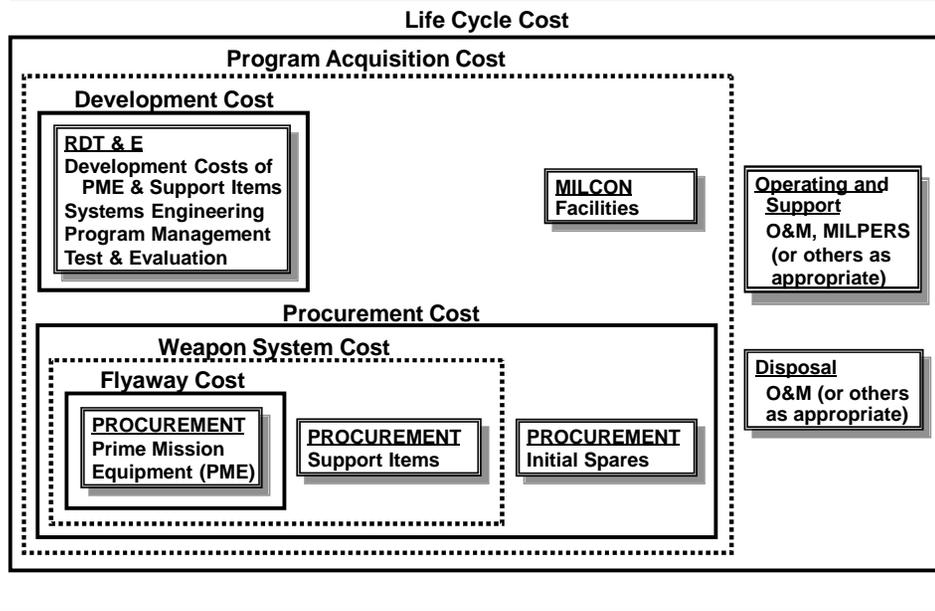


Life Cycle Cost Composition



Cost Estimating Requirements

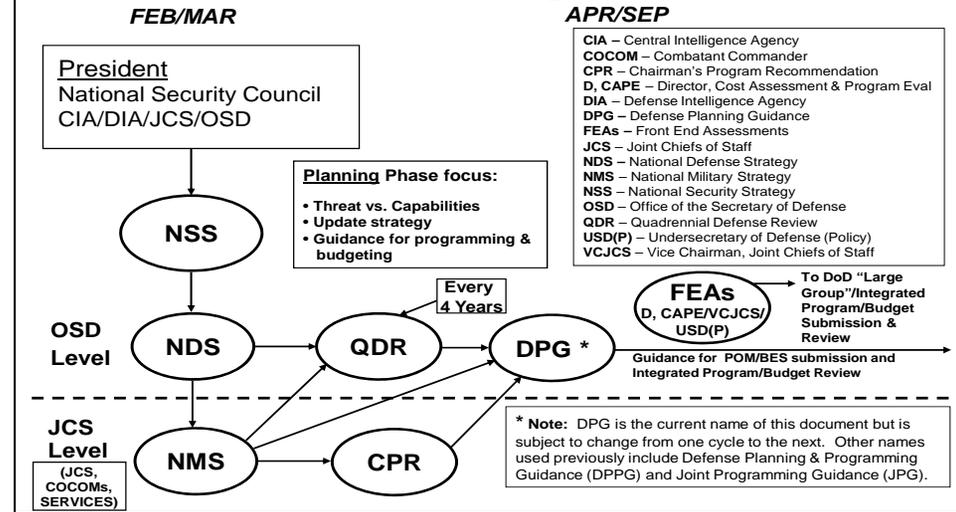
	ACAT IC & ID (MDAP)	ACAT IA (MAIS)
POE	Program initiation & all subsequent milestones, including FRP DR	Program initiation & all subsequent milestones - Includes Economic Analysis
CARD	Program initiation & all subsequent milestones including FRP DR - Draft 180 days prior to OIPT/milestone - Final 45 days prior to OIPT/milestone	Program initiation & whenever Economic Analysis is required - Draft 180 days prior to OIPT/milestone - Final 45 days prior to OIPT/milestone
CCE	MS A and all subsequent milestones including FRP DR	MS A and whenever an Economic Analysis is required
ICE	Required by law for all MDAP programs * - Prepared by OSD CAPE for ACAT ID, and ACAT IC at discretion of USD (AT&L) - Prepared by component cost agency (AFCAA, DASA-CE, NCCA) for ACAT IC (if no CAPE estimate) - In advance of any certification under Title 10, USC, Section 2366a (MS A) and Section 2366b (MS B) - In advance of any decision to enter low-rate initial production (LRIP) (MS C) or full-rate production (FRP DR) - In advance of any certification of MDAPs that experience critical cost growth (Title 10, USC, Sec 2433a) - In advance of any report of Critical Program Changes for MAIS (Title 10, USC, Sec 2445c(f))	

