additional information on CAPE efforts to support training and education for the DoD cost analysis community.

## CHAPTER II. OVERVIEW OF COST ANALYSIS IN DOD

This chapter provides an overview of DoD's organizations, policies, procedures, and supporting data systems for cost estimation and analysis.

### Cost Analysis Organizations in DoD

Cost organizations are distributed throughout DoD: at OSD, at the headquarters of the Components (i.e., military departments and defense agencies), and across DoD field organizations. Each cost organization serves a unique purpose and function but also complements the family of cost organizations supporting the defense acquisition process and DoD's broad and diverse operations. This diversity helps foster best practices and teamwork within the cost analysis community. Appendix A provides more details on the roles and missions of the various DoD cost analysis organizations.

At the OSD level, CAPE is the principal office for independent cost estimation and cost analysis. In addition, CAPE is responsible for ensuring that DoD's cost estimation and cost analysis processes provide accurate information and realistic estimates of cost for the major acquisition programs of the Department. CAPE provides policy for and oversight of DoD cost assessment activities. CAPE may also provide ICEs for acquisition programs under certain circumstances explained later in this chapter, or it may review a Component ICE under other circumstances.

The headquarters for each military department has its own cost agency or other organization to provide senior decision-makers with a wide variety of cost and economic analyses to support acquisition, programming, and budget decisions. These analyses may address individual weapon systems, or broader issues such as force structure or installations. The military department cost agencies or other organizations may provide policy guidance that is unique to each of the Components. In some circumstances, these cost-estimating agencies provide ICEs for acquisition programs managed by their respective Component.<sup>1</sup>

Numerous field-level cost organizations also provide resources to support higher headquarters' cost estimates and analyses and the day-to-day operations of program offices and similar entities. Examples of such activities include evaluating contractor proposals and conducting should-cost reviews; providing support to competitive source selections; preparing cost estimates to support the programming and budgeting processes; and developing cost estimates used in specific analytic studies, such as systems engineering design trades or Analyses of Alternatives (AoAs). Field-level and program office members of the cost analysis community often possess important specialized cost and technical experience unique to specific systems or commodity groups, such as satellites, submarines, or tactical missiles.

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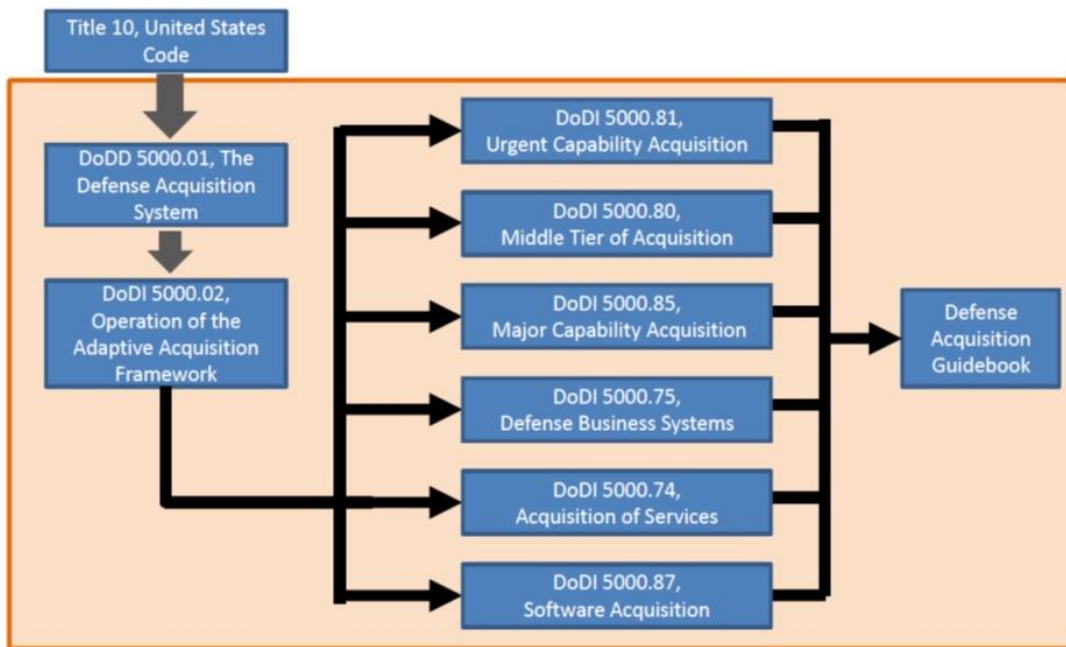
<sup>1</sup> The Department of the Navy (DoN) has restructured its cost-estimating organizational structure in recent years. These changes are described in Appendix A.

## Cost Assessment Procedures

DoDD 5105.84, *Director of Cost Assessment and Program Evaluation (DCAPE)*, was most recently approved on August 14, 2020 and serves as the CAPE charter. The directive defines overall CAPE roles, responsibilities, and authorities in the Planning, Programming, Budgeting and Execution, acquisition, and requirements processes. Regarding cost assessment, this directive establishes DCAPE as the principal official for independent cost estimation and cost analysis for DoD acquisition programs.

DoDI 5000.73, *Cost Analysis Guidance and Procedures* constitutes the primary guidance for DoD policies and procedures and implements the cost assessment provisions in statute applicable to DoD. In particular, this instruction provides guidance to the military departments and defense agencies concerning the preparation, presentation, and documentation of life-cycle cost estimates for acquisition programs. It also assigns roles and responsibilities and describes the processes and timelines for various cost assessment activities.

The latest version of the instruction was issued in March 2020. The revision added procedures and timelines for the new acquisition pathways created by statute and DoD acquisition policy. These pathways were introduced in DoDI 5000.02, *Operation of the Adaptive Acquisition Framework*, issued in January 2020. These pathways provide options for program managers and senior acquisition officials to develop acquisition strategies that match the characteristics of the capability being acquired. The adaptive acquisition pathways are shown in Figure 1.



**Figure 1. Adaptive Acquisition Pathways**

CAPE and the military department cost agencies have expanded DoD cost estimating and analysis policies and procedures to ensure that rigorous cost estimating and cost data collection are maintained for all of the possible acquisition strategies.



The directives and instructions are available on the Executive Services Directorate website at <https://www.esd.whs.mil/DD/>.

## Major Capability Acquisitions

The term “Major Capability Acquisition” refers to MDAPs (i.e., Acquisition Category (ACAT) I programs), major systems (i.e., ACAT II programs), and other capabilities developed by the major capability acquisition pathway.

As required by Section 3221 (Director of Cost Assessment and Program Evaluation) of Title 10, United States Code (hereafter cited in this report as 10 U.S.C. § 3221), CAPE prepares ICEs and conducts cost analyses for pre-MDAPs<sup>2</sup> and MDAPs for which the USD(A&S) is the MDA:

- Before any Milestone A determination or Milestone B certification under 10 U.S.C. § 4251/4252 (Determination Required Before Milestone A Approval/Certification Required Before Milestone B Approval).
- Before any decision to enter low-rate initial production (LRIP) or full-rate production (FRP).
- For any certification for critical unit cost (commonly known as Nunn-McCurdy) breaches under 10 U.S.C. § 4376 (Breach of Critical Cost Growth Threshold). Appendix B describes the procedures for MDAP unit cost reporting and the criteria for a critical unit cost breach.
- At any other time considered appropriate by DCAPE or upon the request of USD(A&S) or other DoD senior leaders.

Section 3221 was recently amended by the NDAA for FY 2023. CAPE is now required to conduct an ICE before any decision to enter into a contract in connection with a military construction project having a value greater than \$500,000,000 (then-year dollars). CAPE is now working with the military departments to establish a process and timeline for these cost estimates.

When the MDA is delegated to the Component for milestone and other acquisition reviews, CAPE has three different courses of action: it can (1) review the ICE prepared by the military department cost agency (or defense agency equivalent), which entails reviewing the Component Cost Position (CCP), reviewing the funding position selected by the MDA, and providing a written summary of its review and findings to the MDA; (2) prepare the ICE when considered appropriate by DCAPE or upon the request of USD(A&S) or the MDA; or (3) works with the military department cost agency to collaboratively develop the ICE. In those cases where CAPE prepares the ICE, the military department cost agency (or defense agency equivalent) conducts its own cost analyses in accordance with DoD Component policy. These cost analyses typically consist of a program office estimate and a Component cost estimate. The Component cost estimate may consist of a military department cost agency (or defense agency equivalent) estimate, independent assessment of the program office estimate, or some other similar cost analysis.

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<sup>2</sup> A pre-MDAP is an acquisition program that has yet to reach Milestone B, but is judged likely to reach MDAP status at that time.

In addition, MDAPs may require a cost analysis in support of a decision to release the Request for Proposal (RFP) for development. In such cases, CAPE may (1) prepare an ICE or other cost analysis, (2) review and approve a military department (or defense agency equivalent) ICE or cost analysis, or (3) delegate responsibility for the cost analysis to the military department or defense agency.

### **Component Cost Position and Full Funding Commitment**

CAPE policy for MDAPs requires the Component to establish a formal position on the estimated cost of the program and commit to fully fund the program in the Future Years Defense Program (FYDP). The Component establishes a documented CCP for all MDAPs prior to the Milestone A, B, and C (or LRIP) reviews and the FRP decision. The CCP is derived from the Component cost estimate and the program office estimate in accordance with Component policy. The CCP is signed by the DoD Component Deputy Assistant Secretary for Cost and Economics (or defense agency equivalent) and includes a date of record.

CAPE policy for major acquisition programs also requires the MDA to certify that the program is or will be fully funded. Following the meeting of the Defense Acquisition Board (DAB) or Component equivalent, the MDA will document this decision in an Acquisition Decision Memorandum (ADM) that certifies that the Component will fully fund the program to either the CCP or the ICE in the current FYDP or will commit to full funding of the CCP or ICE during the preparation of the next FYDP. A full funding certification statement in the ADM is required at the Milestone A, B, and C (or LRIP) reviews and the FRP decision.

### **Sustainment Reviews**

Title 10 U.S.C. § 4323 (Sustainment Reviews) requires that each military department conduct a sustainment review of each major weapon system<sup>3</sup> 5 years after declaration of Initial Operational Capability (IOC) and every 5 years thereafter throughout the life cycle of the program. Each sustainment review includes an ICE for the remainder of the life cycle of the program. In DoDI 5000.73, CAPE has three options for preparing the ICE: it may choose to (1) prepare the ICE; (2) review and approve a military department or defense agency equivalent ICE, or (3) delegate responsibility for the ICE to the Component. In any case, the ICE will be briefed at the sustainment review, and a copy of the ICE report will be provided to CAPE for archiving in CADE.

Title 10 U.S.C. § 4323 was modified in 2021 to add the requirement to report any critical O&S cost growth. As defined in the legislation, the term “critical O&S cost growth” means O&S cost growth of at least 25 percent more than the estimate documented in the most recent ICE for the system, or at least 50 percent more than the estimate documented in the original baseline estimate for the system.

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<sup>3</sup> A major weapon system is a weapon system acquired as an MDAP or an MTA program that is projected to eventually reach MDAP dollar thresholds.

## Cost Estimates for Contract Negotiations

Title 10 U.S.C. § 3226 (Estimates for Program Baselines and Analyses and Targets for Contract Negotiation Purposes) specifies that, for MDAPs, cost estimates developed for baselines and other program purposes must not be used for the purpose of contract negotiations or the obligation of funds. Section 3226 also states that cost analyses and targets developed for the purpose of contract negotiations and the obligation of funds will be based on the government's reasonable expectation of successful contractor performance in accordance with the contractor's proposal and previous experience.

In the defense acquisition process, the MDA formally approves a cost estimate that serves as the program baseline and the basis for program funding. However, program managers are expected to strive for lower costs where possible and should take initiatives to identify and achieve savings below budgeted most-likely costs. In particular, should-cost reviews can be used during proposal evaluations and contract negotiations (particularly for sole source procurements) throughout program execution, including during sustainment, to evaluate the economy and efficiency of a contractor's operations and processes.

The CSDR reports described later in this chapter provide additional insight and support multiple studies throughout the DoD cost and acquisition communities concerning contract profits and fees for both prime contractors and major subcontractors. Acquisition professionals can review this information to assess the extent that realized profits and fees for completed acquisition programs have been compatible with current guidelines contained in defense policy and regulations. They can then use that information in negotiations concerning ongoing acquisition programs.

## Middle Tier of Acquisition

One new acquisition pathway was established by Section 804 (Middle Tier of Acquisition of Rapid Prototyping and Rapid Fielding) of the NDAA for FY 2016. This pathway provided DoD with new authority to establish a "middle tier" of acquisition programs intended to be completed within five years from the start of the MTA program. The MTA process provides two possible acquisition paths: (1) rapid prototyping (prototypes with innovative technologies); and (2) rapid fielding (new or upgraded systems with minimal development). For the rapid prototyping path, the objective is to field a prototype that meets defined requirements that can be demonstrated in an operational environment and provide a residual operational capability within five years from the program start date. For the rapid fielding path, the objective is to complete fielding of the program within five years from the program start date. MTA programs fall between "urgent acquisitions" that are generally completed within six months to two years, and "traditional" acquisition programs that last much longer than five years.

Programs in this middle tier follow streamlined procedures and are exempt from the traditional requirements and acquisition processes. Section 804 also requires that the USD(A&S) guidance for MTA establish a process for transitioning successful prototypes to production and fielding under the rapid fielding pathway or the traditional acquisition process. In recent practice, DoD has elected to transition its MTA prototypes to the MDAP acquisition process beginning with Milestone C approval for low-rate initial production. Examples of this transition approach are provided in Chapter III.

DoD guidance for MTA programs was provided in DoDI 5000.80, *Operation of the Middle Tier of Acquisition (MTA)*, issued in December 2019. This instruction directs that DoD Components will develop processes for (1) selecting approved requirements based on merit, to meet needs communicated by the Joint Chiefs of Staff and the Combatant Commanders; (2) developing an acquisition strategy that addresses security, schedule, and production risks; (3) devising a full-funding strategy based on a cost estimate; and (4) developing a test strategy for demonstrating and evaluating the performance of the proposed products and technologies.

CAPE established new procedures for cost estimates for MTA programs in the latest revision to DoDI 5000.73. For the rapid prototyping programs, CAPE or the responsible military department cost agency (determined on a case-by-case basis) will prepare an estimate of life-cycle costs for programs likely to exceed MDAP dollar thresholds.<sup>4</sup> For rapid prototyping programs that fall below the MDAP dollar thresholds, cost estimates will be prepared in accordance with guidance issued by the responsible military department cost agency. For the rapid fielding programs, CAPE or the military department cost agency will prepare an estimate of life-cycle costs for programs likely to exceed MDAP or major system dollar thresholds.<sup>5</sup> For either case, CAPE and the director of the responsible military department cost agency will determine the organization responsible for the life-cycle cost estimate for an MTA program after the decision is made to pursue a program using the MTA pathway. Specific procedures and timelines for MTA cost estimates are provided in DoDI 5000.73.

### Other Acquisition Pathways

For Defense Business Systems, CAPE may conduct a cost estimate at DCAPE's discretion. For all other cases, the military department cost agency or defense agency equivalent will conduct cost analyses or delegate this responsibility to another organization. Cost analyses will be conducted for each phase of the business capability acquisition cycle in order to support authority-to-proceed decision points.

For contracted services, CAPE may conduct a cost estimate at DCAPE's discretion. All other cost estimates for contracted services will be conducted in accordance with the policies and procedures issued by the relevant military department cost agency or defense agency equivalent.

For software acquisition, CAPE will conduct an ICE for programs likely to exceed MDAP or major system thresholds before the program enters the execution phase. CAPE may, at its discretion, delegate the authority for the cost estimate to the military department cost agency or defense agency equivalent. Estimates for software programs that do not exceed the major system threshold will be conducted according to the policies and procedures issued by the relevant military department cost agency or defense agency equivalent.

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<sup>4</sup> An MDAP is a program with expenditures expected to exceed \$525 million (FY 2020 constant dollars) for research, development, test, and evaluation, or \$3.065 billion (FY 2020 constant dollars) for procurement.

<sup>5</sup> A major system is a program other than an MDAP with expenditures expected to exceed \$200 million (FY 2020 constant dollars) for research, development, test, and evaluation, or \$920 million (FY 2020 constant dollars) for procurement.

Cost assessment procedures for Defense Business Systems, contracted services, and software acquisitions are new and will need to be validated or refined based on lessons learned from actual experience.

### Missile Defense System Programs

The programs of the Missile Defense Agency are exempt from the traditional DoD acquisition processes and procedures. Instead, in March 2020, the Deputy Secretary of Defense issued Directive-type Memorandum 20-002, *Missile Defense System Policies and Governance*. This memorandum establishes policy, assigns responsibilities, and prescribes procedures for missile defense system programs. In this memorandum, for each missile defense system program, CAPE (1) develops an ICE before the product development decision or the production decision, and (2) identifies and recommends to the Deputy Secretary of Defense sources of funding at a funding level consistent with the CAPE ICE. The Director of the Missile Defense Agency develops a life-cycle cost estimate and an affordability analysis that are provided to CAPE before the product development decision for each missile defense system program.

Missile Defense Agency programs are also subject to the statutory provisions of 10 U.S.C. § 225 (Acquisition Accountability Reports on the Ballistic Missile Defense System). Section 225 requires the Director of the Missile Defense Agency to establish and maintain an acquisition baseline for each program element of the ballistic missile defense system, and each designated major subprogram of such program elements. Among other elements, the acquisition baseline includes a life-cycle cost estimate that separately identifies the costs regarding research and development, procurement, military construction, operations and sustainment, and disposal; program acquisition unit costs for the program element; and average procurement unit costs for the program element. Each year, the Director submits to the congressional defense committees a report on the current acquisition baselines, including an identification of any changes or variances made to the elements of each current acquisition baseline as compared to the original acquisition baseline or the acquisition baseline submitted in the report during the previous year. Each life-cycle cost estimate included in an acquisition baseline includes all of the operations and sustainment costs for which the Director is responsible, and a description of the operations and sustainment functions and costs for which a military department is responsible.

10 U.S.C. § 225 was recently expanded by Section 1652 (Improvements to Acquisition Accountability Reports on the Ballistic Missile Defense System) of the NDAA for FY 2023. As a result, each annual report on the acquisition baselines now includes a broader and more comprehensive estimate of the “total system costs” for each program element—consisting of research and development, procurement, military construction, operations and sustainment, and disposal—without regard to funding source or management control (such as the Missile Defense Agency, a military department, or other element of DoD). The term “total system cost” also now includes, for each program element, (1) all combined costs from closed, canceled, and active acquisition baselines; any costs shifted to or a part of future efforts without an established acquisition baseline; and any costs under the responsibility of a military department or other Department entity. Section 1652 also expands the reporting for those operations and sustainment functions and costs for which a military department is responsible. The operating and sustainment cost estimates now must include the amount of operations and sustainment costs (dollar value and

base year) for which the military department or other DoD organization is responsible; a citation of the source of the estimate (such as a joint cost estimate or one or more military department estimates); the date the source was prepared; and a statement as to if and when the source was independently verified by CAPE.

### **Role of the Independent Cost Estimate**

Acquisition programs are supported by ICEs at milestone reviews and other program decision points. In practice, an ICE for a program is conducted by using a combination of historical data and precedents, results of extensive site visits, and the actual performance of that program to date. It is a careful and comprehensive analysis that looks at all aspects of a program, including risks.

At a minimum, an ICE allows decision makers to ensure that (1) current program cost estimates are reasonable, considering cost, schedule, and technical risks; (2) initial program baselines established for cost and schedule are realistic and achievable; (3) subsequent program baselines remain realistic; and (4) sufficient funding is available in the FYDP to execute the program without significant adjustments to the program's budgets. However, CAPE's experience is that an ICE should also support much broader program decisions. CAPE believes that an ICE should include a discussion of risks, the potential impact of risks on program costs and schedule, and approaches to mitigate risks. An ICE can also provide decision-makers with insights concerning:

- Unique challenges of each program and options available to address them
- Balanced requirements based on trade-offs among cost, capabilities, and schedule
- Alternative acquisition and contracting strategies to improve ways to do business
- Options to achieve better program outcomes as circumstances change or unexpected events occur

### **Multiyear Procurement Contracts**

Title 10 U.S.C. § 3507 (Multiyear Contracts ... Defense Acquisitions of Weapon Systems) establishes several criteria that must be satisfied and certified by the Secretary of Defense prior to the award of a multiyear contract in an amount equal to or greater than \$500 million (then-year dollars) for a defense acquisition program. Some of these criteria (concerning substantial savings, realistic cost estimates, and availability of funding) must be supported by a CAPE cost analysis of the proposed multiyear procurement (MYP) strategy and contract structure. The CAPE cost analysis includes a comparison of the estimated costs of multiyear versus annual contract awards.

Until recently, for each MYP candidate, CAPE provided a preliminary cost analysis of the potential cost savings that could be obtained through an MYP contract compared to a baseline of annual procurement contracts. This analysis supported a DoD decision to seek a multiyear request to Congress for a specific authorization by law to carry out the MYP strategy. However, Section 815 (Modification of Reporting Requirements in Connection with Requests for Multiyear Procurement Authority for Large Defense Acquisitions) of the NDAA for FY 2023 streamlined the process for submitting the MYP request, and eliminated the requirement for the CAPE preliminary cost analysis to be submitted to Congress. However, CAPE will continue to prepare and document preliminary MYP contract savings estimates as part of the business process used to enable the Secretary's certification of the final negotiated MYP contract.



