



MDAP Estimates and Affordability

Program Funding and Affordability Analysis Standards MDAP Decision Reviews

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OUSD(AT&L)

Acquisition Resources and Analysis

Program Funding & Quantities			Acquisition to O&S Cost Ratio					(BY yyyy)			Curr Est	Δ Current	Δ Original
			Total Required Acq (BY\$M): 4,456 30%					PAUC: 55.7M +4.6%			+10.2%		
			Total Required O&S (BY\$M): 10,358 70%					APUC: 50.4M -3.2%			+60.2%		
(\$ in Millions / Then Year)	Prior	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY13-17	To Comp	Prog Total		
RDT&E													
Prior \$ (PB 12)	108.0	32.4	44.2	45.1	37.9	12.4	5.3	3.2	103.9	-	288.5		
Current \$ (PB 13)	108.0	32.4	44.2	45.6	38.3	12.5	5.4	3.2	105.0	-	289.6		
Delta \$ (Current - Prior)	-	-	-	0.5	0.4	0.1	0.1	-	1.1	-	1.1		
Required¹ \$	108.0	32.4	44.2	45.6	46.0	15.0	6.5	4.0	117.1	-	301.7		
Delta \$ (Current - Required)	-	-	-	-	(7.7)	(2.5)	(1.1)	(0.8)	(12.1)	-	(12.1)		
PROCUREMENT													
Prior \$ (PB 12)	-	99.9	150.4	200.2	304.8	618.6	627.6	360.1	2,111.3	2,257.3	4,618.9		
Current \$ (PB 13)	-	99.9	150.4	203.1	309.2	522.9	530.5	538.1	2,103.8	1,954.5	4,308.6		
Delta \$ (Current - Prior)	-	-	-	2.9	4.4	(95.7)	(97.1)	178.0	(7.6)	(302.8)	(310.4)		
Required¹ \$	-	99.9	150.4	203.1	312.3	528.1	535.8	543.5	2,122.8	1,974.1	4,347.1		
Delta \$ (Current - Required)	-	-	-	-	(3.1)	(5.2)	(5.3)	(5.4)	(19.0)	(19.5)	(38.6)		
MILCON													
Prior \$ (PB 12)	-	-	1.3	1.6	-	2.1	2.3	3.0	9.0	15.3	25.6		
Current \$ (PB 13)	-	-	1.4	1.7	-	2.0	2.1	3.0	8.8	12.6	22.8		
Delta \$ (Current - Prior)	-	-	0.1	0.1	-	(0.1)	(0.2)	-	(0.2)	(2.7)	(2.8)		
Required¹ \$	-	-	1.4	1.7	-	2.0	2.1	3.0	8.8	12.6	22.8		
Delta \$ (Current - Required)	-	-	-	-	-	-	-	-	-	-	-		
SYSTEM O&M²													
Prior \$ (PB 12)	-	6.1	8.3	10.4	26.5	37.8	55.0	91.4	221.1	-	235.5		
Current \$ (PB 13)	-	6.1	8.3	11.4	29.2	41.6	60.5	98.6	241.2	-	255.6		
Delta \$ (Current - Prior)	-	-	-	1.0	2.7	3.8	5.5	7.2	20.1	-	20.1		
Required¹ \$	-	6.1	8.3	11.4	29.2	41.6	60.5	98.6	241.2	5,904.8	6,160.4		
Delta \$ (Current - Required)	-	-	-	-	-	-	-	-	-	(5,904.8)	(5,904.8)		
TOTAL													
Prior \$ (PB 12)	108.0	138.4	204.2	257.3	369.2	670.9	690.2	457.7	2,445.3	2,272.6	5,168.5		
Current \$ (PB 13)	108.0	138.4	204.3	261.8	376.6	579.0	598.5	642.9	2,458.8	1,967.1	4,876.6		
Delta \$ (Current - Prior)	-	-	0.1	4.5	7.4	(91.9)	(91.7)	185.2	13.5	(305.5)	(291.9)		
Required¹ \$	108.0	138.4	204.3	261.8	387.4	586.7	604.9	649.1	2,489.9	7,891.4	10,832.0		
Delta \$ (Current - Required)	-	-	-	-	(10.8)	(7.7)	(6.4)	(6.2)	(31.1)	(5,924.3)	(5,955.4)		
QUANTITIES³													
Prior Qty (PB 12)	0	2	3	4	6	12	12	0	34	41	80		
Current Qty (PB 13)	0	2	3	4	6	10	10	10	40	35	80		
Delta Qty (Current - Prior)	0	0	0	0	0	(2)	(2)	10	6	(6)	0		
Required¹ Qty	0	2	3	4	6	9	9	9	37	38	80		
Delta Qty (Current - Required)	0	0	0	0	0	1	1	1	3	(3)	0		