*ICE statutory requirement (Title 10, US Code, Sec 2434) and P.L. 111-23, May 22, 2009
Source: DoDI 5000.02, December 2008 and Weapon Systems Acquisition Reform Act of 2009

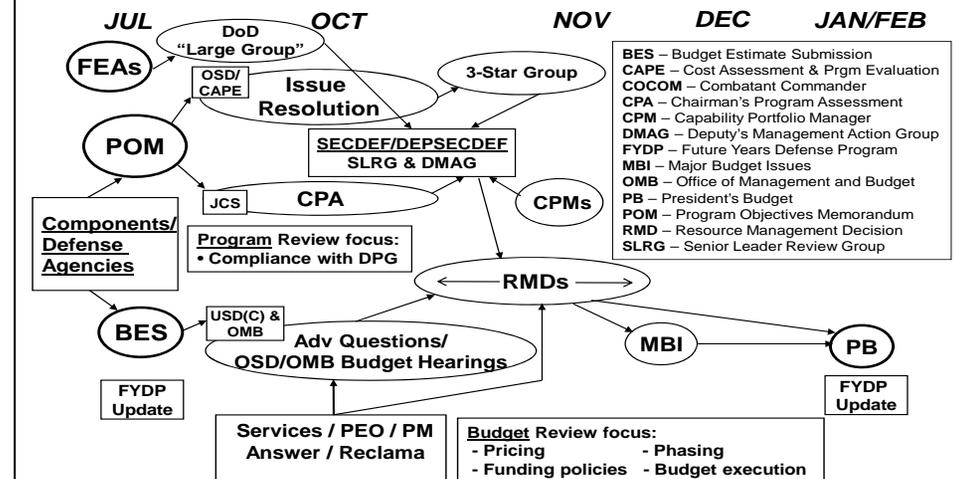
ACAT II & ACAT III: POE (and, at MDA discretion, an independent cost estimate prepared by the component cost agency) at program initiation and all subsequent milestones

AFCAA = Air Force Cost Analysis Agency	DASA-CE = Dep Asst Sec of Army (Cost & Economics)	NCCA = Naval Center for Cost Analysis
CAE = Component Acquisition Executive	FRP DR = Full Rate Production Decision Review	OIPT = Overarching Integrated Product Team
CAPE = Cost Assessment & Program Evaluation	ICE = Independent Cost Estimate	POE = Program Office Estimate
CARD = Cost Analysis Requirements Description	MAIS = Major Automated Information System	USD(AT&L) = Under Secretary of Defense (Acquisition, Technology, & Logistics)
CCE = Component Cost Estimate	MDA = Milestone Decision Authority	
	MDAP = Major Defense Acquisition Program	

PPBE – Planning Phase



PPBE – Integrated Program/Budget Review

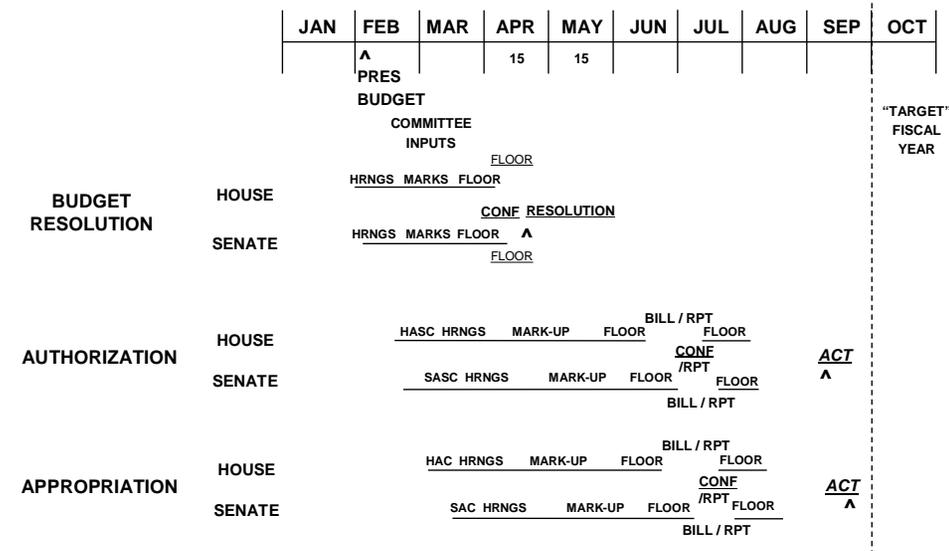


Resource Allocation Process Overlap

	CY12												CY13												CY14											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
FY 12 Cycle	Execution						2nd Yr						3rd Yr																							
FY 13 Cycle	Enactment						Execution						2nd Yr						3rd Yr																	
FY 14 Cycle	Planning / Program/Budgeting /						Enactment						Execution						2nd																	
FY 15 Cycle	Planning						Program/Budgeting						Enactment						Exec																	
FY 16 Cycle	Planning						Program/Budgeting						Enactment						Exec																	