Following congressional approval (enacted in the NDAA and the Department of Defense Appropriations Act) for the use of the MYP strategy, the Component and the contractor negotiate and finalize the MYP contract terms. At this point, CAPE prepares a cost analysis to incorporate the most recent cost information, including actual cost data and experience to date, as well as an evaluation of cost realism in the contractor's proposal. The cost analysis is provided in time to support a DoD notification to the four congressional defense committees of the intent to award the multiyear contract. This notification, by law, must be provided at least 30 days before the contract award.

### **Foreign Military Sales**

In a few cases, cost estimates are made for programs that have plans or the potential for foreign military sales (FMS). FMS cases have significant possible benefits in lowering the costs of programs to the United States, since the procurement of additional systems will lead to unit cost reductions for all parties. In some cases, the foreign country may also contribute to the recoupment of previous development costs. However, quantifying these benefits in cost estimates can often be challenging due to the complexities of issues such as coproduction, tie-ins with U.S. MYP contracts, and forecasting the effects on contractor business bases and rates. For example, a significant portion of the MYP savings for aircraft programs resulted from higher FMS after a U.S. MYP contract award. Nevertheless, assessing the implications of FMS provides a better understanding of the complete costs for the United States. This assessment includes working with the defense contractors to collect cost data for FMS efforts to provide the requisite insights. In recent years, CAPE has made considerable progress in improving the cost analysis community's tools, methods, and policies for cases involving FMS.

### **Additional Guidance and Procedures for Cost Assessment Activities**

CAPE provides additional guidance on DoD cost assessment activities through additional instructions and guides. These supplemental publications are discussed in Appendix C. In recent years, CAPE has also issued several policy memos that pertain to cost assessment and cost data reporting. These policy memos are listed in Appendix D.

### **CADE and DoD Cost Data Collection Systems**

#### **The Role of the Cost Assessment Data Enterprise**

CAPE has partnered with the military department cost agencies and USD(A&S) staff to implement the CADE vision of a centralized data warehouse and virtual library, which houses seamless, integrated, authoritative data sources that government analysts can easily search and retrieve. CADE provides analysts immediate access to the complete range of available cost and related data. CAPE has also worked with USD(A&S) to capitalize on the acquisition data and reports already collected in the various acquisition information systems and to integrate them with the cost data to provide government analysts with a full view of a weapon program or portfolio. Additionally, CADE includes a document repository to house ICEs, CCPs, Cost Analysis Requirements Descriptions (CARDs), CAPE briefings to the DAB and other acquisition decision-making groups, and other documents and briefings. These documents are stored in the portion of the CADE library accessible only to government personnel.

CADE not only stores authoritative cost, acquisition, and technical data but also provides the analyst with a modern data warehouse environment where the data are easily searched and displayed in an integrated web-based application. CADE provides a bulk export tool that allows the user with a single query to combine all selected cost data reports into a single file ready for analysis.

The CADE home page supports analysts by offering two modes to access data. The first mode supports queries for CSDR and other data in the CADE data warehouse or library across multiple programs. Queries can be made by service or weapon system commodity type. A step-by-step guide for using the home page is provided in a Data and Analytics User Guide. The second mode supports analyst queries by individual program. This mode provides a history of program information (including acquisition cost and quantity, schedule events, and unit procurement cost) as reported in the program SARs over the years. This mode also allows access to the CSDR by contract and report type for each program; it also allows access to CARDS and other library documents and other files for each program.

In addition, CADE provides the analyst with a collection of downloadable software tools. Another CADE feature is the Datasets, Tools, and Models Hub (DTMHub), which allows organizations to endorse and share their datasets, tools, and models with the cost analysis community. Users can search for items of interest by organization, keyword, branch of service, or commodity (such as aircraft or ship). Alternatively, users can access a specific application and download items and user guides.

### **DoD Cost Data Collection**

CAPE is responsible for prescribing policy and procedures for the reporting and collection of actual cost data that are used throughout the cost analysis community. Systematic and institutionalized cost data collection and validation is critical to the preparation and support of credible cost estimates. The CSDR system serves as the primary source of cost data for major contracts and subcontracts associated with MDAPs and certain other acquisition programs. Procedures and implementation guidance for the CSDR system are provided in DoDM 5000.04, *Cost and Software Data Reporting (CSDR) Manual*. This manual was updated in May 2021 to provide implementation details concerning the latest cost data collection and reporting requirements that were issued in the March 2020 revision to DoDI 5000.73.

The three Visibility and Management of Operating and Support Costs (VAMOSC) systems (one system for each military department) collect historical O&S costs for major fielded weapon systems. Chapter IV describes a major enterprise-wide upgrade to the VAMOSC systems known as EVAMOSC.



## **CHAPTER III. DOD COST ASSESSMENT ACTIVITIES IN FY 2022**

This chapter summarizes DoD cost estimates and cost analyses that were made in FY 2022 to support MDAP milestone and other acquisition reviews, MTA programs, multiyear procurements, and other cost analyses. This chapter also provides some observations regarding compliance with policy and procedures, the differences between the CAPE and Component cost estimates over time, and an assessment of the quality of the cost estimates over time in terms of cost growth metrics.

### **Cost Assessment Activities for MDAP Milestone or Other Reviews**

Table 1 summarizes the two cost assessment activities in FY 2022 that supported milestone or other reviews of MDAPs when the MDA was USD(A&S). For each MDAP with a milestone review or other event, Table 1 identifies the program name and acronym, the responsible Component, the supporting cost estimate(s) or analyses presented to the MDA, and the review event being supported.

**Table 1. Cost Assessment Activities in FY 2022 for MDAP Milestone or Other Reviews Subject to USD(A&S) Decision**

<b>Program Name</b>	<b>Acronym</b>	<b>Component</b>	<b>Cost Assessment Activity</b>	<b>Activity Date</b>	<b>Supported Event</b>	<b>Event Date</b>
Assembled Chemical Weapons Alternatives	ACWA	Army	CAPE Assessment	22-Feb-22	Approval of Revised Acquisition Program Baseline	15-Mar-22
			Army Program Office Cost Estimate	14-Sep-21		
Survivable Airborne Operations Center	SAOC	Air Force	CAPE Independent Cost Estimate	30-Sep-22	DAB Review Prior to Release of RFP for EMD	14-Oct-22
			Air Force Cost Position	12-Sep-22		

In addition, six classified ICEs or other cost assessments completed in FY 2022 are not discussed in this unclassified report.

### Remarks about Specific Programs

- CAPE conducted an assessment of the 2021 Program Office Cost Estimate for the Chem Demilitarization – ACWA (Assembled Chemical Weapons Alternatives) program. ACWA performs a portion of the chemical demilitarization program mission to safely destroy remaining chemical weapons stockpiles. The United States uses this program to comply with the Chemical Weapons Convention established in 1997. In November 2021, USD(A&S) directed that the current Acquisition Program Baseline be revised due to significant fact-of-life program changes. USD(A&S) also requested that CAPE conduct this assessment prior to USD(A&S) approval of the revised baseline.
- CAPE prepared an ICE for the Survivable Airborne Operations Center program in support of a DAB review held in advance of the release of the RFP for the Engineering and Manufacturing Development (EMD) phase of the program. This program will replace the current fleet of E-4B National Airborne Operations Center aircraft.

Table 2 summarizes the two cost assessment activities in FY 2022 that supported milestone or other reviews when the MDA was the CAE. For each MDAP with a milestone review or other event, Table 2 identifies the program name and acronym, the responsible Component, the supporting cost estimate(s) or analyses presented to the MDA, and the review event being supported.

**Table 2. Cost Assessment Activities in FY 2022 for MDAP Milestone or Other Reviews Subject to CAE Decision**

<u>Program Name</u>	<u>Acronym</u>	<u>Component</u>	<u>Cost Assessment Activity</u>	<u>Activity Date</u>	<u>Supported Event</u>	<u>Event Date</u>
Intercontinental Ballistic Missile Fuze Modernization	ICBM Fuze Mod	Air Force	CAPE Review	20-Oct-21	Milestone C/Low-Rate Initial Production Decision	29-Oct-21
			Air Force Independent Cost Estimate	22-Sep-21		
			Program Office Cost Estimate	8-Aug-21		
Joint Air-to-Ground Missile	JAGM	Army	CAPE Independent Cost Estimate	22-Sep-22	Full-Rate Production Decision	26-Sep-22
			Joint Cost Position	24-Aug-22		

### **Remarks about Specific Programs**

- For the ICBM Fuze Modernization program, CAPE reviewed the Air Force ICE made in support of the Milestone C decision. The Air Force adopted this ICE as its CCP, and CAPE concurred with this decision.

### **MTA Cost Assessment Activities**

Table 3 summarizes the three cost assessment activities in FY 2022 that supported milestone or other reviews of MTA programs. For each MTA program with a milestone review or other event, Table 3 identifies the program name and acronym, the responsible Component, the supporting cost estimate(s) or analyses presented to the MDA, and the review event being supported.

**Table 3. Cost Assessment Activities in FY 2022 for MTA Programs**

<b>Program Name</b>	<b>Acronym</b>	<b>Component</b>	<b>Cost Assessment Activity</b>	<b>Activity Date</b>	<b>Supported Event</b>	<b>Event Date</b>
Conventional Prompt Strike/Long-Range Hypersonic Weapon	CPS/LRHW	Navy/Army	CAPE Independent Cost Estimates	07-Oct-21	Report to Congress	21-Oct-21
			Navy/Army Program Office Cost Estimates	23-Sep-21		
Mobile Protected Firepower	MPF	Army	CAPE Independent Cost Estimate	27-Jun-22	Milestone C Transition Point Review	28-Jun-22
			Army Cost Position	07-Jun-22		
F-15EX Eagle II	F-15EX	Air Force	CAPE Review	22-Aug-22	Milestone C Transition Point Review	09-Sep-22
			Air Force Independent Cost Estimate	05-Aug-23		

## Remarks about Specific Programs

The Navy is currently using MTA authorities to develop a hypersonic missile known as Conventional Prompt Strike that can be launched from surface combatants and submarines. The Army plans to employ the same all-up-round missile from mobile land-based launchers as part of the Long-Range Hypersonic Weapon program. CPS and LRHW are MTA-Rapid Prototyping (RP) programs. The Conference Report for the NDAA for 2021 required CAPE to provide an ICE for these programs to Congress.

The Mobile Protected Firepower program will provide Army infantry brigade combat teams with new capabilities for protected, long-range, precision direct fires. The Mobile Protected Firepower is an MTA-RP program that transitioned to the MDAP pathway after Milestone C approval. CAPE prepared an ICE to support this decision.

The F-15EX is an MTA-RP program that is based on a two-seat F-15QA configuration developed for Qatar as an FMS program. F-15EX transitioned to the MDAP pathway after Milestone C approval. CAPE reviewed an Air Force ICE in support of this decision.

## Independent Cost Estimates for Sustainment Reviews

As noted in Chapter II, each sustainment review for a major weapon system is required to be supported by an ICE for the remainder of the program's life cycle. For FY 2021, CAPE elected to delegate responsibility for all ICEs to the Components. Table 4 summarizes the 13 ICEs prepared for sustainment reviews in FY 2021.

**Table 4. ICEs in FY 2021 for Sustainment Reviews**

Program Name	Component	ICE Date	Review Date	Critical O&S Growth
Bradley Fighting Vehicle M2A3/M3A3	Army	04-Jan-21	02-Feb-21	
Ch-47F Block I	Army	08-Mar-21	06-Apr-21	Yes
MaxxPro Family of Vehicles	Army	19-Mar-21	20-Apr-21	
Guided Multiple Launch Rocket System	Army	08-Jun-21	18-Aug-21	Yes
C-130J	Air Force	10-Jun-21	17-Aug-21	
F-15E	Air Force	10-Jun-21	17-Aug-21	
F-16C/D	Air Force	10-Jun-21	17-Aug-21	
KC-135	Air Force	10-Jun-21	17-Aug-21	
MQ-9A	Air Force	10-Jun-21	17-Aug-21	
B-1B	Air Force	14-Jun-21	17-Aug-21	
B-2A	Air Force	14-Jun-21	17-Aug-21	
B-52H	Air Force	14-Jun-21	17-Aug-21	
E-3	Air Force	14-Jun-21	17-Aug-21	

Although CAPE did not review and comment on each individual sustainment ICE, CAPE provided an overall assessment of the ICEs to the Army and Air Force at the end of the fiscal year. CAPE identified

issues with the data collection, analytic methods and documentation of results supporting the sustainment reviews. CAPE provided the Army and Air Force with specific recommendations to address these issues to improve future sustainment reviews. Of note, some cases lacked cost reporting for contractor logistics support contracts. Although progress in this area has been made for many programs, others lack the cost reporting granularity needed to improve cost estimation for sustainment of fielded and future programs. The Navy did not perform sustainment reviews in FY 2021, but these reviews were initiated in FY 2022.

Based on these lessons learned from the FY 2021 sustainment reviews, CAPE issued a policy memo in March 2022 to provide guidance conducting the FY 2022 sustainment reviews; the memo stated that CAPE again elected to delegate responsibility for all ICEs to the Components. However, the memo also stated that CAPE will review the materials provided for each sustainment review and prepare and submit a report of its findings to the Secretary of each military department. In addition, the memo stated that CAPE will assess the cost data sources used for each sustainment review to determine the accuracy and completeness of the historical cost data. This assessment will be used to guide efforts to improve and strengthen the accuracy and value of sustainment cost data through the ongoing EVAMOS initiative.

Table 5 summarizes the 21 ICEs prepared for sustainment reviews in FY 2022.



**Table 5. ICEs in FY 2022 for Sustainment Reviews**

<b>Program Name</b>	<b>Component</b>	<b>ICE Date</b>	<b>Review Date</b>	<b>Critical O&amp;S Cost Growth</b>
Warfighter Information Network - Tactical	Army	17-Mar-22	24-Mar-22	Yes
Excalibur	Army	22-Apr-22	28-Apr-22	Yes
Hellfire AGM-114K/AGM-114L	Army	06-May-22	15-May-22	
Common Remotely Operated Weapon Station	Army	17-May-22	31-May-22	Yes
H-60A/L/M/V Blackhawk	Army	08-Jun-22	16-Jun-22	
Tactical Mission Command	Army	14-Jun-22	13-Jul-22	Yes
RQ-7B Shadow	Army	15-Jun-22	23-Jun-22	
Patriot System of Systems	Army	08-Jul-22	18-Jul-22	
Cooperative Engagement Capability	Navy	17-Mar-22*	23-Mar-22	
KC-130J	Navy	31-Mar-22	21-Apr-22	
Tactical Tomahawk Missile	Navy	06-Jun-22	29-Jun-22	
T-45 Training System	Navy	16-Jun-22	27-Jul-22	
Navy Multiband Terminal	Navy	04-Aug-22	18-Aug-22	Yes
Littoral Combat Ship	Navy	09-Aug-22	10-Aug-22	
F/A-18E/F & EA-18G	Navy	25-Aug-22	29-Aug-22	Yes
Joint Direct Attack Munition	Air Force	14-Jun-21	29-Jul-22	
C-5M	Air Force	27-Jul-22	29-Jul-22	
F-22A	Air Force	27-Jul-22	29-Jul-22	
T-6	Air Force	27-Jul-22	31-Jul-22	
HC/MC-130J	Air Force	27-Jul-22	04-Aug-22	
E-4B	Air Force	27-Jul-22	05-Aug-22	

\*The Navy ICE was revised on 19-Jul-22 based on suggested actions recommended by CAPE after the 23-Mar-22 sustainment review.

Lessons learned from the FY 2022 sustainment reviews continue to guide needed improvements in sustainment cost data collection. Programs are identifying deficiencies in the military department VAMOSOC systems informing needed improvements that will be addressed in EVAMOSOC in the future. Also, the reviews in FY 2022 continue to experience gaps in cost data for contractor logistics support. CAPE is now collecting data to identify applicable sustainment contracts that do not have CSDR sustainment cost data reporting. This issue will continue to be addressed in the FY 2023 sustainment reviews.

In the FY 2022 findings memo for the Air Force, CAPE also mentioned that the Air Force uses a unitized approach to calculate O&S cost growth normalizing each cost estimate based on the total number of systems. This unitized approach enables a comparison in which changes in quantities of aircraft are accounted for. Unfortunately, this approach does not align with the methodologies used by the Navy and the Army, which calculate cost growth at the total O&S level. CAPE will coordinate with USD(A&S) to determine if additional policy and guidance are needed on cost growth metrics and calculations.

For FY 2023, the Department plans to conduct 20 sustainment reviews as shown in Table 6:

**Table 6. Planned 2023 Sustainment Reviews**

Army	<ul style="list-style-type: none"> <li>• High Mobility Artillery Rocket System</li> <li>• Gray Eagle Unmanned Aircraft System</li> <li>• Palletized Load System/Heavy Expanded Mobility Tactical Truck</li> <li>• Family of Medium Tactical Vehicles</li> <li>• Stryker Armored Fighting Vehicles</li> <li>• M88 Recovery Vehicle</li> <li>• AN/TPQ-53 Radar System</li> <li>• Javelin Missile System</li> <li>• Thermal Weapon Sight</li> </ul>
Navy	<ul style="list-style-type: none"> <li>• SSN-774 Virginia-Class Attack Submarine</li> <li>• LPD-1 Amphibious Transport Dock</li> <li>• H-60 Helicopters</li> <li>• AIM-9X Missile</li> <li>• P-8A Poseidon</li> <li>• Medium Tactical Vehicle Replacement</li> </ul>
Air Force	<ul style="list-style-type: none"> <li>• C-17A Airlift Aircraft</li> <li>• Global Positioning System</li> <li>• Minuteman III</li> <li>• Joint Air-to-Surface Standoff Missile</li> <li>• Wideband Global Satellite Communications System</li> </ul>

CAPE also plans to prepare the ICE for the SSN-774 submarine sustainment review. The LPD-1, C-17A, GPS, and Minuteman III ICEs will be delegated to the military departments, but have been designated as “high interest” for the CAPE review.

### **CAPE Cost Analysis for Multiyear Procurement**

Until recently, CAPE prepared a preliminary independent estimate of savings for a proposed MYP strategy and contract structure to support DoD’s certification to the Congress of significant savings and other criteria. CAPE also updated the estimate of savings (after MYP approval from Congress) prior to the award of a multiyear contract. Table 7 summarizes the two CAPE independent estimates of savings for MYP contract awards in FY 2022, identifying the program name and acronym, the responsible Component, the CAPE supporting cost estimate of MYP savings, and the event being supported.

**Table 7. Cost Analyses in FY 2022 for Multiyear Procurement Contract Awards**

<b>Program Name</b>	<b>Acronym</b>	<b>Component</b>	<b>Cost Assessment Activity</b>	<b>Activity Date</b>	<b>Supported Event</b>	<b>Event Date</b>
H-60 Black Hawk Helicopter	UH-60M/HH-60M	Army	CAPE Updated Estimate of Savings for MYP Contract	12-May-22	MYP Contract Award	27-Jun-22
DDG 51 Arleigh Burke Class Destroyer	DDG 51	Navy	CAPE Preliminary Estimate of Savings for MYP Contract	18-May-22	DoD Request for MYP Authority	25-Mar-22

CAPE estimates that using an MYP for these two programs will provide significant savings to DoD. For the two programs combined, the estimated total dollar savings is roughly \$1.1 billion in then-year dollars.

The percentage savings for these two programs are consistent with historical aircraft and ship MYP experience. Table 8 shows the historical experience for MYP savings (relative to Single-Year Procurement (SYP)) for 16 aircraft and missile MYP contracts from 2010 through 2022.

**Table 8. Historical CAPE Estimated MYP Savings – Aircraft and Missile Contracts**

<b>Program</b>	<b>CAPE SYP Estimate \$B</b>	<b>Savings – CAPE SYP vs. Negotiated Price (%)</b>	<b>Savings – CAPE SYP vs. Negotiated Price (Then-Year \$B)</b>
F-18 MYP 3	5.88	10.2	0.60
H-60 Airframe MYP 8	8.95	18.1	1.62
H-60 Avionics	1.55	19.4	0.30
CH-47F MYP 2	4.22	19.2	0.81
V-22 MYP 2	7.24	11.6	0.84
E-2D MYP 1	5.22	15.9	0.83
C-130 MYP 2	6.00	11.5	0.69
AH-64E MYP 1	3.14	10.5	0.33
H-60 Airframe MYP 9	3.72	13.7	0.51
V-22 MYP 3	4.35	12.4	0.54
F-18 MYP 4	3.77	10.3	0.40
E-2D MYP 2	3.88	10.0	0.37
SM-6 MYP 1	3.11	10.3	0.69
C-130 MYP 3	3.94	10.9	0.43
SM-3 Block IB MYP 1	2.42	13.2	0.32
H-60 Airframe MYP 10	2.69	14.5	0.39

The MYP percentage savings for these aircraft and missile contract awards have ranged from roughly 10 to 19 percent. The estimated total savings for these contracts is estimated to be \$9.3 billion in then-year dollars.

Table 9 shows the historical experience for MYP savings for four ship MYP contracts from 2012 through 2019.