Note 1. Requirement Source: [e.g., OSD CAPE ICE, Oct 2011]

Note 2. O&M requirement assumes [e.g., a service life to 2035; includes ctr field mx, petro/oil/lube, spare/repair parts, depot mx, sustaining engineering & software mx.]
This line does not include of \$8.3M (FY13-17) of Acquisition-related O&M for program office expenses.

Note 3. Quantities in FY11-12 were funded with RDT&E



Affordability as a Requirement (MS A)

Title 10 USC Section 2366a

(a) Certification.— An MDAP may not receive Milestone A approval or otherwise be initiated prior to Milestone B approval until the MDA certifies, after consultation with the JROCon matters related to program requirements and military needs—

...

(7) that a cost estimate for the program has been submitted, with the concurrence of D,CAPE, and that the level of resources required to ***develop, procure, and sustain*** the program is consistent with the priority level assigned by the JROC.

(b) Notification.—

(1) ***...if the projected cost of the program*** or subprogram, at any time prior to MS B approval, ***exceeds the cost estimate*** for the program submitted at the time of the certification ***by at least 25 percent***, or the PM determines that the period of time required for the delivery of an IOC is likely to exceed the schedule objective...by more than 25 percent, ***the PM*** for the program concerned ***shall notify the MDA....***

(2) Not later than 30 days after a PM submits a notification to the MDA pursuant to paragraph (1) with respect to a MDAP or designated major subprogram, the MDA shall submit to the congressional defense committees a report ...



Affordability as a Requirement (MS A)

USD(AT&L) Better Buying Power Policy

- (a) Determine up front whether the desired capability is worth the projected cost** in the context of the parent portfolio of other weapon systems' acquisition, operation and support
- (1) Unit cost basis as compared with comparable/antecedent systems
 - (2) Portfolio basis: Does proposed program's budget fit in the mission portfolio?
- (b) Continually track and assess** the cost/capability benefit through the program
- (1) Establish average unit acquisition cost and average annual O&S cost per unit
 - (2) Treated by the PM like Key Performance Parameters, not to be sacrificed or compromised without the MDA's specific authority
 - (3) Monitor and report breach of targets
- (c) Trade off capability if necessary** to control the cost
- (1) Identify the design performance points for tradeoff analyses during the Technology Development phase to establish cost and schedule trade space
 - (2) Report results at MS B
- (d) Consider program restructure or cancellation** if cost/benefit reaches a certain threshold (affordability targets breached)
- (1) Capability/cost tradeoffs will be considered

Notional MS A Affordability Requirements

Affordability Targets

Description	Cost Target
APUC	\$27.8M
O&S	\$40.3B

Cost Drivers & Trade Excursions Plan

Description	Trade Excursion	Date
- Range Readjustment	Speed/Range Tradeoff Review	2Q FY12
- Reliability Growth	RAM Study	3Q FY12
- Engine Redesign	NAVAIR /CTR Focus Group	3Q FY12
- Prognostics & Health Mgmt.	Independent Logistics Assessment	3Q FY13
- F/A-XY Avionics Reuse	NAVAIR Tiger Team	3Q FY13
- Reduced Ordnance Load	JROC Review	4Q FY13