DPG – Defense Planning Guidance
POM – Program Objectives Memorandum
PB – President's Budget
BES – Budget Estimate Submission

Congressional Enactment Timetable



Below Threshold Reprogramming

Amounts are Cumulative Over Entire Period of Obligation Availability

APPRN	MAX INTO	MAX OUT	LEVEL OF CONTROL	OBL AVAIL
RDT & E	Lesser of + \$10 M or + 20%	Lesser of - \$10 M or - 20%	Program Element	2 Years
PROC	Lesser of + \$20 M or + 20%	Lesser of - \$20 M or - 20%	Line Item	3 Years SCN: 5 Years
O & M	+ \$15 M	- \$15 M	Budget Activity (or Defense Agency) Some Sub-Activity Limitations on Decreases (see reference below)	1 Year
MILPERS	+ \$10 M	No Specific Congressional Restriction	Budget Activity	1 Year
MILCON	Lesser of + \$2 M or + 25 %	No Specific Congressional Restriction	Project	5 Years

Reference Sources: DoDFMR 7000.14-R, Volume 3, Chapter 6 (Mar 2011) and Chapter 7 (Mar 2011)

Program Cost and Schedule Breach Parameters

	Applicable to Major Defense Acquisition Programs (MDAPs)		
	SAR (Title 10, US Code, Sec 2432)	Unit Cost Report (UCR) (Title 10, US Code, Sec 2433) (Nunn-McCurdy)	APB (Title 10, US Code, Sec 2435)
Schedule Milestones	6 Month Slip From Previous SAR	N/A	Slip beyond threshold date * Default threshold = objective plus 6 mon; MDA discretion
Cost	15/30% PAUC Growth (Current/Original)	15/30% PAUC Growth (Current/Original)	15%/30% PAUC Growth 15%/30% APUC Growth (Current/Original)
	15/30% APUC Growth (Current/Original)	15/30% APUC Growth (Current/Original)	* RDT&E Growth * Procurement Growth * MilCon or O&M Growth * 10% default; MDA discretion
Reports Required If Breach Occurs	Quarterly SAR	Quarterly/Exception DAES Service notifies Congress (≥15/30%) SecDef Certification (≥25/50%)	Program Deviation Rpt (PM notifies MDA)

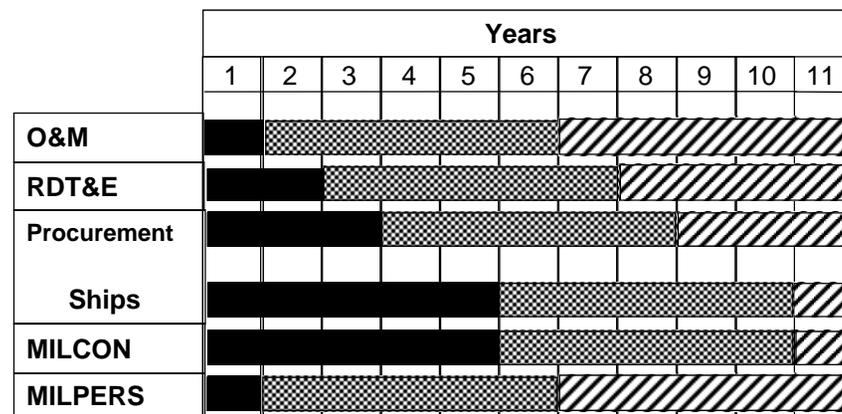
ACAT II & III: 15%/30% PAUC/APUC/APB breach parameters are N/A; actual breach parameters at MDA discretion

Legend:
 APUC = Average Procurement Unit Cost APB = Acquisition Program Baseline
 PAUC = Program Acquisition Unit Cost SAR = Selected Acquisition Report
 DAES = Defense Acquisition Executive Summary
 Dir, CAPE = Director, Cost Assessment & Program Evaluation

Significant Cost Growth (APB/SAR/UCR):
 PAUC or APUC increases of 15% of current baseline or 30% of original baseline is "reportable" to Congress

Critical Cost Growth (APB/SAR/UCR): PAUC or APUC increases of 25% of current baseline or 50% of original baseline requires Sec Def certification to Congress:
 -- Essential to National Defense
 -- No acceptable alternative capability at less cost
 -- New estimates are reasonable per Dir, CAPE
 -- Program cost growth higher priority than programs providing offsets
 -- Management structure adequate to control costs

Appropriation Life



Current Period: Available for new obligations, obligation adjustments, expenditures, and outlays

Expired Period: Available for obligation adjustments, expenditures, and outlays

Cancelled: Unavailable for obligations, obligation adjustments, expenditures, and outlays