**Table 9. Historical CAPE Estimated MYP Savings – Ship Contracts**

<b>Program</b>	<b>CAPE SYP Estimate \$B</b>	<b>Savings – CAPE SYP vs. Negotiated Price (%)</b>	<b>Savings – CAPE SYP vs. Negotiated Price (Then-Year \$B)</b>
DDG 51 MYP 3	7.22	9.0	0.65
VCS SSN 774 MYP 3	21.85	20.0	4.37
DDG 51 MYP 4	10.29	6.9	0.71
VCS SSN 774 MYP 4	26.47	6.8	1.80

The MYP savings for the ship contract awards range from roughly 7 to 20 percent. Although the ship MYP savings tend to be less than aircraft and missile contracts in percentage terms, they are nevertheless significant in absolute dollar terms. The overall total savings for these contracts is estimated to be roughly \$7.5 billion in then-year dollars.

### **Assessment of Cost Estimation Compliance, Quality, and Accuracy**

Since the enactment of WSARA in May 2009, CAPE, in partnership with the entire DoD cost community, has made considerable effort to improve the quality and accuracy of life-cycle cost estimates for MDAPs and other acquisition programs. This section provides various metrics that can measure the results of this effort.

### **Compliance with Policy and Procedures**

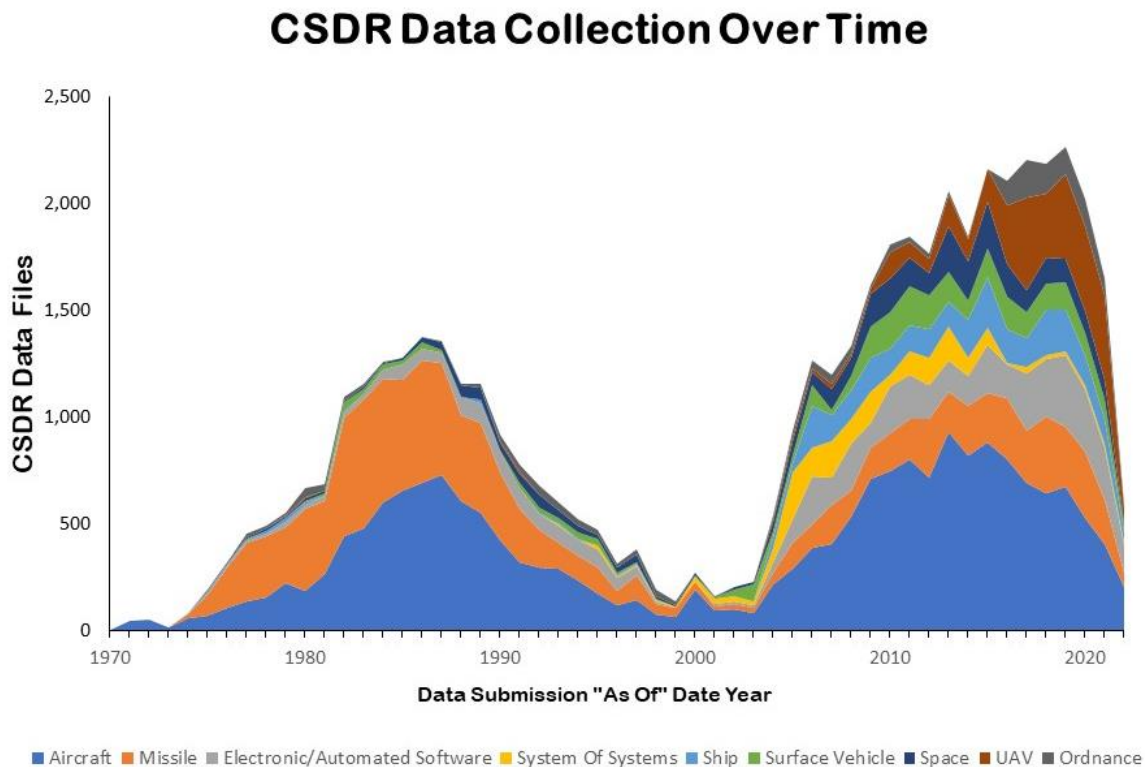
All of the events noted in Table 1 through Table 5 were supported by the appropriate cost estimates or analyses that complied with the requirements of statute and the established cost assessment procedures described in Chapter II. In particular, each MDAP milestone or other acquisition review decision (noted in Table 1 and Table 2) was supported by a CCP and by an ICE prepared as appropriate by CAPE or the relevant military department cost agency. Each MTA program initiation or other event (noted in Table 3) was supported by an ICE as was each sustainment review (noted in Table 4 and Table 5). In addition, for each MYP contract award (noted in Table 7), CAPE provided an independent estimate of MYP cost savings. Information about the compliance of CSDR data reporting is provided in Appendix E.

### **Quality of the Cost Estimates**

The overall quality of the cost estimates prepared by each of the military departments has continued to improve due to increased rigor. As noted in Chapter II, DoD has instituted a policy—in place since 2009 for all MDAPs—requiring that a signed, dated Component Cost Estimate and a CCP be delivered to CAPE prior to delivery of an ICE, to support each milestone or other DAB review. Also, the military department’s financial and acquisition leadership must provide a statement with the CCP affirming the department’s commitment to fully fund the program during the preparation of the next Program Objective Memorandum (POM) and the President’s Budget FYDP.

The quality of the cost estimates for MDAPs provided by the military departments and by CAPE has also continued to improve due to better data. Management’s increased emphasis across all of DoD concerning the importance of collecting and reporting cost data beginning in the mid-2000s resulted in significant increases in the quantity and frequency of cost data reports compared to the streamlined acquisition

reform era of the 1990s. Figure 2 shows the annual volume of CSDR data reports for each of the major system commodities.



**Figure 2. CSDR Data Collection Over Time**

Note that Figure 2 shows the CSDR reporting based on the “as of” date, not the submission date. For example, a report with an as-of date of December 2022 will typically be submitted in February 2023. As a result, the last year of the figure has an apparent drop-off in reporting, because not all of the 2022 reports had been submitted by the publication date of this report.

The emphasis on better data is not limited to the volume of reports. Additional ongoing efforts to improve the content and quality of the specific data reports are described in Chapter IV.

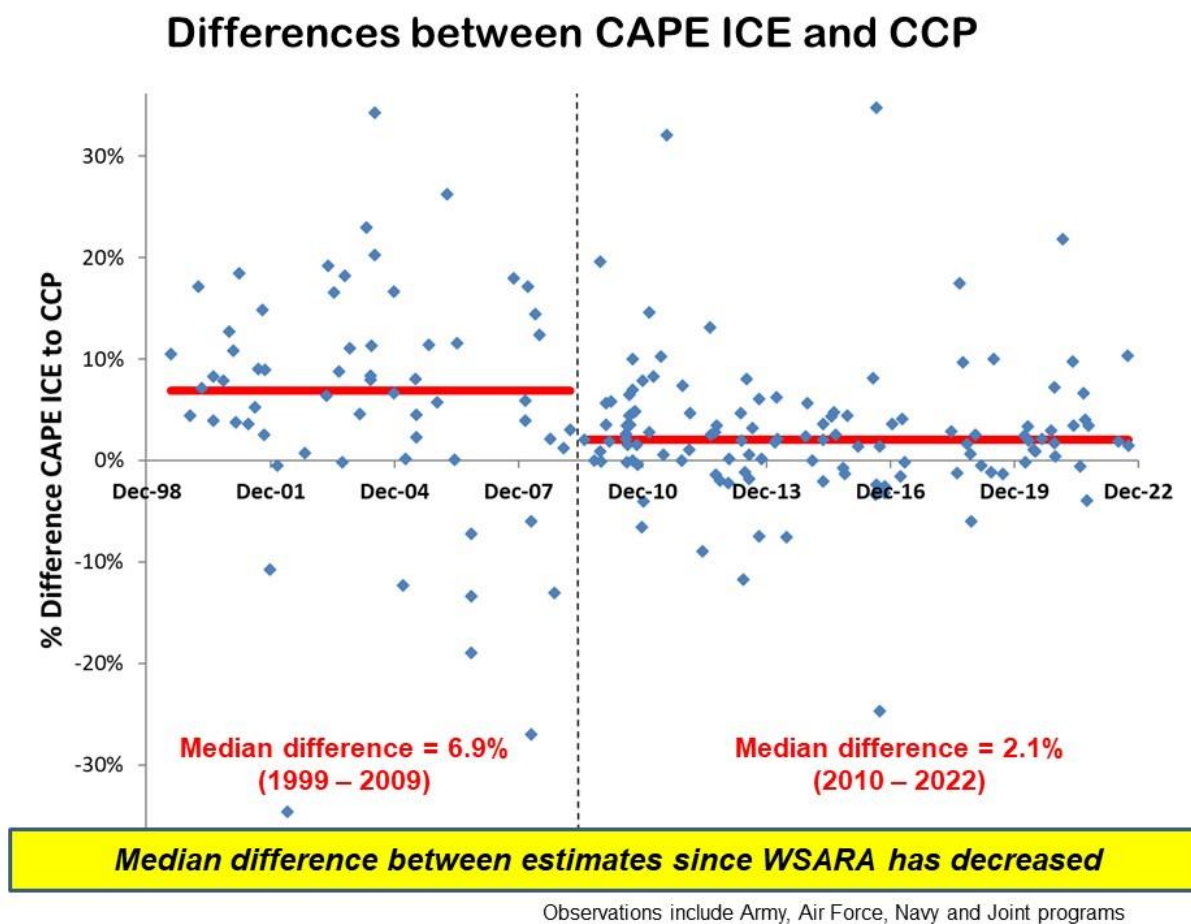
### Differences in Methodologies

Since the enactment of WSARA, differences in methodologies or approaches between the cost estimates prepared by the military departments and by CAPE have decreased over time. Generally, the approaches used by the military departments and CAPE now follow similar best practices in cost estimation:

- Collect actual cost information from ongoing and historical programs in a product-oriented taxonomy.
- Use that information to prepare cost and schedule forecasts for new programs or programs proceeding to the next milestone in the acquisition process.
- Review the actual cost information collected, as each individual program proceeds, to update and adjust the cost and schedule forecasts for the program to reflect actual experience.

As discussed in the previous section, DoD’s goal has been to improve the systematic collection of actual cost information over time and ensure the data are available to all DoD organizations. This approach has resulted in smaller differences between the cost and schedule forecasts of the military departments and CAPE.

An annual CAPE analysis compared the CAPE ICEs and the CCPs. This analysis found that since the enactment of WSARA, the difference between the two estimates had narrowed significantly relative to the previous period between 1999 and the enactment of WSARA. Figure 3 shows the most recent results of this comparison.



**Figure 3. Comparison of CAPE ICEs to Component Cost Positions**

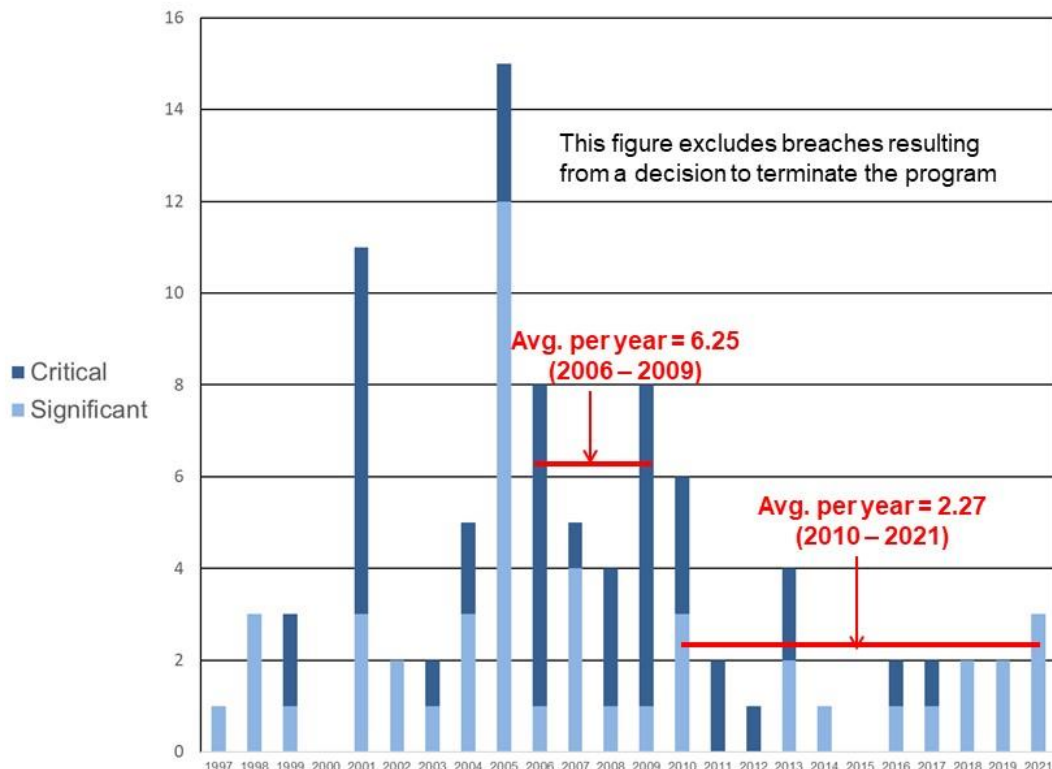
Since the enactment of WSARA, the median difference is 2.1 percent, compared to a median difference of 6.9 percent for the previous period. In addition, the statistical variances have significantly narrowed, meaning that the post-WSARA estimates are more tightly clustered, thus reflecting that the CCPs and CAPE ICEs are now more closely aligned. Despite this narrowing of differences, a few outliers have indicated significant discrepancies (greater than 10 percent) between the CCP and the CAPE ICE. In these situations, CAPE and the military department cost agency meet to assess the reasons for the discrepancy and determine whether there are better data available to reconcile the difference. Failing that, CAPE and

the military department work together to assess how costs can be controlled as the program moves forward.

### Nunn-McCurdy Unit Cost Breaches

Regarding actual cost growth, one simple measure of acquisition program cost performance is the annual rate of Nunn-McCurdy unit cost breaches that have occurred over time. Figure 4 shows the number of significant and critical breaches by SAR reporting year from 1997 through 2021.

## Nunn-McCurdy Breaches (1997-2021)



**Figure 4. Number of Nunn-McCurdy Breaches by SAR Reporting Year**

It is important to note that the NDAA for FY 2006 (which was enacted in January 2006) changed the criteria for a Nunn-McCurdy breach by adding a requirement to report unit-cost growth from the original program baseline as well as the current (possibly revised) baseline. This requirement caused a large spike in SAR reporting year 2005<sup>6</sup>, when 11 programs had to report preexisting significant breaches. Thus, for historical comparisons, the period before 2006 is not comparable to the period after that. For the more

<sup>6</sup> For SAR reporting year 2005, the information in the first SAR for each reporting program would be as of December 2005, and submitted in February 2006. A Nunn-McCurdy unit cost breach would be reported in a subsequent exception SAR that would be submitted in May 2006.



recent period, the average annual number of breaches has declined since the enactment of WSARA in 2009.

For the period from 2006 through 2009, there was an average of 95 SAR reporting programs that experienced an average of 6.25 breaches per year. For the period from 2010 through 2021, there was an average of 82 SAR reporting programs that experienced an average of 2.20 breaches per year. If the number of breaches per year from 2010 through 2021 is adjusted by the difference in SAR portfolio size, the average number of breaches per year would be 2.63. Nevertheless, the number of breaches per year has declined since the enactment of WSARA in 2009 even with this adjustment.

### **Program Acquisition Unit Cost Performance**

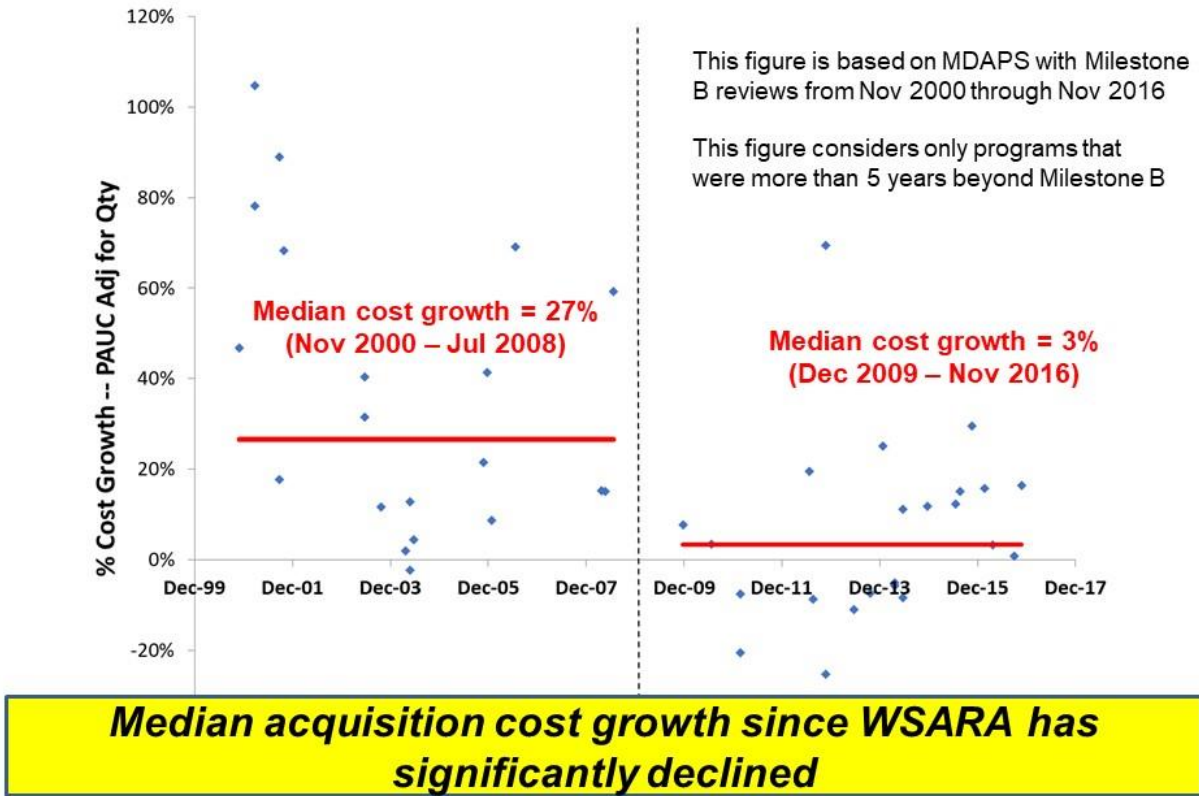
It is also possible to measure the acquisition cost growth that can occur between the initial cost estimate made at Milestone B (i.e., approval to begin Engineering and Manufacturing Development (EMD)) and the actual cost outcome when the program is completed or is sufficiently mature and stable where the expected cost is reasonably certain.

A common cost metric that is used to measure acquisition cost growth is Program Acquisition Unit Cost (PAUC). PAUC is defined as the total program acquisition cost (sum of research, development, test and evaluation (RDT&E) and procurement costs) divided by the total program quantity of systems (i.e., fully-configured end items from development and production). PAUC is normally tracked in constant dollars of a base year established for each program. Additional details about PAUC are provided in Appendix B.

The measurement of acquisition cost growth is the percentage increase (or decrease) in PAUC from the Milestone B cost estimate (and approved baseline) and the actual acquisition cost outcome. However, it is quite common for many programs to experience changes in approved quantities from the time of Milestone B due to changes in DoD priorities and requirements. These changes distort the measurement of acquisition cost growth, so the assessment presented in this section is PAUC *adjusted for quantity*. Specifically, the Milestone B PAUC baseline is recalculated using the final (or most recently approved) program quantity. This recalculation has two effects. First, the program RDT&E costs are amortized over a different program quantity, changing the PAUC baseline. Second, the baseline procurement costs are adjusted for any appropriate “learning curve” (more formally known as the cost progress curve) unique to each program.

Figure 5 displays the percentage acquisition cost growth for 43 MDAPs that received Milestone B approval from November 2000 through November 2016.

## MDAP Acquisition Cost Growth from MS B (Program Acquisition Unit Cost (PAUC) Adjusted for Quantity)



**Figure 5. MDAP Acquisition Cost Growth from Milestone B**

The PAUC baseline that was approved at Milestone B (adjusted for quantity) is compared to the current estimate of PAUC in the program December 2021 SAR or the final program SAR for programs that were completed before 2021. The criterion in this assessment is to include only programs that are currently more than five years beyond the time of Milestone B approval, where it assumed that the acquisition costs are fairly stable at this point.

For the period November 2000 through July 2008 (i.e., before the enactment of WSARA in 2009), the median cost growth in PAUC adjusted for quantity was 27 percent. For the period December 2009 through November 2016 (since the enactment of WSARA), the median cost growth in PAUC adjusted for quantity was 3 percent.

These cost growth observations are not symmetrical, but are skewed to the right. As a result, the average cost growth for each period is larger than the median. The average cost growth for the pre-WSARA period was 37 percent, and the average cost growth for the post-WSARA period was 6 percent.

## Program Operating and Support Unit Cost Performance

For certain types of programs (platforms such as aircraft, ships, and ground vehicles), the system O&S cost is usually the largest element of life-cycle cost. CAPE efforts to improve cost estimates for MDAPs have also addressed system O&S costs.

