



ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

JAN 31 2016

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEFS OF THE MILITARY SERVICES
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANT SECRETARIES OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Change to Major Defense Acquisition Program Milestone B Requirements

Section 824 of the National Defense Authorization Act for Fiscal Year 2016, Public Law 114-92, amended section 2366b of title 10, United States Code (section 2366b), to change Milestone (MS) B certification and determination requirements for Major Defense Acquisition Programs (MDAPs).

To fulfill the revised section 2366b requirements, the Milestone Decision Authority (MDA) for MDAPs must now sign a "certification and determination" memorandum prior to granting MS B approval. For MDAPs for which the Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD(AT&L)) is the MDA, the following processes and procedures will apply. The "certification and determination" memorandum shall be prepared "for the record" and shall include the statements as shown in Attachment 1, without modification, except to indicate waiving one or more provisions. Note that provision (4) may not be waived.

Section 2366b includes a new provision that requires the MDA to make the following determination: "the Secretary of the military department concerned and the Chief of the armed force concerned concur in the trade-offs made in accordance with subparagraph (B)." Subparagraph (B) addresses appropriate trade-offs among cost, schedule, and performance objectives to ensure the program is affordable considering the per unit cost and the total acquisition cost available during the period covered by the future-years defense program submitted during the fiscal year in which the certification is made. To substantiate the basis to make this determination, the Service, or Component, Acquisition Executive shall provide to the USD(AT&L) as the MDA a memorandum, using the template at Attachment 2, which has been signed by the Secretary of the Military Department and the Service Chief. If the Secretary

and/or the Service Chief delegate this authority, the memorandum will document this delegation and be signed by the appropriate delegatee(s). For Joint Programs, the Secretary and Service Chief (or their delegates) of each Service involved must concur prior to MS B approval.

The revised section 2366b adds a requirement for the MDA to retain records of the basis for the certifications and determination, and to provide these to the congressional defense committees, if requested. To fulfill this requirement, each 2366b "certification and determination" memorandum signed by the USD(AT&L) will be supported by a "recommendation memorandum" (drafted by Director, Acquisition Resources & Analysis and concurred with by the Defense Acquisition Board members), which provides an explanation of the basis for the certifications and determination and other substantiating information. Both the section 2366b "certifications and determination" and recommendation memorandums must be uploaded to the Acquisition Information Repository system within five business days of MS B approval.

This policy applies to all MDAPs for which the USD(AT&L) is the MDA and is effective immediately. My point of contact is Dr. Nancy Spruill at 703-614-5737.



Frank Kendall

Attachments:
As stated

SAMPLE

**Required Statement for Milestone Decision Authority Certifications and Determination
Memorandum Prior to Milestone B Approval**

MEMORANDUM FOR RECORD

SUBJECT: Milestone B Certifications and Determination for the <*name of program*> Program

As required by section 2366b of title 10, United States Code (U.S.C.),

(1) I have received a preliminary design review and conducted a formal post-preliminary design review assessment, and certify on the basis of such assessment that the program demonstrates a high likelihood of accomplishing its intended mission;

(2) Further, I certify that the technology in the program has been demonstrated in a relevant environment, on the basis of an independent review and assessment by the Assistant Secretary of Defense for Research and Engineering, in consultation with the Deputy Assistant Secretary of Defense for Developmental Test and Evaluation;

(3) I determine that:

(A) the program is affordable when considering the ability of the Department of Defense to accomplish the program's mission using alternative systems;

(B) appropriate trade-offs among cost, schedule, and performance objectives have been made to ensure that the program is affordable when considering the per unit cost and the total acquisition cost in the context of the total resources available during the period covered by the future-years defense program submitted during the fiscal year in which the certification is made;

(C) reasonable cost and schedule estimates have been developed to execute, with the concurrence of the Director of Cost Assessment and Program Evaluation, the product development and production plan under the program; and

(D) funding is available to execute the product development and production plan under the program, through the period covered by the future-years defense program submitted during the fiscal year in which the certification is made, consistent with the estimates described in subparagraph (C) for the program;

(E) appropriate market research has been conducted prior to technology development to reduce duplication of existing technology and products;

(F) the Department of Defense has completed an analysis of alternatives with respect to the program;

(G) the Joint Requirements Oversight Council has accomplished its duties with respect to the program pursuant to section 181(b) of this title, including an analysis of the operational requirements for the program;

(H) life-cycle sustainment planning, including corrosion prevention and mitigation planning, has identified and evaluated relevant sustainment costs throughout development, production, operation, sustainment, and disposal of the program, and any alternatives, and that such costs are reasonable and have been accurately estimated;

(I) an estimate has been made of the requirements for core logistics capabilities and the associated sustaining workloads required to support such requirements;

(J) there is a plan to mitigate and account for any costs in connection with any anticipated de-certification of cryptographic systems and components during the production and procurement of the major defense acquisition program to be acquired; and

(K) the program complies with all relevant policies, regulations, and directives of the Department of Defense; and

(L) the Secretary of the <*military department concerned*> and the Chief of the <*armed force concerned*> concur in the trade-offs made in accordance with subparagraph (B); and

(4) *[Applicable only to space systems that meet the following two criteria: a) the space system will receive Milestone B approval before December 31, 2019; and b) the space system will include a new or follow-on satellite system using a dedicated ground control system instead of a shared ground control system.]* I have performed a cost benefit analysis for any new or follow-on satellite system using a dedicated ground control system instead of a shared ground control system.

TEMPLATE

MEMORANDUM FOR <enter Milestone Decision Authority>

SUBJECT: Substantiation of Cost, Schedule, Technical Feasibility and Performance Trade-Offs
for the <*name of program*> Milestone B Determination

As required by section 2366b(a)(3)(L) of title 10, United States Code, we concur in the cost, schedule, technical feasibility, and performance trade-offs that have been made with regard to the <*name of program*> program.

*<Signatures of the military department concerned and the
Chief of the armed force concerned; or their
delegate(s)>*