

## DOD Implements Weapon Systems Acquisition Reform Act

Written by Administrator  
Thursday, 10 December 2009 00:00

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On December 4, 2009 Under Secretary of Defense (Acquisition, Technology and Logistics) Dr. Ashton Carter issued a Directive-Type Memo (DTM) implementing the recently enacted Weapon Systems Acquisition Reform Act (P.L. 111-23). The original statute can be found [here](#).  
(We've written about this law with respect to the KC-X aerial tanker competition.)

The [DTM](#) makes some significant changes to the Defense acquisition process. Among the changes –

- Requires the Analysis of Alternatives (AoA) to include “full consideration of possible trade-offs among cost, schedule, and performance objectives for each alternative considered.”
- The AOA Study Guidance is now led and approved by the Director of Cost Assessment and Program Evaluation (DCAPE).
- Program acquisition strategies for Major Defense Acquisition Programs (MDAPS) “shall describe the measures taken to ensure competition, or the option of competition, at both the

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prime and subcontract level throughout the program life cycle.”

- Program acquisition strategies for MDAPs and ACAT II programs must address the program’s maintenance and sustainment strategy.
- Unless waived, competitive prototyping is now a statutory requirement for MDAPs.
- The DCAPE will conduct Independent Cost Estimates in advance of decisions to enter Low Rate Initial Production (LRIP) or full rate production (FRP).
- Performance Assessments and Root Cause Analyses (PARCA) will be performed periodically or as requested—and will “evaluate the cost, schedule, and performance of the program, relative to current metrics, performance requirements, and baseline parameters. ... Root cause analysis shall consider the underlying cause or causes for shortcomings in cost, schedule, and performance.”

The DTM contains an extensive discussion of the reporting of program cost growth. Reporting is required when either the Program Acquisition Unit Cost (PAUC) or Average Procurement Unit Cost (APUC) of a MDAP is expected to exceed 25 percent of the current Approved Program Baseline or 50 percent of the original Approved Program Baseline. The report will be submitted to various DOD stakeholders as well as to Congress. After performing various required assessments, the program must be terminated unless the Under Secretary of Defense (AT&L) submits a certification to Congress regarding the program’s impact on national security. If the program is not terminated, then it must be restructured and reviewed every six months. Other reports are required if the program slips initial operating capability milestone by 25 percent when compared to its Milestone A certification schedule.

There’s much more to the DTM, of course. The DOD acquisition system is a complex beast, filled with acronyms and onerous requirements. For example, the uninitiated may find the following discussion of Preliminary Design Reviews (PDRs) a bit daunting:

*PDRs before MS B for other than MDAPs will be approved by the MDA when consistent with*

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*the TDS or Acquisition Strategy objectives. When the PDR is conducted before MS B, a post-PDR assessment will be conducted in association with the MS B review and formally considered by the MDA at the MS B review. If the PDR is conducted after MS B, the MDA will conduct a post-PDR assessment at a time reflected in the approved acquisition strategy.*

The key takeaway here is that, as we have reported several times, programs are being scrutinized for cost, schedule and performance issues at each critical milestone in the DOD acquisition process. Those programs that experience significant cost and/or schedule problems will be in for tough times. As this DTM makes clear, patience with cost growth or schedule slips is nonexistent and program terminations are going to be a more common result.

Program managers beware.

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