Figure 6 displays the percentage O&S cost growth for 23 platforms that received Milestone C approval from April 1997 through October 2013.

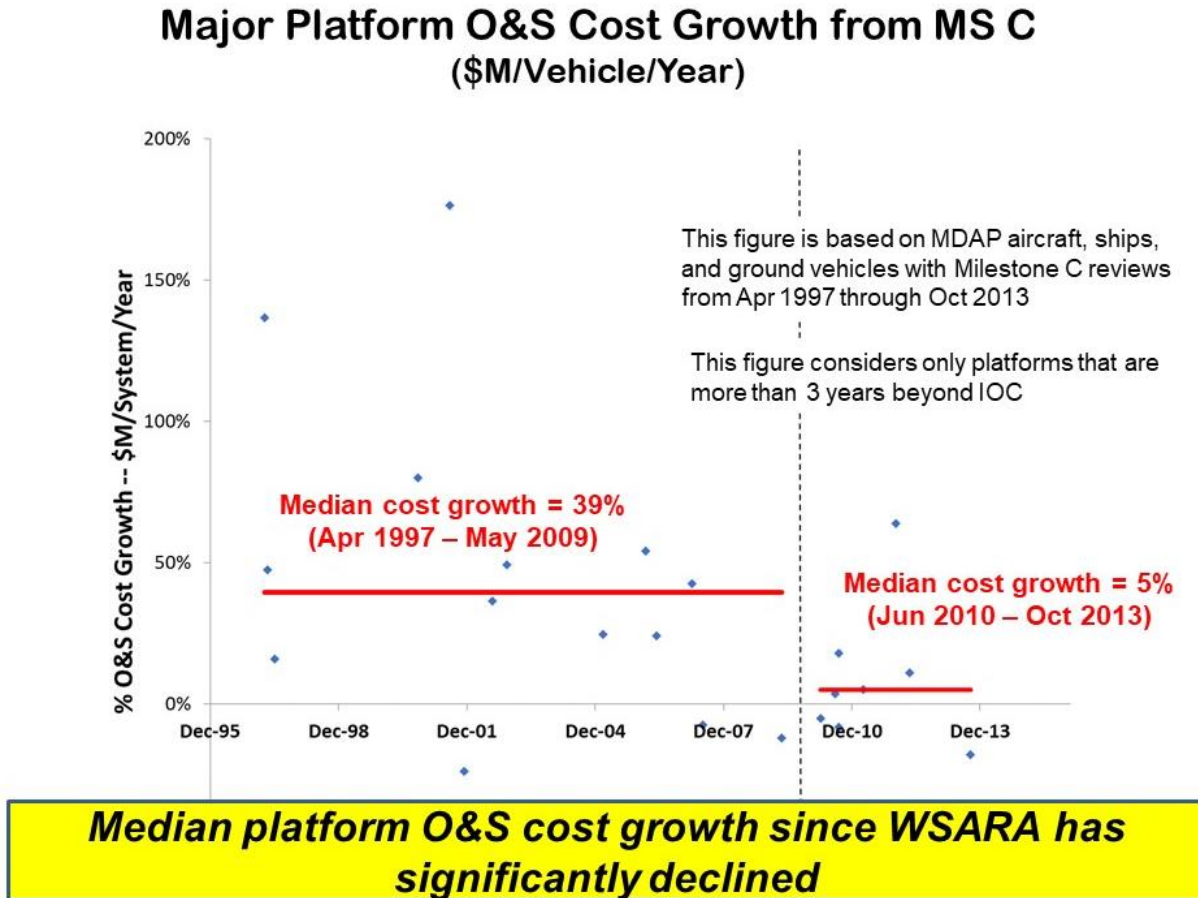


Figure 6. Major Platform O&S Cost Growth from Milestone C

The O&S cost baseline that was approved at Milestone C (measured as \$ million/system/year) is compared to the current estimate of O&S cost in the program December 2021 SAR or the final program SAR for programs that were completed before 2021. The criterion in this assessment is to include only programs that are currently more than three years beyond the time of IOC, where it assumed that the system O&S costs are fairly certain at this point.

For the period April 1997 through May 2009 (before the enactment of WSARA in 2009), the median system O&S cost growth was 39 percent. For the period April 2010 to October 2013 (since the enactment of WSARA), the median system O&S cost growth was 5 percent. The average cost growth for the

pre-WSARA period was 46 percent, and the average cost growth for the post-WSARA period was 22 percent.

## **Other Cost Assessment Activities**

### **Other Cost Estimates and Analyses**

Section 830 (Modification of Requirements for Reporting to Congress on Certain Acquisition Programs) of the NDAA for FY 2020 required DoD to propose an alternative method for reporting the status for MDAPs and acquisition programs that use alternative acquisition pathways or tailored acquisition procedures. More recently, Section 805 (Two-Year Extension of Selected Acquisition Report Requirement) of the NDAA for FY 2022 expanded upon the earlier Section 830, calling for CAPE to prepare a plan for identifying and gathering the data required for effective decision making by program managers and DoD leadership regarding the reporting programs. Section 805 also tasks USD(A&S) with implementing the plan for the replacement reporting system. CAPE provided its initial findings to USD(A&S) in July 2022, and completed its final report in December 2022. The highlights of the CAPE recommendations are:

- Provide formal guidance, such as a DoD instruction, to standardize report contents across the military departments and acquisition programs.
- Retain much of the data from the SARs tables that were found useful to SAR users, including cost and funding summaries, annual historical data (funding and quantities), projections beyond the FYDP, and tracks to budget line items and program element codes.
- Increase the level of detail in the O&S cost section, and expand reporting to support new statutory requirements for sustainment reviews.
- Update the inflation and price escalation calculations to reflect latest CAPE guidance on best practices for this subject.
- Keep the reports publicly releasable, since many non-DoD users cannot access Controlled Unclassified Information documents.

CAPE completed a review of an Army ICE for the GCSS-A Increment II program in support of a Full Deployment authority-to-proceed decision that occurred in September 2022. The Army ICE was prepared by the Deputy Assistant Secretary of the Army for Cost and Economics in August 2022. GCSS-A Increment II is a Defense Business System program.

### **DoD Cost Analysis Symposium**

For several decades, CAPE and its predecessor organization (known as the Cost Analysis Improvement Group, or CAIG) have sponsored the annual DoD Cost Analysis Symposium, known as DoDCAS, with attendees drawn primarily from government and private-sector cost research and analysis organizations. DoDCAS provides a valuable forum for education, training, and improvement of communication within the DoD cost analysis community. The presentations at DoDCAS facilitate discussion, instruction, and debate concerning cost-estimating methods and models, data collection, and contemporary issues of interest to the DoD cost community. In this way, the event leverages the knowledge and experience of the community to increase individual and collective expertise in cost estimation and analysis. DoDCAS also provides members of the DoD cost community the opportunity to hear the insights of senior DoD and other government officials on important topics.

The COVID-19 pandemic has prevented DoD from holding a traditional symposium event. In the interim, CAPE held two community-wide virtual meetings.

In November 2022, CAPE held its third annual two-day Virtual Cost and Technical Focus Group to promote open communication and dialogue between government and industry concerning FlexFiles and other CAPE initiatives. The morning plenary session was attended by over 350 participants. This session included an industry panel discussion on the latest FlexFile implementation changes. The afternoon government-only session featured demonstrations of new features in CADE; it had over 150 participants. The second day provided presentations on a wide variety of topics and was attended by almost 250 participants. There was also an industry panel discussion on software development and data collection.

CAPE chairs a Cost Integrated Process Team (CIPT), a forum to facilitate information exchange among the government and industry cost communities to improve cost data collection, reporting, analysis, and estimating throughout the acquisition life cycle. Also, CAPE provided an overview of the *Inflation and Escalation Best Practices for Cost Analysis: Analyst Handbook* to a conference of the International Cost Estimating & Analysis Association in June 2022. The CIPT continues discussions with industry partners and government cost agencies about a wide range of topics.

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## **CHAPTER IV. THE LOOK FORWARD**

CAPE has worked with the military department cost agencies and other organizations to strengthen the institutions of the DoD cost analysis community. However, work continues toward meeting DoD's evolving needs and new legislative requirements. This chapter discusses the ongoing status of several key initiatives and future plans that make up this reform effort.

### **Cost Leadership Forum**

The CAPE Deputy Director for Cost Assessment has held periodic meetings (known as the Cost Leadership Forum) with the leaders and senior staff of the military department cost agencies to discuss issues of common interest to the cost analysis community. The intent of these meetings is to establish greater collaboration among CAPE and the military department cost organizations by sharing analytic best practices. These meetings, which currently are held each month, virtually, aim to help develop a collective vision of the community's path forward for the next five years in meeting agreed-to strategic objectives, improving cost analysis, and improving business processes. The leadership also addresses issues in workforce management due to significant increases in the workload for the cost community as a result of the new acquisition pathways and expanded congressional requirements. In addition, key members of the Forum serve as the CADE Board of Directors, which also meets monthly. CAPE also co-chairs the Collaborative Cost Research Group that coordinates cost research activities.

### **Policies and Procedures**

For several years, CAPE and the military department cost agencies have worked together to update cost assessment policies and procedures to keep them up to date and responsive to evolving legislative requirements. The CAPE cost assessment guidance documents are described in Chapter II and Appendix C. Appendix F describes recent legislative changes to statutory requirements for defense acquisition that have been addressed in acquisition and cost assessment policy and procedures.

### **Sustainment Reviews**

On the basis of lessons learned from the FY 2021 sustainment reviews, in March 2022 CAPE issued a policy memo, "Implementation of Cost Estimating, Document Collection, and Data Reporting for Fiscal Year 2022 Sustainment Reviews." This guidance document is described in Chapter III.

### **Enhanced Cost Data Collection**

#### **COVID-19 Impact Reporting in CADE**

The COVID-19 pandemic has had an impact on the defense industrial base, with disruptions to the workforce, production activities, and supply chains. These disruptions, in turn, have affected program cost, schedule, and performance. CAPE has coordinated with Assistant Secretary of Defense (Acquisition) (ASD(A)) and the Army, Navy, and Air Force Service Acquisition Executives (SAEs) to provide data collection guidance to understand the effects of COVID-19 on contractor performance and capture the effects to support future analyses and decision-making support.

On May 27, 2020, initial guidance was issued in the memorandum, “COVID-19 Cost and Performance Data Collection Guidance.” This memo instructed the military departments and buying commands to capture the effects of COVID-19 in CSDR deliverables. Specifically, contractors required to submit CSDR deliverables were instructed to include relevant information on COVID-19 effects (e.g., overhead rates, material costs from suppliers, or specific Work Breakdown Structure (WBS) elements) in the remarks sections of reports.

Beginning in August 2020, the reporting instructions in new and revised CSDR plans required the reporting entity to provide COVID-19 related impacts, if applicable. Specifically, the reporting entity should describe the type and timing of all impacts—to program schedule, incurred actual costs to date, forecasted at-completion costs, in-process quantities, and delivered quantities—that are directly attributable to the COVID-19 pandemic. This information is not only important to assess program status but also will be used by analysts to normalize reported cost data for COVID-19 effects for future cost estimates.

As of August 2022, 32 percent of the reporting contracts have identified COVID-19-related impacts, including labor, travel, schedule, supply chain, and personnel protective equipment. CAPE continues to monitor this situation.

### **FlexFile Initiative**

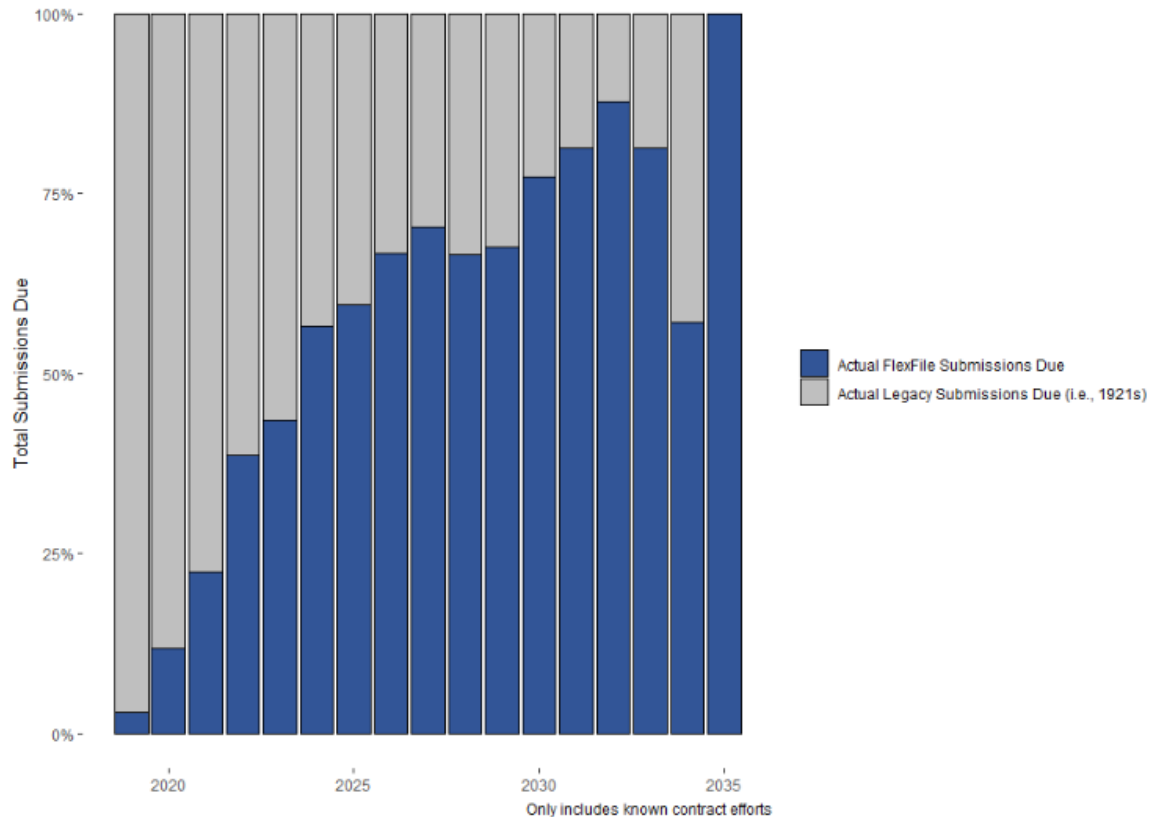
Until recently, CSDR data were collected in legacy report formats, similar to those first created in the 1960s. Some contractors had to manually allocate from their financial and other accounting systems into these formats. CAPE partnered with the military department cost agencies to commission a government team to work with industry. The goal of this partnership was to improve data quality and enable the submission of monthly low-level cost data directly from contractors’ accounting systems, while retaining visibility into the standard government cost elements and categories. This resulting transformation, which is the next generation of collecting cost data, has improved data quality and reporting compliance and timeliness and reduced the reporting burden on contractors. This change also provides analysts with more flexibility in using the data in cost estimates. This initiative is known in the cost analysis community as the Cost and Hour Report (FlexFile).

CAPE issued a policy memo in March 2019 to mandate the use of FlexFile reporting on all new contracts beginning in May 2019. The most recent CAPE guidance on FlexFile reporting was provided in the CSDR Manual (DoDM 5000.04) described in Appendix C. Training on FlexFile reporting for both government and industry personnel is described later in this chapter.

Additional information on the FlexFile initiative is available on the CADE public website at <https://cade.osd.mil/policy/flexfile>.

The projected transition from the legacy CSDR submissions (1921 series) to Flexfile reporting is shown in Figure 7.





**Figure 7. FlexFile vs. Legacy CSDR Submissions**

Figure 7 shows submissions only for currently known contract efforts, which will change in the future. In particular, the dip in 2034 will likely not actually occur as more FlexFile plans for future contracts are expected to be approved.

## EVAMOSC

Section 832 of the NDAA for FY 2019 requires DoD to:

- Develop a common data repository for all sustainment-related data.
- Create and implement common data definitions, structure, and business rules for sustainment cost data.
- Provide a consistent, predictable funding stream for O&S cost databases, prioritizing department-wide accessibility.
- Develop a common data structure, taxonomy, and data dictionary for all three VAMOSC systems.
- Establish a common logon procedure for the VAMOSC systems and CADE.

As a result, CAPE now has a demanding statutory requirement and mandate to develop a comprehensive enterprise-wide O&S cost data system. The solution is known as EVAMOSC.

EVAMOSC will address known deficiencies with the completeness, accuracy, granularity and reporting frequency of current O&S cost data by working with subject matter experts and data providers within the

military departments. EVAMOSOC uses a modern, cloud-based architecture that is scalable to accommodate large amounts of data from a wide array of systems currently serving several functional communities. These communities include financial management, logistics, maintenance, human resources, property, and acquisition. EVAMOSOC will also leverage recent advancements in the DoD data landscape, such as enterprise resource planning information systems. EVAMOSOC data are standardized to conform to the terms and definitions provided in the CAPE *Operating and Support Cost-Estimating Guide* described in Appendix C. The EVAMOSOC team has formed a formal Data Governance Board to ensure that the weapon system O&S cost data are consistent across the military departments, clearly documented, and useful to DoD stakeholders.

The initial EVAMOSOC contract was awarded in September 2020 with development and deployment occurring incrementally through 2026. The first phase focused on maintenance cost data for Army ground vehicles; this effort was completed in November 2021. The second phase, taking place in 2022 and 2023, is focused on Marine Corps ground systems and remaining O&S costs for Army systems. These first two phases address the largest identified deficiencies in the completeness of current O&S cost data systems. The project work will continue with Navy ships, shipboard systems, aircraft, and weapons; Air Force aircraft and weapons; and Space Force space systems.

The EVAMOSOC system will improve DoD's ability to support the statutory requirement for sustainment reviews noted in Chapter II. In the near term, the initial efforts will improve the data available to support sustainment reviews for Army systems and Marine Corps ground systems. In the long term, feedback from sustainment reviews concerning data deficiencies for all system types will help guide specific areas needing improvement that will be addressed as EVAMOSOC develops.

As an interim measure, CAPE developed the Consolidated VAMOSOC Tool that allows each service's VAMOSOC data to be retrieved and analyzed in a common framework, using a common tool. The first version of this tool was available in August 2019 and is applicable to Navy ships and aircraft, Air Force aircraft, and all Army weapon systems. The tool was updated for Navy aircraft in July 2021, for Army systems in September 2021, and for Navy ships and Air Force aircraft in May 2022.

## **Cost Analysis Education and Training**

### **Training and Education for the Cost Community**

CAPE leads the development of improved analytical skills and competencies for the DoD cost assessment workforce through formal training and continuous education. For the last several years, CAPE has led the review of the curriculum associated with DAU and other courses leading to professional certification and credentials in cost estimating, as established by the Defense Acquisition Workforce Improvement Act (DAWIA). In September 2020, USD(A&S) announced a significant streamlining of the DAWIA certification requirements for each acquisition workforce functional area, including Business/Cost Estimating. This streamlining initiative is known as Back-to-Basics (BtB) for the Defense Acquisition Workforce. As a result, CAPE and its cost training team led a major review that resulted in a redesign of the Business-Cost Estimating courses. This redesign includes education and training specific to CAPE and its associated data that have been incorporated into the curricula at DAU, the Naval Postgraduate School (NPS), and the Air Force Institute of Technology (AFIT).

CAPE also maintains a dedicated CADE training team that provides extensive virtual training courses each year. The team holds frequent webinars and other live events. CAPE established CADE Learn, an online Bridge Learning Management System (LMS), which is a software application for the delivery of electronic educational technology (e-learning) courses. In addition, CAPE planned and executed its annual Virtual Cost and Technical Focus Group, increasing the awareness of over 200 leading government professionals and industry partners concerning CADE policy updates and major initiatives.

A complete description of the BtB redesign and a review of the activities and accomplishments of the CADE training team in FY 2022 are provided in Appendix G.

### **Academic Degree Programs in Cost Analysis**

In April 2011, CAPE supported the Navy and NPS in establishing an accredited master's degree program known as Master of Cost Estimating and Analysis (MCEA). This 2-year distance-learning program is a valuable element of the education of the cost analysis community and helps improve cost estimates in both DoD and the defense industrial base. The program is part-time and consists of two courses per quarter for eight quarters, with courses ranging from cost estimating, probability and statistics, operations research, systems engineering, acquisition of defense systems, and to financial management and budgeting. The program blends web-based online instruction with video-televised classroom education and is tailored to students whose careers do not allow them to participate in a full-time, traditional, on-campus program. In the final two quarters of the program, each student works on a capstone research project sponsored by a government organization in the cost analysis community. Tuition may be paid through the Defense Acquisition Workforce Development Account. The MCEA curriculum fulfills the education and training requirements for the DAWIA Business-Cost Estimating certification. The thirteenth MCEA cohort commences in March 2023 and graduates in March 2025.

The Air Force has its own master's degree program in Cost Analysis at AFIT. This full-time in-residence graduate program is open to military and civilian personnel. The program curriculum integrates a strong foundation in quantitative concepts and techniques with specific military cost-related topics to prepare students to contribute in a variety of complex and challenging roles in the global military arena. Besides the weapon system cost sequence, the curriculum includes courses in statistics, business and economics, risk and uncertainty analysis, systems engineering, maintenance and production management, and decision analysis.

### **Approved Estimate—Program/Budget Review and Acquisition**

DoD's acquisition process is event-driven and episodic in nature, driven primarily by key milestones and other review events identified in statute and regulation. CAPE and the military department cost agencies have also adopted a more continuous approach in following and tracking program performance, updating cost and schedule estimates, and evaluating new program risks and issues as they are identified. As part of the Department's program and budget review process, CAPE—in conjunction with USD(A&S) and the military department cost agencies—reviews each major acquisition program with significant funding changes from the latest baseline or previous year's President's Budget. This review determines the source of the cost estimate supporting the revised program and ensures that the program remains fully funded. For the FY 2024 Program Review, CAPE reviewed 56 programs, accounting for over \$260 billion in FY 2024 funding, to ensure full-funding compliance.

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## **Appendix A.**

### **Cost Analysis Organizations in DoD**

#### **Independent Cost Assessment Organizations**

Three key offices in DoD prepare ICEs for defense acquisition programs, one in OSD and two within the military departments. The office within OSD responsible for ICEs reports to the DCAPE. The offices within the Army and Air Force report to their Assistant Secretary for Financial Management and Comptroller. The Navy uses a different structure that is described later in this Appendix.

#### **Office of the Secretary of Defense**

##### **Deputy Director for Cost Assessment**

The CAPE Deputy Director for Cost Assessment prepares ICEs for MDAPs and other acquisition programs when acquisition oversight has not been delegated to a Component. CAPE may also choose to provide an ICE for an MDAP or other acquisition program when acquisition authority has been delegated to a Component. In other cases, CAPE reviews the cost estimates and cost analyses prepared by the Component for MDAPs and other acquisition programs. The Deputy Director for Cost Assessment also provides leadership to the entire DoD cost analysis community with regard to workforce development and management, policy and procedures, cost data collection, cost analysis education and training, and cost research.

#### **Department of the Army**

##### **Deputy Assistant Secretary of the Army for Cost and Economics (DASA-CE)**

The Office of DASA-CE is responsible for providing Army decision-makers with cost, performance, and economic analysis in the form of expertise, models, data, estimates and analyses at all levels. DASA-CE develops ICEs and Component cost analyses for Army systems in support of acquisition decisions and sustainment reviews. DASA-CE also chairs and oversees the Army Cost Review Board, which develops and approves the Army Cost Position for major acquisition programs and the Army Cost Estimate for MTA and Software Pathway programs. DASA-CE also reviews and validates business-case analyses, economic analyses, and special cost studies of major weapon systems, force structure, and O&S costs. In addition, DASA-CE develops cost factors for installation base operations, civilian personnel, and training operating tempo to support programming and budgeting.

#### **Department of the Navy**

##### **Naval Cost Division (NCD)**

In March 2019, the Navy reorganized its cost analysis community and moved many responsibilities and resources away from the Navy cost agency (Naval Center for Cost Analysis, or NCCA) and to the cost organizations of the Navy major system commands. In particular, the Navy removed responsibility for MDAP cost estimates from NCCA and renamed the group NCD/FMB-6. The Navy assigned responsibility for oversight of cost estimates to the Deputy Assistant Secretary of the Navy for Acquisition Policy and Budget, and assigned responsibility for cost estimating policy to NCD/FMB-6.

However, going forward, the Navy will be establishing a Navy cost agency (that will be known as the Navy Cost Analysis Agency, or NCAA) by March 2024 that will be responsible for life-cycle cost estimates for Navy and Marine Corps major defense systems and oversight of the Navy system command cost elements. NCAA will also be a major stakeholder in CADE and the EVAMOS initiative.

## **Department of the Air Force**

### **Deputy Assistant Secretary of the Air Force for Cost and Economics (SAF/FMC)/ Air Force Cost Analysis Agency (AFCAA)**

SAF/FMC consists of headquarters staff elements and the AFCAA. SAF/FMC also serves as the Executive Director of AFCAA. SAF/FMC approves the Department of the Air Force (DAF) Cost Position for all major acquisition programs. AFCAA develops ICEs, non-advocate cost assessments, and recommended DAF Air Force Cost Positions of Air Force aircraft, space systems, missiles and munitions, command and control systems, nuclear weapon systems, and information systems to support acquisition, programming, and budgeting decisions. AFCAA also develops annual estimates of aircraft cost per flying hour to support programming and budgeting decisions. In addition, AFCAA conducts and coordinates Air Force cost research, methods, and tools. It also is responsible for collecting, processing, and publishing the Air Force Total Ownership Cost (AFTOC) data warehouse. The headquarters staff elements conduct non-advocate business-case analyses, economic analyses, financial analyses, and special cost studies supporting multiple Air Force and DoD stakeholders; oversee financial performance of DAF non-appropriated fund activities and the DAF non-appropriated fund employee pension fund; monitor budget risk for major programs; and advocate for and manage the Air Force and Space Force cost analysis workforce, ranging from base to headquarters levels.

### **Additional Field-Level Cost Organizations and Activities**

The military departments and defense agencies have several field-level cost organizations, typically located at a major system command or product center. This section summarizes these important organizations.

## **Department of the Army**

Beginning in FY 2021, the Army began moving cost support personnel from the Tank-automotive and Armaments Command (TACOM) and the Aviation and Missile Command (AMCOM) cost analysis organizations to the Program Executive Offices (PEOs) and Program Management Offices (PMOs).

### ***Communication-Electronics Command (CECOM)***

The CECOM Cost and Systems Analysis Division provides cost estimation and analysis support to CECOM PEOs and PMOs. This division provides several cost analysis services, including life-cycle cost estimating, Earned Value Management (EVM), economic analysis, modeling and simulation, computer software and database support, and review and validation of business-case analyses and other cost analyses.

## **Department of the Navy**

### ***Naval Air Systems Command (NAVAIR)***

The NAVAIR Cost and Schedule Analysis Department provides a wide variety of cost analysis products and services. Its primary focus is to provide a clear and comprehensive understanding of life-cycle cost and attendant uncertainties to be used in developing, acquiring, and supporting affordable naval aviation systems. Besides conducting life-cycle cost estimates, the Cost and Schedule Analysis Department supports source selection cost evaluations, EVM analysis, cost research and databases, and various cost/benefit studies.

### ***Naval Sea Systems Command (NAVSEA)***

The NAVSEA Cost Engineering and Industrial Analysis Division provides cost engineering and industrial base analysis for ships, ship-related combat systems, and weapons. This division also provides cost estimates to support the acquisition review process, including AoA studies. In addition, this division participates in contract proposal evaluations and the source selection process for builders and suppliers of ships and weapon systems. This division also conducts analysis and forecasting of labor, industrial, and technical trends as they affect the overall acquisition of ships, combat systems, weapons, and other equipment.

### ***Naval Information Warfare Systems Command (NAVWAR)***

The NAVWAR Cost Estimating and Analysis Division aids ACAT I program offices, performs an ICE for ACAT II programs prior to a Milestone B or C review, or reviews a program office cost estimate at the request of the PEO/C<sup>4</sup>I or PEO Space Systems. The division also provides more general cost analysis support to the PEOs, as needed.

### ***Marine Corps Systems Command (MCSC)***

MCSC is advised by the Cost Estimating and Analysis (CE&A) Community that is the Marine Corps authority in the field of cost analysis. The CE&A Community conducts and oversees the development of cost estimates and analyses for MCSC weapon, information technology, and non-standard training systems programs. The community advises the Commander, MCSC, and related PEOs on the historic, current, and emerging trends in elements of cost estimating and analysis. The community provides cost and analytical products to MCSC portfolio managers, PEOs, and PMOs.

## **Department of the Air Force**

### ***Air Force Life Cycle Management Center (AFLCMC)***

AFLCMC leads estimates for program milestone decisions, manages the annual cost estimate process, supports pre-award activities and source selections, and participates in policy discussions, resulting in high-quality cost estimates and analysis across the center.

### ***Space Systems Center (SSC)***

The Space Force SSC Cost Estimating Division supports cost estimates and cost analyses associated with the United States Space Force and SSC's mission of satellite acquisition, launch, and control.

### *Air Force Sustainment Center (AFSC)*

The AFSC Cost Estimating Division supports cost estimates and cost analyses associated with the AFSC's mission to provide depot maintenance, supply chain management, and installation support to Air Force weapon systems.

### *Air Force Nuclear Weapons Center (AFNWC)*

The AFNWC Cost Estimating Division supports cost estimates and cost analyses for all nuclear weapon system activities. The responsibilities of the AFNWC include acquisition, modernization, and sustainment of nuclear system programs for both DoD and the Department of Energy.

### **Other**

#### *National Reconnaissance Office (NRO)*

The NRO Cost Analysis Improvement Group provides independent cost-estimating support to the NRO. This support covers milestone decisions, budget submissions, EVM, *ad hoc* program support, data collection, methods development, and model/tool development.

#### *Defense Information Systems Agency (DISA)*

The DISA Cost Analysis Branch prepares cost estimates for the development, procurement, and sustainment of automated information systems and information technology capabilities. The division also provides independent support for DISA business-case analyses.

#### *Missile Defense Agency*

The Missile Defense Agency Director of Cost Estimating and Analysis (DOC) is responsible for ensuring the quality of cost estimates, providing direction on cost-estimating processes, and working with the service cost organizations, CAPE, and the Government Accountability Office (GAO) on all cost-related matters. In recent years, DOC has worked closely with CAPE on preparing cost estimates for Missile Defense Agency programs and responding to congressional and Missile Defense Executive Board inquiries and tasks. In addition, the agency has established a policy to collect CSDR data for its high-cost programs. For such programs, the CSDR plans are subject to approval by CAPE.



## Appendix B.

### Unit Cost Reporting for Major Defense Acquisition Programs

Since 1982, the Congress has required the DoD to track and report on the unit cost for most MDAPs. The requirement for unit cost reporting may be waived if the program has not entered Engineering and Manufacturing Development (EMD), a reasonable cost estimate has not been established for the program, and the system configuration is not well defined. The provisions of the law concerning unit cost reporting, commonly referred to as the Nunn-McCurdy provisions, are found in 10 U.S.C. § 4372 (Unit Cost Reports).

Two unit cost metrics are subject to reporting: Program Acquisition Unit Cost (PAUC) and Average Procurement Unit Cost (APUC). PAUC is defined as the total program acquisition cost (sum of research, development, test, and evaluation; procurement; military construction; and acquisition-related Operations and Maintenance (O&M) appropriations) divided by the total program quantity of fully configured end items from both the EMD and Production and Deployment Phases. APUC is defined as the program procurement cost divided by the procurement quantity. Both unit cost metrics are tracked in constant dollars of a base year established for each program.

The most current cost estimate for each unit cost metric is tracked relative to two baseline cost estimates. The current baseline estimate refers to the most recent baseline approved by the Milestone Decision Authority (MDA). The original baseline estimate refers to the baseline approved at program initiation (usually Milestone B). A program is declared to have a unit cost breach when the most current unit cost estimate exceeds either baseline unit cost estimate by more than specified percentages. Specifically, a unit cost breach takes place when any of the following criteria in Table B-1 are met, for either version of program unit cost (APUC or PAUC).

**Table B-1. Unit Cost Breach Thresholds**

	<b>“Significant” Breach</b>	<b>“Critical” Breach</b>
Current Baseline Estimate	+15%	+25%
Original Baseline Estimate	+30%	+50%

Note that two degrees are associated with the severity of the unit cost breach. For significant unit cost breaches, DoD notifies Congress of the breach within 45 days of the unit cost report and subsequently submits a program Selected Acquisition Report (SAR) with additional, breach-related information. For critical unit cost breaches, in addition to notifying Congress and submitting the SAR, DoD is required to conduct a complete assessment of the program, led by the USD(A&S), and determine whether the program should be terminated or continued. The Department is required to terminate the program unless a letter signed by USD(A&S), certifying that the program meets specific criteria established in law (10 U.S.C. § 4376), is submitted to the Congress within 60 days of the SAR submission. Among other things, USD(A&S) must certify that the DCAPE has determined that the new unit cost estimates are reasonable.

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## Appendix C.

### Additional Cost Assessment Guidance and Procedures

This Appendix describes the additional CAPE guidance documents and other procedures that augment the guidance in DoDI 5000.73, *Cost Analysis Guidance and Procedures*.

#### Cost and Software Data Reporting Manual

DoDM 5000.04, *Cost and Software Data Reporting Manual*, serves as the primary requirements document for implementing the CSDR system to ensure reported data are accurate and consistent. This manual was updated and reissued in May 2021. The primary purpose of the update was to provide implementation details concerning the latest cost data collection policies and requirements that were issued in the March 2020 revision to DoDI 5000.73. This update incorporates previous requirements that were issued in earlier CAPE policy memos and provides for the expansion of CSDR reporting from new sources, including government-performed efforts, Indefinite Delivery/Indefinite Quantity contracts, ACAT II programs, and MTA and other programs. The manual also provides the most recent guidance on FlexFile reporting. This instruction is available on the Executive Services Directorate website at <https://www.esd.whs.mil/DD/>.

#### Inflation and Price Escalation

Title 10 U.S.C. § 3221 (Director of Cost Assessment and Program Evaluation) requires that CAPE periodically assess and update the cost indices used by DoD to ensure that such indices have a sound basis and meet the Department's needs for realistic cost estimation. Based on several studies, which were described in earlier editions of this report, the current practice in the cost analysis community now distinguishes between inflation and price escalation.

Inflation refers to an increase in the general price level across the *economy as a whole*. To account for inflation in budgeting and cost estimates, each year the Under Secretary of Defense (Comptroller) issues inflation guidance derived from forecasts made by the Administration and issued by the Office of Management and Budget (OMB).

Price escalation refers to changes in prices of a *specific good or service*. Escalation accounts for not only inflation, but also for any real price change experienced in a specific industry or commodity group. Escalation may also account for any real price change associated with a specific contractor (such as costs of direct labor or overhead).

The cost analysis community considers both inflation and appropriate escalation indices in cost estimates to be a best practice. This approach provides the most realistic forecast of future prices, considering specific markets, products, and contractors. To institutionalize this practice throughout DoD, CAPE most recently published *Inflation and Escalation Best Practices for Cost Analysis: Analyst Handbook*, in December 2021. This handbook supersedes two prior publications: *Inflation and Escalation Best Practices for Cost Analysts* (April 2016), and *Inflation and Escalation Best Practices for Cost Analysis: Analyst Handbook* (January 2017).

The most recent handbook is a more in-depth document explaining specific processes, computations, and data sources that analysts can use to prepare and document inflation and price escalation in cost estimates. The handbook was also updated to clarify terminology and provide more step-by-step instructions. The information in this handbook is not only important to cost estimates of weapon systems, but is also applicable to general programming and budgeting.

The handbook is available on the CAPE public website (<https://www.cape.osd.mil>) at “Public Reports.”

## **DoD Cost Estimating Guide**

In January 2022, CAPE issued the *DoD Cost Estimating Guide (v2.0)*, which is an update to the guide previously published in January 2021. This guide is intended to be useful to all cost analysts, from novices to seasoned veterans. The guide provides important background information, including a review of relevant policy established in statutes and instructions, and explains standard cost terms and definitions. The guide also takes the reader through each critical step in the cost-estimating process: (1) program definition; (2) cost estimate planning; (3) identification, collection, and validation of data; (4) selection of estimating methods and models; and (5) documentation and presentation of results. In addition, the guide provides an extensive list of references and relevant courses at Defense Acquisition University (DAU) and other institutions. The new version of the guide provides a case study demonstrating the cost-estimating process using a notional program.

This guide is available on the CADE public website at <https://cade.osd.mil/policy/costestimating>.

## **Operating and Support Cost-Estimating Guide**

Title 10 U.S.C. § 3221 (Director of Cost Assessment and Program Evaluation) requires that CAPE issue guidance relating to full consideration of life-cycle management and sustainability costs in MDAPs. CAPE meets this requirement through the *Operating and Support Cost-Estimating Guide*, which provides terms and definitions for the standard structure or taxonomy for O&S cost elements. The guide also summarizes the O&S cost data and related data systems available to the defense cost analysis community, including contractor cost data reporting for major sustainment contracts. In addition, the guide provides a tutorial on best practices for planning, conducting, presenting, and documenting O&S cost estimates.

The guide was revised and reissued in September 2020. The revision added a discussion about a wide range of O&S metrics that are used by various DoD organizations for a variety of analytic purposes. The revision recommends an analytic approach that can be used to support sustainment reviews of major weapon systems after Initial Operational Capability (IOC). The guide also provides an example of an O&S cost estimate at the component or black box level of detail. In addition, the revision discusses the critical importance of product support during acquisition and provides a roadmap of the transition from the acquisition product support cost elements to the O&S cost elements.

This guide is available on the CADE public website at <https://cade.osd.mil/policy/os>.

## **Analysis of Alternatives Cost Estimating Handbook**

The *Analysis of Alternatives Cost Estimating Handbook* has been prepared to guide cost analysts responsible for life-cycle cost estimates supporting AoA studies. The handbook provides an introduction and references to the existing material pertaining to life-cycle cost estimates, but also provides new original material concerning issues on the comparative cost analyses unique to AoAs, such as the Fully Burdened Cost of Fuel. The handbook was issued in January 2022.

This handbook is available on the CAPE public website (<https://www.cape.osd.mil>) at “Public Reports.”

## **Cost Analysis Requirements Description**

CAPE requires and provides guidance on the technical content and use of a document known as the Cost Analysis Requirements Description (CARD), which supports preparation of the CCP, the ICE, and other cost estimates, as required. The CARD succinctly describes the key technical, programmatic, operational, and sustainment characteristics of an acquisition program. The foundation of a sound and credible cost estimate is a well-defined program, and the CARD provides that foundation. The CARD, along with supporting data sources, provides all of the information necessary to develop a cost estimate. By using the same CARD, various organizations preparing cost estimates for a program can develop their estimates based on a shared understanding of program requirements and content.

The CARD format uses a narrative document augmented by a data template for collecting most of the program technical data (such as programmatic information and design and performance parameters). The narrative, excluding tables and figures, should be approximately 20 pages long. The technical data are provided through standardized spreadsheet templates (known as CARD tables) specific to each weapon system commodity type (such as aircraft, ships, missiles, and so on). In addition, the burden of CARD preparation is minimized by allowing program management offices to provide updates revising only the program parameters that have changed from the previous submission. CARDS are now stored electronically by CAPE in the CADE library and are available to CADE users.

Additional information about the CARD is available on the CADE public website <https://cade.osd.mil/policy/card>.

## **Cost Comparisons of Military, Civilian, and Contractor Manpower**

CAPE revised DoDI 7041.04, *Estimating and Comparing the Full Costs of Civilian and Active Duty Military Manpower and Contract Support*, on July 1, 2020. This instruction establishes policy and provides procedures to estimate and compare the full costs of active-duty military, DoD civilians, and contract support. The business rules, potential cost factors, and data sources provided in this instruction are used in cost-benefit analyses or business case analyses in support of workforce mix decisions. This instruction is available on the Executive Services Directorate website at <https://www.esd.whs.mil/DD/>.

To support the DoD users that need to perform the numerous calculations required by this instruction, CAPE has made available a web-enabled tool for estimating the Full Costs of

Manpower (FCoM), which will automatically calculate all cost elements required to maintain consistency with guidance in the instruction. The FCoM tool is available on the CADE public website (<https://cade.osd.mil>) at “Tools/Other Cost Tools” and is usable by all personnel who possess a valid Common Access Card. The personnel cost factors for active-duty military and civilian personnel have been updated to FY 2022 rates. A classified version of the tool is available on the DoD SIPRNet. The tool has been used to compare the costs of military and civilian intelligence personnel, as well as to compare military and civilian manpower costs for developing and expanding the cyber workforce.

### **Economic Analysis for Decision-making**

CAPE revised DoDI 7041.03, *Economic Analysis for Decision-making*, on October 2, 2017. This instruction is the DoD implementation of OMB Circular A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs*. The instruction prescribes the application of economic analysis concepts to the evaluation of costs and benefits of investment alternatives. This instruction is available on the Executive Services Directorate website at [www.esd.whs.mil/DD/](http://www.esd.whs.mil/DD/).

## Appendix D.

### CAPE Policy Memos

This appendix lists recent CAPE policy memos that pertain to cost data reporting. The contents of these memos have been incorporated in the latest issuances of DoDI 5000.73, *Cost Analysis Guidance and Procedures*, and DoDM 5000.04, *Cost and Software Data Reporting (CSDR) Manual*. These memos are available on the Cost Assessment Data Enterprise (CADE) public website at <https://cade.osd.mil/policy>.

Deputy Director of Cost Assessment Policy Memorandum, “Change to Requirement for Submission of Contractor Business Data Report (DD Form 1921-3),” February 6, 2018

Director of Cost Assessment and Program Evaluation Policy Memorandum, “Implementation of Data Reporting Requirements for Acquisition Programs in Accordance with the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017,” February 16, 2018

Director of Cost Assessment and Program Evaluation Policy Memorandum, “Implementation of Cost Data Reporting Requirements for Middle Tier Acquisition Programs,” August 30, 2018

Director of Cost Assessment and Program Evaluation Policy Memorandum, “Updated Implementation of Cost Data Reporting Requirements in Accordance with Section 2334(g),” January 4, 2019

Deputy Director of Cost Assessment Policy Memorandum, “Implementation of Cost and Hour Report (FlexFile) and Quantity Data Report Within the Cost and Software Data Reporting (CSDR) System,” March 22, 2019

Director of Cost Assessment and Program Evaluation Policy Memorandum, “COVID-19 Cost and Performance Data Collection Guidance,” May 27, 2020

Director of Cost Assessment and Program Evaluation Policy Memorandum, “Implementation of Cost Estimating, Document Collection, and Data Reporting for Fiscal Year 2022 Sustainment Reviews,” March 22, 2022

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## Appendix E.

### CADE and Cost Data Collection Systems

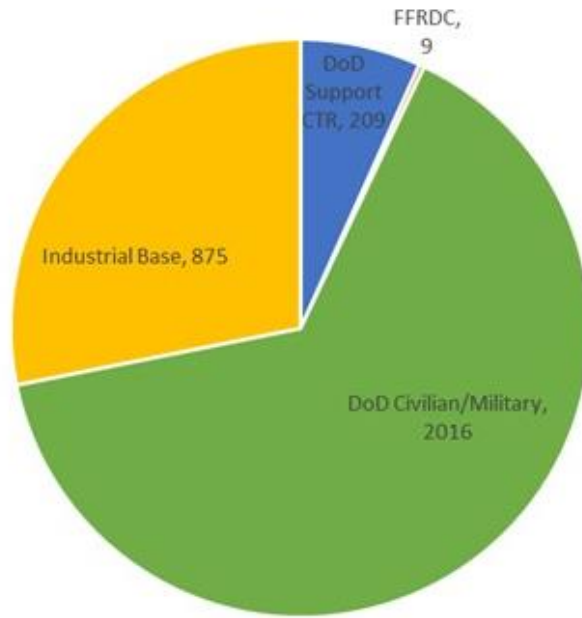
#### Cost Assessment Data Enterprise

As explained in Chapter II, CADE provides users in the cost analysis community with secure single-point access to a wide range of cost data (much of which is proprietary), related acquisition and technical information, an extensive library, and a selection of a wide range of specialized data sets and cost tools. The CADE website provides user access to data for 627 active and 248 legacy programs, supported by 5,183 prime contracts and 2,171 major subcontracts. The specific data systems that are warehoused in CADE are described later in this appendix.

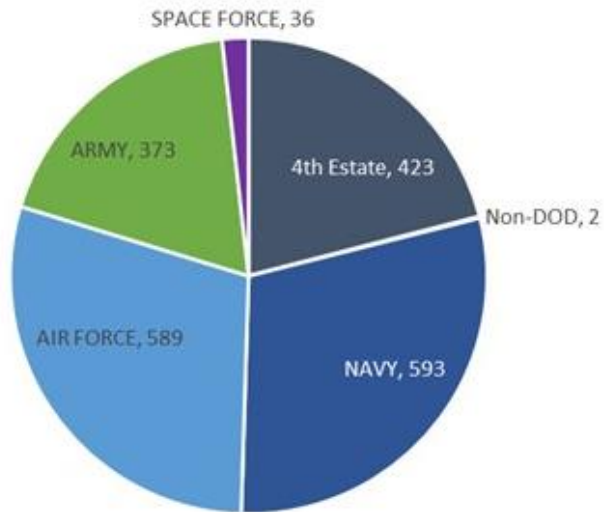
In addition, a complementary public website (<https://cade.osd.mil>) provides considerable background information about CADE, such as the role of the major organizations that support it. The public website contains information about policy and procedures relevant to data reporting and collection and the other initiatives described in Chapter IV, as well as information about training opportunities concerning CADE and its supporting data systems.

Access to CADE is available to government analysts throughout the cost and acquisition communities. CADE is also selectively available to government-sponsored support contractors that sign company-specific nondisclosure agreements. A display of active users throughout DoD is shown in Figure E-1.

CADE Account Holder Distribution (as of January 2023)



CADE Government Account Holder Distribution (as of January 2023)



**Figure E-1. CADE Users**

Note that more than 75 percent of the CADE government users reside in the military departments.

The office of CAPE provides extensive support to CADE users and data providers. For example, CAPE hosts CADE Focus Group meetings that provide a forum for government and industry personnel to learn and ask questions about the latest CADE initiatives and the evolving associated policies, processes, and data products. In addition, these meetings allow users to raise issues and

concerns and provide feedback. The most recent Focus Group meeting was held in November 2022.

In addition, the CADE training team hosts virtual webinars, live training sessions, and online courses open to industry and government throughout the year. These training activities are described in Appendix G. Further information on CADE training can be found on the CADE public website at <https://cade.osd.mil/support>.

## Overview of Cost Data Reporting and Collection

The DoD uses two primary data collection systems as the major sources of cost data for acquisition programs:

- CSDR system
- VAMOS systems

CSDR reporting uses a common, product-oriented taxonomy known as a Work Breakdown Structure (WBS) that follows the guidelines of the DoD Standard Practice, *Work Breakdown Structures for Defense Materiel Items* (MIL-STD-881F). The WBS is a hierarchy of product-oriented elements (hardware, deliverable software, data, and services) that collectively constitute the system to be developed or produced.

## Cost and Software Data Reporting System

The CSDR system is the primary means that DoD uses to collect actual cost and related data on major defense contracts and subcontracts. Defense contractors provide information to support the CSDR system, under contractual agreements, by reporting data on development, production, and sustainment costs incurred in executing contracts. The two principal components of the CSDR are the Contractor Cost Data Reporting (CCDR) system and the Software Resources Data Reporting (SRDR) system. These systems are hosted in a secure, web-based information repository within CADE.

Detailed procedures and other implementation guidance for both CSDR systems are found in DoDM 5000.04, *Cost and Software Data Reporting (CSDR) Manual*. This manual was most recently revised in May 2021.

Additional information on CSDR reporting policies can be found on the CADE public website at <https://cade.osd.mil/policy/csd-timeline>.

Beginning in 2017, CAPE significantly expanded the range of CSDR cost reporting. Cost data reporting has been extended beyond MDAPs to other acquisition programs, information systems, software programs, and acquisition of services. CAPE is also now working on a tailored version of cost data reporting from government entities supporting acquisition programs. These entities include maintenance depots, test sites, arsenals, laboratories and the Defense Logistics Agency (DLA).

## Contractor Cost Data Reporting

CCDR is the primary means within DoD to systematically collect data on the development, production, and sustainment costs incurred by contractors. Section 4 (“Data Collection”) of DoDI 5000.73, *Cost Analysis Guidance and Procedures*, establishes CCDR reporting requirements. For MDAPs and major systems, CCDR reporting is required for contracts, subcontracts, and government-performed efforts valued at more than \$50 million (then-year dollars). For MTA programs anticipated to exceed \$100 million (then-year dollars), CCDR reporting is required for contracts, subcontracts, and government-performed efforts valued at more than \$20 million (then-year dollars). CCDR reporting requirements for programs below the major system threshold are left to the discretion of the military department cost agencies.

The CCDRs provide essential cost information based on actual cost experience not found in other data sources. The reports provide labor hours, material dollars, and overhead dollars by WBS element and cost-estimating functional category. The data may also be used to investigate fixed-variable direct and indirect cost behavior and to segregate nonrecurring and recurring costs. The data from these reports can also be used to construct learning curve projections for labor hours and other recurring costs at various levels of the WBS. The timing of the periodic data reporting is structured to provide key support to the preparation of cost estimates at milestone and other acquisition reviews.

CCDR data collection was extended to sustainment contracts in 2012. Since then, CAPE has continued to improve the collection and reporting of contractor actual costs for major sustainment, logistics, and maintenance contracts. The first cost data report for sustainment was approved in May 2012 and became effective at that time. This summary report collects and displays contractor costs by CAPE O&S cost element. A second and more detailed cost data report (known as the Sustainment Functional Cost-Hour Report) was approved in September 2015. This report, for selected high-cost elements, provides visibility into labor and material for a specific cost element by functional category (such as touch maintenance labor hours or purchased parts dollars). For current and former MDAPs and major systems, these reports are now required on major sustainment contracts and subcontracts worth more than \$50 million (then-year dollars).

Additional information on CSDR sustainment data can be found on the CADE public website at <https://cade.osd.mil/policy/sustainment>.

An additional data report, known as the Maintenance and Repair Parts Data Report, has been developed to collect detailed cost and technical data for maintenance events and repair parts, similar to the data already collected by maintenance data collection systems for major weapon systems supported under organic maintenance. For each maintenance event, this report collects (1) maintenance data, such as reason for failure, maintenance type, and labor hours; and (2) repair data, such as the name and repair or replacement cost of the repair part. For MDAPs and major systems, a Maintenance and Repair Parts Data Report is required for sustainment contracts that exceed \$100 million (then-year dollars) when a significant portion of the cost of the contract is due largely to parts-related maintenance activities (such as supply chain management, heavy maintenance, recurring spares, or repairs), and equivalent information cannot be provided by the program manager.

Additional information on the Maintenance and Repair Parts Data Report can be found on the CADE public website at <https://cade.osd.mil/policy/maintandrepair>.

The legacy CCDR reports are being replaced with the FlexFile, as described in Chapter IV. The new FlexFile report format has been designed so that data submissions can be used to generate the equivalent of each legacy report.

### **Software Resources Data Reporting**

The SRDR system collects software cost metrics data to supplement the CCDR cost data and to provide a better understanding and improved estimating of software-intensive programs. Data collected from applicable contracts include type and size of the software application(s), schedule, and labor resources needed for software development. The SRDR data formats and reporting instructions use state-of-the-art terms, definitions, and agile metrics for software development. SRDR reporting was expanded in 2016 to include major software maintenance activities. SRDR reporting was expanded again in 2017 for an important class of Defense Business Systems/Information Systems known as Enterprise Resource Planning (ERP) systems. The data report formats and reporting instructions for the three data reports (software development, software maintenance, and reporting for ERP programs) continued to be refined, and final versions of these data reports were approved in October 2022.

Section 4 of DoDI 5000.73 establishes SRDR reporting requirements. For software development and ERP reports, SRDR is required on all contracts, subcontracts, and government-performed efforts for MDAPs, major systems, and MTA programs anticipated to exceed \$100 million (then-year dollars). For the software maintenance report, SRDR is required on all contracts, subcontracts, and government-performed efforts for MDAPs and major systems.

Additional information on software data reporting can be found on the CADE public website at <https://cade.osd.mil/policy/srdr>.

### **Contractor Business Data Report**

One of the reports in the CSDR system is the Contractor Business Data Report (referred to as the 1921-3 by the cost analysis community). Although other CSDR reports focus on individual programs and contracts, the Contractor Business Data Report collects general contractor cost data stratified by direct categories (direct labor, direct material, and other direct expenses) and indirect categories (overhead, General and Administrative, and other indirect expenses) for a company business unit. The key point is that this report provides a firm basis for assessing contractor overhead and other indirect costs. These assessments are based on the occurrence of actual indirect expenses relative to an actual defined business base, rather than as measured as a generic indirect percentage rate relative to an undefined business base.

The design of the Contractor Business Data Report used from 2009 to 2015 was based on government-defined categories for direct and indirect expenses. By 2015, actual experience with the report was that each contractor defines direct and indirect costs differently. The contractor categories typically do not have a simple cross-walk to the government categories, so the Contractor Business Data Report format was forcing contractors to map their expenses to the

government categories. This approach caused the mapping to be artificial and somewhat arbitrary, obfuscating important business base information. In addition, this mapping was not readily visible to government users of the report.

To remedy this situation, CAPE developed a new draft Contractor Business Data Report format with associated instructions and distributed it to reporting contractors in February 2018. The report can be submitted in the contractor's format and rate structure and is more useful to the cost analysis community, since it eliminates the mapping issue. In addition, this report is more applicable to the contract cost and price communities because the new format aligns with contractor proposals, Defense Contract Management Agency Forward Pricing Rate Proposals, Forward Pricing Rate Agreements, and Defense Contract Audit Agency audits. The report is also less burdensome for contractors to prepare. During 2018 and 2019, contractors could choose whether to use the previous report with the government-defined categories, or use the new draft Contractor Business Data Report. Beginning in 2020, this report transitioned to the contractor-defined format. The final version of the report format and reporting instructions were approved in March 2021.

A sample format, reporting instructions, and other information on the new Contractor Business Data Report can be found on the CADE public website at <https://cade.osd.mil/policy/1921-3>.

### **CSDR Planning**

A CSDR plan is submitted for approval prior to the release date of a Request for Proposal for each contract meeting the CSDR reporting requirements. Each plan specifies the required reports and submission frequency for the major contracts and subcontracts. CAPE provides formal standards for CSDR plans that include a template of the reporting structure for each weapon system commodity type (such as aircraft, electronic system, or missile). These standards provide consistency in data reporting across programs within a commodity type, and provide better communication of government expectations to industry. The use of the standard plans also reduces the burden on program offices and cost analysis organizations, since they no longer have to construct a plan from scratch for each new program. The standard template for each program CSDR plan is subject to tailoring approved by the Cost Working Integrated Product Team (CWIPT) that consists of appropriate stakeholders for the program.

The standard plans are available on the CADE public website at <https://cade.osd.mil/policy/csdr-plan>.

### **Cost Data Collection for Test and Evaluation**

Section 839 of the NDAA for FY 2018 required senior officials in major test and evaluation organizations to jointly develop policies, procedures, guidance, and a method to collect consistent and high-quality data on the full range of estimated and actual costs of development, live fire, and operational testing for MDAPs. In response, DoD formed a Cost of Test and Evaluation Working Group with representatives from various stakeholders in the military departments and the OSD. The working group developed a template describing the needed data at an appropriate level of detail that DoD should collect and maintain electronically. The working group determined the changes to the WBS cost elements pertaining to the test and evaluation that met the intent and

design of the template. These WBS changes have been incorporated in DoD Standard Practice, *Work Breakdown Structures for Defense Materiel Items* (MIL-STD-881F). These changes were also incorporated into the cost data reporting procedures prescribed in DoDI 5000.73 and DoDM 5000.04 that are described in Chapter II. The new test and evaluation cost data will be archived in CADE as part of the MDAP cost data reporting process.

### **Cost Reporting for Missile Defense Agency Programs**

CAPE has worked with the Missile Defense Agency to establish cost data collection for missile defense programs. Although these programs are exempt from traditional DoD acquisition processes and requirements, the agency has instituted a policy to collect CSDR data for its high-cost programs. For such programs, the CSDR plans are subject to approval by CAPE. In FY 2022, there were 253 CSDR submissions from 11 Missile Defense Agency programs.

### **Cost and Software Data Reporting Compliance**

The Defense Cost and Resource Center (DCARC)<sup>1</sup> continually monitors each MDAP for compliance with CSDR requirements where applicable. CSDR reporting is not required when (1) the program is in pre-Milestone A status, with no prototypes, or (2) the CSDR requirements have been waived by CAPE. Waivers for CSDR requirements may be granted when (1) the relevant item being procured is truly a commercial item, or (2) an item is purchased under competitively awarded, firm fixed-price contracts, as long as competitive conditions continue to exist.

The most recent CSDR compliance rating criteria for programs are provided in Figure E-2.

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<sup>1</sup> The DCARC is the CAPE field office responsible for administering the CSDR system.



# CSDR Compliance Rating Criteria

Implementation in January 2017 (Changes Shown in Red)

RATING	CRITERIA
Green	No open CSDR compliance issues.
Green Advisory	Outstanding CSDR deliverable less than or equal to three months overdue.
Yellow	Outstanding CSDR deliverable greater than three months, but less than or equal to six months overdue.
Red	<ol style="list-style-type: none"> <li>1. Outstanding CSDR deliverable greater than six months overdue.</li> <li>2. <b>Formally rejected CSDR deliverable outstanding greater than 30 days overdue.</b></li> </ol>
Red-Critical	<ol style="list-style-type: none"> <li>1. Program Office released Request for Proposal (RFP) without approved CSDR plan.</li> <li>2. Program Office awarded prime contract without approved CSDR plan or failed to mod contract to place an approved CSDR plan on contract.</li> <li>3. Program Office or Prime contractor failed to enforce flow down of CSDR requirements to direct reporting subcontractor or the prime contractor failed to mod subcontract to place an approved CSDR plan on contract.</li> <li>4. <b>Three or more consecutive formal rejections for the same CSDR deliverable event will remain red-critical until the deliverable is accepted.</b></li> <li>5. <b>Outstanding CSDR deliverable greater than 12 months overdue.</b></li> </ol>
Not Rated	The program has no CSDR activity (e.g., approved waiver, Pre-MDAP, cancelled, has no CSDR activity, or not currently tracked)

**Figure E-2. CSDR Compliance Rating Criteria**

Figure E-3 provides a breakdown of CSDR compliance by fiscal quarter using the compliance ratings in effect at the time for all MDAPs since FY 2012.



# CSDR Compliance History

## Over Time by Fiscal Quarter

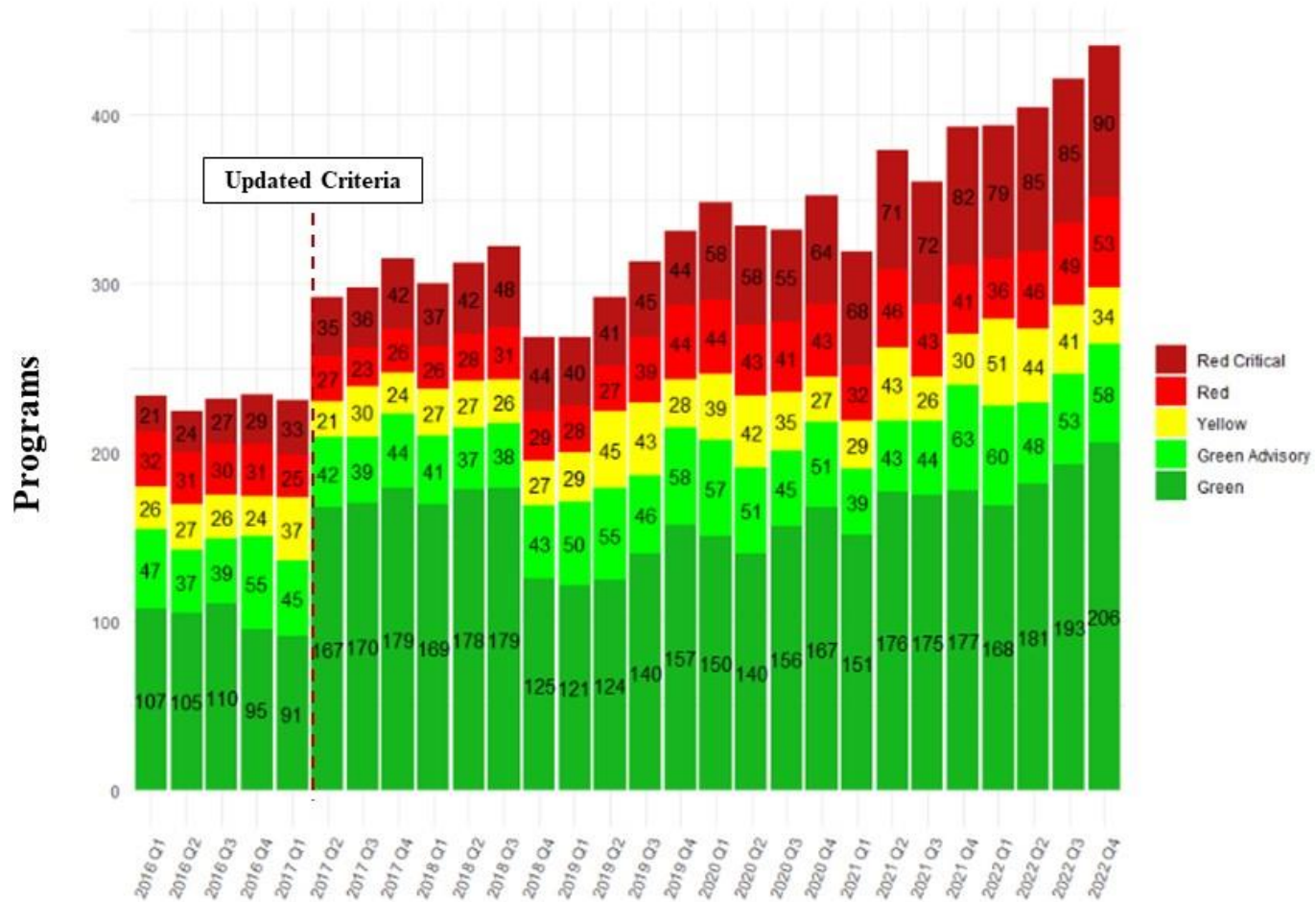


Figure E-3. CSDR Compliance by Fiscal Quarter

Note that the compliance ratings were revised in January 2017. With this revision, the compliance rating criteria became stricter, leading to an increase in red and/or red-critical ratings.

At the end of the fourth quarter of FY 2022, 60 percent of the programs receiving a rating were rated as green or green advisory, 8 percent were rated as yellow, and 32 percent were rated as red or red-critical. The number of programs with a red or red-critical rating, as a percentage of all reporting programs, has been stable over the last 4 years. Between the end of the first quarter of FY 2019 and the end of the fourth quarter of FY 2022, the average percentage number of red and red-critical programs was 30 percent.

CAPE and the DCARC continue to emphasize CSDR reporting compliance in order to achieve more accurate and timely cost data to support program cost estimates. In November 2014, CAPE revised language in the Defense Federal Acquisition Regulation Supplement that ensure that CSDR reporting requirements are made known to contracting officers. In addition, in cases where required cost data are not reported in a timely fashion (i.e., are more than 6 months late), CAPE insists that the data be provided before CAPE can complete its ICE or concur with a military department cost estimate.

## **Technical Data Report**

Cost analysts need technical data (e.g., design and performance parameters) for legacy and new systems to adjust for complexity or to develop cost-estimating relationships used in estimates. Section 4 of DoDI 5000.73 requires a Technical Data Report on all contracts and government-performed efforts valued at more than \$50 million (then-year dollars) for MDAPs and major systems when equivalent information cannot be provided by the program manager.

CAPE provides standardized data templates for technical data reporting that specify the universe of technical parameters that can be collected for each weapon system commodity type (such as aircraft, ships, and missiles) and define each parameter consistent with systems engineering practices, military standards, and industry guidelines. These formats were developed so that the parameters, definitions, and collection methodologies are consistent with DoD and industry norms, and that any requirements for contractor reporting on technical data were not excessively burdensome or redundant with contractor reporting already in place.

Additional information on technical data reporting can be found on the CADE public website at <https://cade.osd.mil/policy/techdata>.

## **Contracts Price Database**

CADE hosts not only cost data reports, but contract data as well. Over the past decade, the military department cost agencies have funded the development of a Contracts Price and Schedule Database. Now containing more than \$500 million in contract value across a wide range of commodities, this database is unique in providing information at the level of the Contract Line Item Number (CLIN). In cases where CSDR reporting requirements were not in place, these CLIN-level data may be the only cost data available to the cost analysis community. Where CSDR data do exist, the database provides useful contextual information (such as contract type or profit margin) and important cross-checks to other cost data. The database can also be used to

construct metrics for cost and schedule growth over contract execution. A new tool to analyze the contracts database was made available to CADE users in October 2019.

### **Selected Acquisition Report Database**

CADE now hosts a database of Selected Acquisition Reports (SARs) that includes the older acquisition programs. The current USD(A&S) system that is used for modern electronic reporting of SAR data, known as the Defense Acquisition Visual Environment (DAVE), contains reports from 1997 to the present. Prior to that, SAR data was provided in hard copy. The military departments have databases for the older SAR data that have been keystroked from portions of the official paper SARs. These databases have been merged with the DAVE data to provide CADE users with a relational and authoritative database of SAR data. This database is useful to cost analysts and includes program information such as mission and description, schedule, performance, cost and funding, major contracts, and deliveries and expenditures.

In addition, a large collection of historical SAR documents in PDF form has been uploaded to the CADE library for easy access by the cost community. A wide range of SARs from 1969 to 2014 are now available. In total, 2,721 SARs from almost 400 programs are now accessible in the CADE library.

### **Visibility and Management of Operating and Support Costs System**

DoD requires that each military department maintain a system that collects historical data on the O&S costs for major fielded weapon systems. The CAPE Deputy Director for Cost Assessment provides policy guidance on this requirement, known as the VAMOSOC program; specifies the common format in which the data are to be reported; and monitors its implementation by each of the military departments.

Each department has its own unique VAMOSOC data system that tracks actual O&S costs experienced by major weapon systems. The data can be displayed by timeframe, at various levels of detail, and by functional cost elements (such as depot maintenance, fuel, consumable items, and so forth). Each VAMOSOC system provides not only cost data, but related non-cost data (such as system quantities and operating tempo). VAMOSOC data can be used to analyze trends in O&S cost experience for each major system and to identify and assess major cost drivers. VAMOSOC data systems are managed by each military department as follows:

- The Air Force VAMOSOC system is known as the Air Force Total Ownership Cost (AFTOC) system. AFTOC provides O&S cost data for all manned and unmanned aircraft; aircraft engines; missiles; munitions; command, control, and communication systems; space systems; and other miscellaneous systems and programs. AFTOC also provides supplementary data such as aircraft quantities and flying hours, fuel consumption, numbers of personnel by skill/function, and other non-cost information. AFTOC is managed by the Deputy Assistant Secretary of the Air Force for Cost and Economics. See <https://aftoc.hill.af.mil> for additional information.
- The Army VAMOSOC system is known as the Operating and Support Management and Information System (OSMIS). OSMIS provides O&S cost data for aviation, tracked and wheeled combat vehicles, artillery systems, engineering and construction equipment,

communication and electronic systems, and other tactical systems and equipment. It also provides supplementary data such as system quantities; vehicle miles; aircraft flying hours; consumption for repair parts, fuel, and ammunition; and man-hours for intermediate and depot maintenance. OSMIS is managed by the Deputy Assistant Secretary of the Army for Cost and Economics. See <https://www.osmisweb.army.mil> for additional information.

- The Department of the Navy system is known as Naval VAMOSC and includes both Navy and Marine Corps platforms and systems. Naval VAMOSC provides O&S cost data for ships and shipboard systems, Navy and Marine Corps aircraft, weapons (missiles and torpedoes), military and civilian personnel, facilities, and Marine Corps ground systems. Naval VAMOSC also provides key non-cost data such as personnel counts for ship crews and aircraft Type Model Series, system quantities, flying hours/ship steaming days, fuel consumption, and maintenance hours/days. Naval VAMOSC is managed by the Naval Cost Division (NCD/FMB-6). See <https://www.vamosc.navy.mil> for more information.

The military departments provide training and documentation for their VAMOSC users. The training material consists of on-site presentations and online videos. The documentation consists of extensive user guides and manuals.

The Department's next generation system, known as EVAMOSC, is described in Chapter IV.

## Appendix F.

### Recent Legislative Changes

The NDAA for FY 2016 through FY 2021 significantly changed acquisition and cost assessment policy and statutory requirements. These changes have been assessed by the USD(A&S) and the DCAPE to determine the appropriate revisions that were incorporated into DoDI 5000.02, *Operation of the Defense Acquisition System*, its supplementary acquisition regulations, and DoDI 5000.73, *Cost Analysis Guidance and Procedures*.

The NDAA for FY 2016 contained the following provisions pertaining to defense acquisition policy and cost assessment procedures:

- Section 802 (Role of Chiefs of Staff in the Acquisition Process) enhanced the role of the military chiefs of staff in the defense acquisition process. This section also provided specific responsibilities to the chiefs of staff and secretaries of the military departments for balancing resources against priorities on acquisition programs, ensuring that appropriate trade-offs are made among cost, schedule, technical feasibility, and performance throughout the life of each acquisition program.
- Section 804 (Middle Tier of Acquisition for Rapid Prototyping and Rapid Fielding) required USD(A&S) to issue guidance that establishes a “middle tier” of acquisition programs that are intended to be completed within 5 years. These programs would fall between “rapid acquisitions” that are generally completed within 6 months to 2 years, and “traditional” acquisition programs that last much longer than 5 years. The guidance for middle tier acquisition addresses two acquisition pathways: (1) rapid prototyping (prototypes with innovative technologies) and (2) rapid fielding (new or upgraded systems with minimal development). This provision also established a DoD Rapid Prototyping Fund to be managed by a USD(A&S) official authorized to transfer funds to the military departments using a merit-based process for selecting prototypes with innovative technologies. Programs in this middle tier are to follow streamlined procedures and are to be exempt from the traditional requirements and acquisition processes. The USD(A&S) guidance for middle tier acquisition establishes a process for transitioning successful prototypes to new or existing programs for production and fielding under the rapid fielding pathway or the traditional acquisition process. CAPE guidance concerning cost estimates for middle tier programs is described in Chapter II; CAPE guidance for establishing cost data reporting for middle tier programs is described in Appendix D.
- Section 809 (Advisory Panel on Streamlining and Codifying Acquisition Regulations) called for the Secretary of Defense to establish an independent advisory panel on streamlining acquisition regulations. A Defense Technical Information Center web site ([discover.dtic.mil/section-809-panel/](http://discover.dtic.mil/section-809-panel/)) provides various reports and recommendations made by the panel from August 2016 through its conclusion in July 2019.
- Section 815 (Amendments to Other Transaction Authority) expanded DoD’s ability to use Other Transaction Authority (OTA) for certain prototype programs. OTA permits DoD to enter into transactions (other than a contract, grant, or cooperative agreement)

with private organizations (that are small businesses or nontraditional defense contractors) for basic, applied, and advanced research projects. OTA transactions are exempt from many acquisition and contracting statutes and regulations.

- Section 825 (Designation of Milestone Decision Authority) specified that the MDA for an MDAP reaching Milestone A after October 1, 2016, will be the Service Acquisition Executive (SAE) of the military department managing the program, unless under specific circumstances the Secretary of Defense may designate another official as the MDA.

The NDAA for FY 2017 contained the following provisions pertaining to defense acquisition policy and cost assessment procedures:

- Section 805 (Modular Open System Approach in Development of Major Weapon Systems) required that an MDAP that receives Milestone A or Milestone B approval after January 1, 2019 will be designed and developed, to the maximum extent practicable, with a modular open system approach intended to enable incremental development and enhance competition, innovation, and interoperability. In the modular open system approach, weapon system platforms are developed so that the system design is partitioned into discrete modules that are self-contained, functional elements. The key interfaces among the modules are based on commonly accepted industry standards. This approach permits weapon system platforms to be incrementally upgraded with new components and systems with advanced technologies as they emerge with minimal impact to the host platform.
- Section 806 (Development, Prototyping and Deployment of Weapon System Components or Technology) provided the military departments with new authorities to mature and demonstrate higher risk technologies prior to initiating a formal program of record. This section also provided the military departments with new funding and acquisition flexibility to experiment with, prototype, and rapidly deploy weapon system components or other technologies.
- Section 807 (Cost, Schedule, and Performance of Major Defense Acquisition Programs) established a requirement for the Secretary of Defense, or the Deputy Secretary of Defense, to establish program cost and fielding targets for an MDAP before Milestone A, B, or C approval. The program cost targets are the procurement unit cost and sustainment cost. The program fielding target is the date for Initial Operational Capability (IOC).
- Section 808 (Transparency in Major Defense Acquisition Programs) established a requirement for an MDAP's MDA to provide the congressional defense committees with a brief summary report (or "acquisition scorecard") no later than 15 days after granting approval at Milestone A, B, or C. The summary report provides certain information about the program pertaining to cost, schedule, and technical, manufacturing, and fielding risks. In particular, the summary report includes (1) the program cost and fielding targets described in Section 807, (2) the estimated cost and schedule of the program established by the military department concerned, (3) the statutory Independent Cost Estimate (ICE) of the program, and (4) any independent estimate for the program schedule. The summary and description of the ICE includes an

assessment of the major contributors to the program acquisition unit cost and total life-cycle cost.

- Section 842 (Amendments Relating to Independent Cost Estimation and Cost Analysis) provided clarifying amendments to existing statutes for independent cost estimation. At Milestone A, the ICE now includes the identification and sensitivity analysis of key cost drivers that may affect life-cycle costs of the program. In addition, the ICE includes an 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. Also, CAPE guidance concerning cost assessment procedures for MDAPs establishes a requirement for all cost estimates to include a discussion of risk, the potential impacts of risks on program costs, and approaches to mitigate risk. This discussion of risk is documented in program Selected Acquisition Reports (SARs) and in decision documents that approve program baselines. Section 842 also required CAPE, in consultation with USD(A&S), to develop policies, procedures, guidance, and a collection method to ensure that quality acquisition cost data are collected for each acquisition program with a dollar amount greater than \$100 million (which is considerably less than the dollar threshold for an MDAP). These data are to facilitate cost estimation and comparison across acquisition programs. CAPE implementation of this provision is described in Appendix E.
- Section 844 (Review and Report on Sustainment Planning in the Acquisition Process) required the Secretary of Defense to enter into a contract with an independent entity with appropriate expertise to assess the extent to which sustainment matters are considered in decisions related to requirements, acquisition, cost estimating, programming and budgeting, and research and development for MDAPs.
- Section 849 (Improved Life-Cycle Cost Control) made several amendments pertaining to life-cycle cost controls of a program. In particular, the military departments are required to conduct a sustainment review for an MDAP five years after declaration of IOC and throughout the system's life cycle, using availability and reliability thresholds and cost estimates as the triggers that prompt such a review. The sustainment review addresses the program product support strategy, performance, and operations and support costs of the system. Each sustainment review also includes a life-cycle cost estimate for the remainder of the program. Recent CAPE guidance concerning cost estimates for sustainment reviews is described in Chapter II.
- Section 897 (Rapid Prototyping Funds for the Military Departments) authorized the military department secretaries to establish service-specific funds for the rapid prototyping and rapid fielding pathways established by Section 804 (Middle Tier of Acquisition for Rapid Prototyping and Rapid Fielding) of the NDAA for FY 2016 described earlier.
- Section 901 (Organization of the Office of the Secretary of Defense) modified the position of USD(AT&L) by replacing this position with two new positions: the USD(R&E) and USD(A&S). This reorganization became effective February 1, 2018.

The NDAA for FY 2018 contained the following provisions pertaining to defense acquisition policy and cost assessment procedures:

- Section 802 (Management of Intellectual Property Matters Within the Department of Defense) required DoD to develop policy on the acquisition or licensing of intellectual property. The purpose of this policy is to enable coordination and consistency across the military departments and DoD in strategies for acquiring or licensing intellectual property; to ensure that program managers fully consider and use all available techniques and best practices for acquiring or licensing intellectual property early in the acquisition process; and to encourage customized intellectual property strategies for each system based on, at a minimum, the unique characteristics of the system and its components, the product support strategy for the system, the organic industrial base strategy of the military department concerned, and the commercial market. This provision also required DoD to establish a cadre of personnel who are experts in intellectual property matters. These experts are assigned to a program office or an acquisition command within a military department to advise, assist, and provide resources to a program manager or program executive officer on intellectual property matters at various stages of a system's life cycle.
- Section 833 (Role of the Chief of the Armed Force in Materiel Development Decision and Acquisition System Milestones) established a role for the service chiefs to concur with MDAP milestone approvals made by the MDA. As a result, the MDA must determine that the service chief and secretary of the military department concur with the trade-offs among cost, schedule, technical feasibility, and performance at each milestone throughout the life of the program.
- Section 836 (Codification of Requirements Pertaining to Assessment, Management, and Control of Operating and Support Costs for Major Weapon Systems) amended Title 10 U.S.C. to codify Section 832 of the NDAA for FY 2012. This provision mandated several ambitious requirements intended for DoD to take specific steps to improve its processes for estimating and managing O&S costs of major systems. In particular, DoD is required to periodically update estimates of program O&S costs, and track and assess these estimates relative to previous estimates. The *CAPE Operating and Support Cost-Estimating Guide* describes how DoD has implemented this legislative provision in various DoD instructions and regulations. This guide also recommends approaches and analytic methods for dealing with these legislative requirements. In addition, CAPE is responsible for developing and maintaining a database on O&S cost estimates, supporting documentation, and actual O&S costs for major weapon systems. Cost estimates and supporting documentation are archived in the CADE. The EVAMOSC system will provide a single source of O&S cost data.
- Section 839 (Enhancements to Transparency in Test and Evaluation Processes and Data) required senior officials in major DoD test and evaluation organizations to jointly develop policies, procedures, guidance, and a method for collecting consistent and high-quality data on the full range of estimated and actual costs of development, live fire, and operational testing for MDAPs. These data are to be stored in an electronic database maintained by CAPE and made available for analysis by testing, acquisition, and other analysts in DoD. The DoD implementation of this provision is described in Appendix E.



- Subtitle G (Provisions Relating to Other Transaction Authority and Prototyping) of Title VIII (Acquisition Policy, Acquisition Management, and Related Matters) contained eight sections intended to expand and improve the use of OTA for prototyping projects.
- Section 1652 (Collection, Storage, and Sharing of Data Relating to Nuclear Security Enterprise) required DoD and the National Nuclear Security Administration (NNSA) to jointly collect and store cost, programmatic, and technical data relating to programs and projects of the nuclear security enterprise and nuclear forces. Responsibility for this collection and storage is assigned to DCAPE and the NNSA Director of Cost Estimating and Program Evaluation.

The NDAA for FY 2019 contained the following provisions pertaining to defense acquisition policy and cost assessment procedures:

- Section 817 (Preliminary Cost Analysis Requirement for Exercise of Multiyear Contract Authority) contained a clarifying amendment to 10 U.S.C. § 3507 (Multiyear Contracts) that a cost analysis supporting a DoD multi-year request is preliminary.
- Section 831 (Revisions in Authority Relating to Program Cost Targets and Fielding Targets for Major Defense Acquisition Programs) modified Section 807 of the NDAA for FY 2017. The individual responsible for establishing program cost, fielding, and performance goals is no longer the Secretary of Defense, and now is the milestone decision authority for the program.
- Section 832 (Implementation of Recommendations of the Independent Study on Consideration of Sustainment in Weapon Systems Life Cycle) required the Secretary of Defense to begin implementing each recommendation of an independent assessment conducted by the MITRE Corporation (of the extent to which sustainment matters are considered in decisions related to requirements, acquisition, cost estimating, and programming and budgeting for MDAPs). This assessment was directed by Section 844 of the NDAA for FY 2017. The implementation of each recommendation is to commence no later than 18 months after the enactment of the NDAA for FY 2019. CAPE efforts to address certain improvements concerning the collection of O&S cost data recommended by the MITRE study are discussed in Chapter IV.

The NDAA for FY 2020 contained the following provisions pertaining to defense acquisition policy and cost assessment procedures:

- Section 830 (Modification of Requirements for Reporting to Congress on Certain Acquisition Programs) required that SARs continue in their present form through FY 2021. This provision also required the Secretary of Defense to propose an alternative method for reporting the status for MDAPs and acquisition programs that use alternative acquisition pathways or tailored acquisition procedures. SARs have been valuable to the cost analysis community as important sources of information and data regarding program cost and schedule performance over time. CAPE and the military department cost agencies are now working with USD(A&S) to develop a reporting format for the replacement system.
- Section 831 (Pilot Program to Streamline Decision-Making Processes for Weapon Systems) required each SAE to recommend to the Secretary of Defense at least one

MDAP as a pilot program, including tailored measures to streamline the entire milestone decision process, with the results evaluated and reported for potential wider use.

- Section 836 (Report on Realignment of the Defense Acquisition System to Implement Acquisition Reforms) required the Secretary of Defense to include with the President's Budget Request for FY 2021 a report on the progress of implementing acquisition reform initiatives that were enacted into law through DoD regulations, directives, instructions, or other guidance.
- Section 837 (Report on the "Middle Tier" of Acquisition Programs) required USD(A&S) to submit a report that includes the guidance required by Section 804 (Middle Tier of Acquisition for Rapid Prototyping and Rapid Fielding) of the NDAA for FY 2016. This guidance includes the business case elements required by an acquisition program and the metrics required to assess the performance of such a program.

The NDAA for FY 2021 contained the following provisions pertaining to defense acquisition policy and cost assessment procedures:

- Section 151 (Budgeting for Life-Cycle Costs of Aircraft for the Army, Navy, and Air Force) established a requirement for the Secretary of Defense to submit an annual plan for the procurement of the aircraft in the military departments in order to meet the requirements of the National Defense Strategy. This plan includes the estimated levels of annual investment funding necessary to carry out each aircraft program, and the estimated annual funding necessary to operate, maintain, sustain, and support each aircraft program throughout the life cycle of the program. For each of these two cost estimates, the plan documents whether the cost estimate is derived from a military department cost position or from a CAPE estimate. If the military department cost position and the CAPE estimate differ by more than 5 percent for any aircraft program, the plan will document the percentage difference and provide sufficient rationale to explain the difference.
- Section 802 (Improving Planning, Execution, and Oversight of Life Cycle Sustainment Activities) modified 10 U.S.C. § 4324 (Life-Cycle Management and Product Support) to improve DoD's planning, execution, and oversight of life cycle sustainment activities for covered systems. This section modified the earlier provisions of Section 849 (Improved Life-Cycle Cost Control) of the NDAA for FY 2017. In particular, this section directed the Secretary of each military department is to conduct a sustainment review for an MDAP 5 years after declaration of IOC and every 5 years thereafter throughout the life cycle of the program. This section also added the requirement to report any critical O&S cost growth. The term critical O&S cost growth means O&S cost growth of at least 25 percent more than the estimate documented in the most recent ICE for the system, or at least 50 percent more than the estimate documented in the original baseline estimate for the system. The secretary of each military department annually submits to the congressional defense committees the sustainment reviews required for each fiscal year. The Comptroller General of the Government Accountability Office (GAO) annually selects 10 covered systems for which a sustainment review has been submitted, and submit to the congressional defense

committees an assessment of the steps taken by the secretaries concerned to quantify and address any critical O&S cost growth for each selected system.

The NDAA for FY 2022 contained the following provisions pertaining to defense acquisition policy and cost assessment procedures:

- Section 805 (Two-Year Extension of Selected Acquisition Report Requirement) expanded Section 830 of the NDAA for FY 2020. The requirement that SARs continue in their present form was extended from FY 2021 through FY 2023. No later than March 1, 2022, and every 6 months thereafter, DoD is required to provide to the congressional defense committees a demonstration of the capability improvements necessary to achieve the full operational capability of the reporting system that will replace the SAR requirements. Also, no later than March 1, 2022, DCAPE will prepare a plan for identifying and gathering the data required for effective decision-making by program managers and DoD leadership regarding the reporting programs. No later than July 1, 2022, USD(A&S) will submit to the congressional defense committees the DoD implementation plan for the replacement reporting system.
- Section 806 (Annual Report on Highest and Lowest Performing Acquisition Programs of the DoD) established a requirement for each Component Acquisition Executive to provide the congressional defense committees with an annual report that ranks the five highest performing and five lowest performing covered acquisition programs of the Component. Each Component Acquisition Executive will determine and document the criteria for the ranking of the covered programs. The term “covered acquisition program” means an MDAP or other acquisition program that is expected to reach MDAP dollar thresholds. This annual reporting is limited to 3 years.
- Section 811 (Certain Multiyear Contracts for Acquisition of Property: Budget Justification Materials) established a requirement for DoD to include a detailed proposal with the President’s Budget Request materials if DoD proposes to cancel or reduce the end item quantities of a multiyear procurement contract.

The NDAA for FY 2023 contained the following provisions pertaining to defense acquisition policy and cost assessment procedures:

- Section 351 (Resources Required for Achieving Materiel Readiness Metrics and Objectives for Major Defense Acquisition Programs) requires CAPE to submit to Congress a comprehensive estimate of the funds necessary to meet specified materiel readiness objectives through the period covered by the most recent FYDP. Specifically, for each major weapon system, CAPE will provide the Operations and Maintenance (O&M) funds that have been obligated for the prior year (second year preceding the budget year), the O&M funds that will have been obligated by the end of the current year (first year preceding the budget year), and the O&M funds that have been programmed and budgeted across the FYDP. These funding estimates will be submitted no later than five days after the DoD President’s Budget Request is submitted to Congress. This new reporting requirement may be met by a phased implementation beginning in the President’s Budget Request for FY 2024 and fully implemented by the President’s Budget Request for FY 2026.

- Section 806 (Life Cycle Management and Product Support) amends 10 U.S.C. § 4324 (Life Cycle Management and Product Support) to require that the life cycle sustainment plan is approved by the MDA after receiving the views from appropriate materiel, logistics, or fleet representatives. This provision also requires the life cycle sustainment plan to address (1) an intellectual property management plan for product support, including requirements for technical data, software, and modular open systems approaches, and (2) an estimate of the number of personnel needed to operate and maintain the system, including military personnel, federal employees, contractors, and host nation support personnel (as applicable).
- Section 809 (Acquisition Reporting System) expands upon Section 830 (Modification of Requirements for Reporting to Congress on Certain Acquisition Programs) of the NDAA for FY 2020 and Section 805 (Two-Year Extension of Selected Acquisition Report Requirement) of the NDAA for FY 2022. This provision requires DoD to replace the SARs with the new acquisition reporting system as soon as practicable, but no later than June 30, 2023. The new reporting system shall incorporate the lessons learned from the demonstrations called for in Section 805 as described earlier.
- Section 815 (Modification of Reporting Requirements in Connection with Requests for Multiyear Procurement Authority for Large Defense Acquisitions) streamlines the process for DoD to submit a request for using multiyear procurement authority, and eliminated the requirement for the CAPE preliminary cost analysis of the potential savings of the multiyear procurement contract.
- Section 822 (Modification of Contracts to Provide Extraordinary Relief Due to Inflation Impacts) provides DoD with temporary authority to allow funds to be used to modify the terms and conditions of a contract or option to provide an economic price adjustment when the cost to a contractor of performing the contract is greater than the price of the contract due solely to economic inflation. This authority expires on December 31, 2023.
- Section 1652 (Improvements to Acquisition Accountability Reports on the Ballistic Missile Defense System) expands the scope of cost estimates to be included in the acquisition baselines for the program elements of the ballistic missile defense system. This section calls for a broader and more comprehensive estimate of the “total system costs” for each program element—consisting of research and development, procurement, military construction, operations and sustainment, and disposal—*without regard to funding source or management control* (such as the Missile Defense Agency, a military department, or other element of DoD). Section 1652 also expands the reporting for those operations and sustainment costs for which a military department is responsible. The operations and sustainment cost estimates now must include the amount of operations and sustainment costs (dollar value and base year) for which the military department or other DoD organization is responsible; a citation of the source of the estimate (such as a joint cost estimate or one or more military department estimates); the date the source was prepared, and a statement as to if and when the source was independently verified by CAPE.
- Section 2806 (Supervision of Large Military Construction Projects) requires the individual directing and supervising a contract with a value greater than \$500 million in connection with a military construction project to submit a report on the intended

supervision, inspection, and overhead plan to manage such project. In addition, CAPE is now required to conduct or approve an ICE, for all MDAPs and major subprograms, in advance of any decision to enter into a military construction project contract of a value greater than \$500 million.

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## Appendix G.

### CAPE Cost-Estimating Training and Education

#### DAU Curriculum Review

Over the past several years, the office of CAPE has reviewed and provided detailed actionable feedback on all core Defense Acquisition University (DAU) cost analysis courses and a large number of Continuous Learning Modules (CLMs), as well courses and CLMs from other curricula with relevant cost analysis content. During FY 2022, CAPE continued to lead the BtB Tiger Team to ensure smooth transition of the cost analysis curriculum from Business, Cost Estimating, and Financial Management (BCF) to Business-Cost Estimating (BUS-CE). Since this change represents a significant transformation, CAPE intends to resume curriculum reviews at an appropriate time once the new courses have been deployed.

#### CADE Training Courses for Business-Cost Estimating Certification

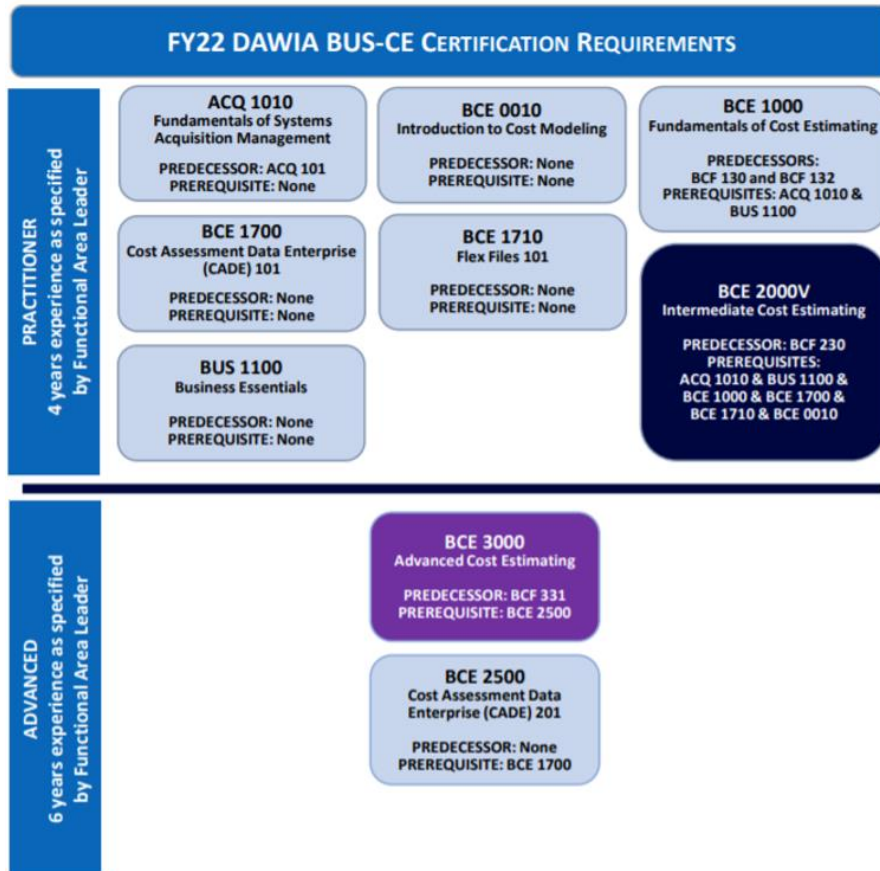
Three CADE Academy courses (CADE 101, FlexFile 101, and CADE 201) are well on their way to becoming a part of the new BUS-CE certification. They are available as BCE 1700, BCE 1710, and BCE 2500, respectively, the first-ever DAU courses wholly authored by CAPE in the Cornerstone on Demand (CSOD) system. Through collaboration among the CADE Support Team and the DAU course managers and instructional system designers, these courses have been updated and enhanced to cover the latest information on a variety of topics, including:

- Policy and guidance for Cost and Software Data Reporting (CSDR)
- Data contained in the CSDRs (both Legacy DD 1921 series and FlexFile/Quantity Data Reports)
- The CSDR and FlexFile planning, submission, and validation processes
- The value that the data stored in the Cost Assessment Data Enterprise (CADE) can provide to cost estimators
- Navigation of the CADE Portal to retrieve data

In preparing these courses, the CADE Support Team undertook an effort to ensure their alignment to the new BUS-CE Competency Model, which outlines the knowledge and skills that cost estimators are required to learn in order to obtain the Practitioner and Advanced levels of certification. The new certification levels and required courses, as featured on the DAU website,<sup>1</sup> are shown in Figure G-1. Note that with the BtB transformation, the Cost Estimating career fields transitioned from a three-level to a two-level certification, with a number of courses being moved into the new Credentials structure.

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<sup>1</sup> <https://www.dau.edu/pdfviewer/Source/Guidebooks/Back-to-Basics/Business/Business-CE-Training-Crosswalks.pdf>.



**Figure G-1. DAU Courses for Business-Cost Estimating Certification**

During 2023, CADE will continue to provide cost estimators across all DoD Components with high-quality data, and the CADE Academy courses will equip them with the skills required to extract and manipulate these data.

### Learning Management System and Virtual Courses

In FY 2018, CAPE established CADE Learn, a learning management system (LMS) on the cloud-based Bridge platform. Bridge is a software application that not only enables the delivery of e-learning courses but also facilitates the management of a holistic CADE Training program, including synchronous courses, webinars, and the CADE Focus Group. As of December 2022, the Bridge LMS instructional platform included six interactive and informative courses directed toward all manner of CADE users and analysts. Courses contain multiple interactive elements tailored to active CADE users and other members of the acquisition community. By making the CADE training material available via the LMS, CAPE can provide on-demand training to a much broader segment of the workforce. Since the beginning of FY 2022, the number of CADE Learn active users grew to over 2,546 lifetime users. Whether accessed online or via virtual course offerings, this CADE-related training can be used by analysts to earn continuous learning points toward both Defense Acquisition Workforce Improvement Act (DAWIA) and Under Secretary of Defense (Comptroller) Financial Management certifications.



The following courses are offered through the Bridge LMS in addition to synchronous virtual course formats. Throughout the year, these courses have been crucial in training CADE users and connecting them with others across the CADE community, with the ultimate goal of providing better data. The live versions provide students the opportunity to learn directly from CADE training instructors and to participate with other members of the CADE and analyst communities. The training team maintained a virtual format in order to best reach geographically distributed CADE users. The course completions shown for each course are for FY 2022.

### *CADE 101 - Fundamentals of CADE*

CADE 101 describes the purpose of CSDR and basic types of data contained in CSDRs. It also elaborates on the policy and guidance documents for CSDR across all acquisition pathways. Upon completion, students will recognize the responsibilities and actions required to navigate the CADE Portal to conduct an analysis of programmatic, cost, schedule, and software data for a program.

Course Completions:

- **1051** completions of CADE 101
  - **386** – Online Program
  - **665** – Live Training

### *FlexFile 101 - Fundamentals of the FlexFile*

FlexFile 101 covers how the Cost and Hour Report “FlexFile” initiative was derived, what the FlexFile Data Item Description (DID) requirements entail, and the current implementation plan. This course also provides an opportunity for hands-on exploration of a FlexFile data set, using tools to make it more manageable. The FlexFile improves data quality through access to native cost data at a level at or below the WBS on the approved CSDR Plan. This access provides detailed insight and analysis flexibility to view how the contractor incurs cost over time at the account level.

Course Completions:

- **1,831** completions of FlexFile 101
  - **369** – Online Program
  - **1462** – Live Training

### *CADE 201: CADE Intermediate*

CADE 201 instills confidence in analysts to plan for, access, and analyze the new generation of CADE data. Lessons include:

- **CSDR Planning:** Use the latest DD Form 2794 to plan effectively for not just FlexFile reports but the full suite of CSDR data. Learn how to save time with Plan Standards and tailor reporting requirements to your program for maximum efficiency.
- **CSDR Implementation:** Use the RDT to get the “big picture” for CSDR, and learn the mechanisms to pass along reporting requirements to subcontractors and government

entities alike. Use the CSDR Readiness Review to establish consensus up front and ensure that subsequent CSDR submissions are validated quickly and painlessly.

- **CADE Data Access:** Use the “Browse CSDR Submissions” feature to quickly locate the data you need and bulk-export it in a variety of analysis-ready formats. Gain practice with all four FlexFile download options.
- **FlexFile Insights and Updates:** Conduct hands-on analysis of sample FlexFile data to understand insight to be gained, including the new “Big Three” of time phasing, account-level detail, and contractor functional categories.

Course Completions:

- **977** completions of CADE 201
  - **79** – Online Program
  - **898** – Live Training

### *CADE for Submitters*

CADE for Submitters uses the CSDR Submitter Guide to provide instructions on how to submit CSDR Contract Data Requirements List (CDRL) items to CADE. This course is designed for industry data managers, report authors, and those that want to learn more about the submit data function in CADE. In addition to this online course, the CADE training team and CAPE’s DCARC provide on-demand training to industry teams seeking to understand the full scope of their CSDR responsibilities.

Course Completions:

- **205** completions of CADE for Submitters
  - **88** – Online Program
  - **117** – Live Training

### *CADE for the Contracting Community*

This course discusses how the CSDRs in CADE can be used as authoritative “other than certified cost and pricing data” in price analysis, cost analysis, and cost realism analysis. Students will learn what the data comprises, how to access them, and what their responsibilities are to put CSDR CDRLs on contract. The course addresses how CADE helps meet contracting community objectives of justifying a fair and reasonable price, efficiently analyzing proposals, and gaining leverage in negotiations. This course is recommended not just for contracting officers but also contract specialists and cost and price analysts.

Course Completions:

- **879** completions of CADE for Contracting Officers
  - **214** – Online Program
  - **665** – Live Training

### *CADE for the Program Management Community*

This virtual course discusses how the CSDRs in CADE can be used to inform crucial decisions about system design and program acquisition across the program life cycle. Students will learn what the data comprises, how to access them, and what student's responsibilities are to put CSDR CDRLs on contract. We will address how CADE helps meet the acquisition community objective of fielding and supporting capable and affordable systems for the warfighter in a timely manner. This course is recommended not just for program managers but also for those playing key program office roles such as systems engineering, budget and finance, and logistics.

Course Completions:

- **490** completions of CADE for Program Managers
  - **129** – Online Program
  - **361** – Live Training

### **Webinars and Other Live Events**

In addition to the LMS and virtual synchronous courses, the CADE training team organizes many events throughout the year that provide participants the opportunity to learn and interact with other members of the CADE and analyst communities.

### **CADE Cost and Technical Focus Group**

The Virtual Focus Group promotes discussion among key individuals within the cost analysis community so they can gain insight into their views and experiences related to the CAPE initiatives. CAPE draws upon participants' experiences and reactions in a way that would not be feasible using other methods.

The annual 2022 CADE Focus Group was held on November 8-9. Sessions were delivered on new CADE features, CSDR trends, FlexFiles, and upcoming policy updates. An industry panel was hosted on November 8 with representatives from Boeing, Northrop Grumman, Raytheon, and Lockheed Martin. The industry panel was moderated by Jack Titus from the DCARC. A software development panel was hosted on November 9 with representatives from the AFCAA, Boeing, Lockheed Martin, and Raytheon. The software panel was moderated by Mathew Stahr from AFCAA. Opening remarks were delivered by Dr. Richard Burke and closing remarks were delivered by Fred Janicki, both from CAPE. The CADE team will follow-up with edited recordings, minutes, formal responses to questions asked during the webinar, and responses to the post-webinar survey that will all be posted on the CADE public site.

### **Weekly Webinar Series**

Similar to the live training formats, webinars are offered on Wednesdays at 1500 Eastern / 1200 Pacific. These are generally hour-long sessions that dive into different CADE Portal features, data types, and other specific timely topics of interest to both government and industry. The sessions are led by members of the CADE training team, CADE Help Desk, and other subject matter experts. These webinars are recorded and provided on the CADE public website. During FY 2022, there were 26 CADE webinars with 1,885 non-unique attendees.

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## Abbreviations

ACAT	Acquisition Category
ACWA	Assembled Chemical Weapons Alternatives
ADM	Acquisition Decision Memorandum
AFCAA	Air Force Cost Analysis Agency
AFIT	Air Force Institute of Technology
AFLCMC	Air Force Life Cycle Management Center
AFNWC	Air Force Nuclear Weapons Center
AFSC	Air Force Sustainment Center
AFTOC	Air Force Total Ownership Cost
AMCOM	Aviation and Missile Command
AoA	Analysis of Alternatives
APUC	Average Procurement Unit Cost
ASD(A)	Assistant Secretary of Defense (Acquisition)
BtB	Back to Basics
BCF	Business, Cost Estimating, and Financial Management
BUS-CE	Business-Cost Estimating
CADE	Cost Assessment Data Enterprise
CAE	Component Acquisition Executive
CAPE	Cost Assessment and Program Evaluation
CARD	Cost Analysis Requirements Description
CCDR	Contractor Cost Data Reporting
CCP	Component Cost Position
CDRL	Contract Data Requirements List
CE	Cost Estimating
CE&A	Cost Estimating and Analysis
CECOM	Communication-Electronics Command
CIPT	Cost Integrated Process Team
CLIN	Contract Line Item Number
CLM	Continuous Learning Module
CPS	Conventional Prompt Strike
CSDR	Cost and Software Data Reporting
CSOD	Cornerstone on Demand

CWIPT	Cost Working Integrated Product Team
DAB	Defense Acquisition Board
DAF	Department of the Air Force
DASA-CE	Deputy Assistant Secretary of the Army for Cost and Economics
DAU	Defense Acquisition University
DAVE	Defense Acquisition Visual Environment
DAWIA	Defense Acquisition Workforce Improvement Act
DCAPE	Director of Cost Assessment and Program Evaluation
DCARC	Defense Cost and Resource Center
DDG	Guided-Missile Destroyer
DISA	Defense Information Systems Agency
DLA	Defense Logistics Agency
DOC	Director of Cost Estimating and Analysis
DoD	Department of Defense
DoDCAS	Department of Defense Cost Analysis Symposium
DoDD	Department of Defense Directive
DoDI	Department of Defense Instruction
DoDM	Department of Defense Manual
DoN	Department of the Navy
DTMHub	Datasets, Tools, and Models Hub
EMD	Engineering and Manufacturing Development
ERP	Enterprise Resource Planning
EVAMOSOC	Enterprise VAMOSOC
EVM	Earned Value Management
FCoM	Full Costs of Manpower
FM	Financial Management
FMS	Foreign Military Sales
FRP	Full-Rate Production
FY	Fiscal Year
FYDP	Future Years Defense Program
GAO	Government Accountability Office
GCSS-A	Global Combat Support System - Army
ICBM	Intercontinental Ballistic Missile
ICE	Independent Cost Estimate

IOC	Initial Operational Capability
JAGM	Joint Air-to-Ground Missile
LMS	Learning Management System
LRHW	Long-Range Hypersonic Weapon
MCEA	Masters of Cost Estimating and Analysis
MCSC	Marine Corps Systems Command
MDA	Milestone Decision Authority
MDAP	Major Defense Acquisition Program
MPF	Mobile Protected Firepower
MTA	Middle Tier of Acquisition
MYP	Multiyear Procurement
NAVAIR	Naval Air Systems Command
NAVSEA	Naval Sea Systems Command
NAVWAR	Naval Information Warfare Systems Command
NCAA	Navy Cost Analysis Agency
NCCA	Naval Center for Cost Analysis
NCD	Naval Cost Division
NDAA	National Defense Authorization Act
NNSA	National Nuclear Security Administration
NPS	Naval Postgraduate School
NRO	National Reconnaissance Office
O&M	Operations and Maintenance
O&S	Operating and Support
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
OSMIS	Operating and Support Management Information System
OTA	Other Transaction Authority
OUSD(C)	Office of the Under Secretary of Defense (Comptroller)
PAUC	Program Acquisition Unit Cost
PEO	Program Executive Officer
PMO	Program Management Office
POM	Program Objective Memorandum
RDT	Resource Distribution Table
RFP	Request for Proposal

RP	Rapid Prototyping
SAE	Service Acquisition Executive
SAOC	Survivable Airborne Operations Center
SAR	Selected Acquisition Report
SIPRNet	Secure Internet Protocol Router Network
SM-3	Standard Missile-3
SM-6	Standard Missile-6
SRDR	Software Resources Data Reporting
SSC	Space Systems Center
SYP	Single-Year Procurement
TACOM	Tank-automotive and Armaments Command
U.S.	United States
U.S.C.	United States Code
USD(A&S)	Under Secretary of Defense (Acquisition and Sustainment)
USD(R&E)	Under Secretary of Defense (Research and Engineering)
VAMOSC	Visibility and Management of Operating and Support Costs
VCS	Virginia Class Submarine
WBS	Work Breakdown Structure
WSARA	Weapon Systems Acquisition Reform Act of 2009