

(2) The term “major system” has the meaning provided in section 2302(5) of this title.

(3) The term “Milestone A approval” means a decision to enter into technology maturation and risk reduction pursuant to guidance prescribed by the Secretary of Defense for the management of Department of Defense acquisition programs.

(4) The term “Milestone B approval” has the meaning provided in section 2366(e)(7) of this title.

(5) The term “milestone decision authority”, with respect to a major defense acquisition program, major automated information system, or major system, means the official within the Department of Defense designated with the overall responsibility and authority for acquisition decisions for the program or system, including authority to approve entry of the program or system into the next phase of the acquisition process.

(6) The term “management capacity”, with respect to a major defense acquisition program, major automated information system, or major system, means the capacity to manage the program or system through the use of highly qualified organizations and personnel with appropriate experience, knowledge, and skills.

(7) The term “significant change to the cost”, with respect to a major defense acquisition program or major system, means a significant cost growth threshold, as that term is defined in section 2433(a)(4) of this title.

(8) The term “critical change to the cost”, with respect to a major defense acquisition program or major system, means a critical cost growth threshold, as that term is defined in section 2433(a)(5) of this title.

(9) The term “significant change to the schedule”, with respect to a major defense acquisition program, major automated information system, or major system, means any schedule delay greater than six months in a reported event.

(Added Pub. L. 114-92, div. A, title VIII, § 821(a)(1), Nov. 25, 2015, 129 Stat. 897; amended Pub. L. 114-328, div. A, title VIII, § 848, Dec. 23, 2016, 130 Stat. 2292.)

AMENDMENTS

2016—Subsec. (b). Pub. L. 114-328, § 848(1), in introductory provisions, inserted “, or the milestone decision authority, when the milestone decision authority is the service acquisition executive of the military department that is managing the program,” after “the Under Secretary of Defense for Acquisition, Technology, and Logistics”.

Subsec. (c)(1). Pub. L. 114-328, § 848(2)(A), in introductory provisions, inserted “, or the milestone decision authority, when the milestone decision authority is the service acquisition executive of the military department that is managing the program,” after “the Under Secretary”.

Subsec. (c)(2)(C). Pub. L. 114-328, § 848(2)(B), struck out “, in accordance with section 2431b of this title” before period at end.

Subsec. (d). Pub. L. 114-328, § 848(3), substituted “The” for “(1) Subject to the authority, direction, and control of the Under Secretary of Defense for Acquisition, Technology, and Logistics, the” and, in par. (2), inserted “because of a change described in paragraph (1)(F)” after “for a program or system”.

§ 2431b. Risk management and mitigation in major defense acquisition programs and major systems

(a) REQUIREMENT.—The Secretary of Defense shall ensure that the initial acquisition strategy (required under section 2431a of this title) approved by the milestone decision authority and any subsequent revisions include the following:

(1) A comprehensive approach for managing and mitigating risk (including technical, cost, and schedule risk) during each of the following periods or when determined appropriate by the milestone decision authority:

(A) The period preceding engineering manufacturing development, or its equivalent.

(B) The period preceding initial production.

(C) The period preceding full-rate production.

(2) An identification of the major sources of risk in each of the periods listed in paragraph (1) to improve programmatic decisionmaking and appropriately minimize and manage program concurrency.

(b) APPROACH TO MANAGE AND MITIGATE RISKS.—The comprehensive approach to manage and mitigate risk included in the acquisition strategy for purposes of subsection (a)(1) shall, at a minimum, include consideration of risk mitigation techniques such as the following:

(1) Prototyping (including prototyping at the system, subsystem, or component level and competitive prototyping, where appropriate) and, if prototyping at either the system, subsystem, or component level is not used, an explanation of why it is not appropriate.

(2) Modeling and simulation, the areas that modeling and simulation will assess, and identification of the need for development of any new modeling and simulation tools in order to support the comprehensive strategy.

(3) Technology demonstrations and decision points for disciplined transition of planned technologies into programs or the selection of alternative technologies.

(4) Multiple design approaches.

(5) Alternative designs, including any designs that meet requirements but do so with reduced performance.

(6) Phasing of program activities or related technology development efforts in order to address high-risk areas as early as feasible.

(7) Manufacturability and industrial base availability.

(8) Independent risk element assessments by outside subject matter experts.

(9) Schedule and funding margins for identified risks.

(c) PREFERENCE FOR PROTOTYPING.—To the maximum extent practicable and consistent with the economical use of available financial resources, the milestone decision authority for each major defense acquisition program shall ensure that the acquisition strategy for the program provides for—

(1) the production of competitive prototypes at the system or subsystem level before Milestone B approval; or

(2) if the production of competitive prototypes is not practicable, the production of single prototypes at the system or subsystem level.

(d) DEFINITIONS.—

(1) CONCURRENCY.—The term “concurrency” means, with respect to an acquisition strategy, the combination or overlap of program phases or activities.

(2) MAJOR DEFENSE ACQUISITION PROGRAM AND MAJOR SYSTEM.—The terms “major defense acquisition program” and “major system” have the meanings provided in section 2431a of this title.

(Added Pub. L. 114-92, div. A, title VIII, § 822(a)(1), Nov. 25, 2015, 129 Stat. 900; amended Pub. L. 114-328, div. A, title X, § 1081(a)(7), Dec. 23, 2016, 130 Stat. 2417.)

AMENDMENTS

2016—Subsec. (d). Pub. L. 114-328 amended subsec. (d) generally. Prior to amendment, subsec. (d) defined terms “major defense acquisition program” and “major system”.

§ 2432. Selected Acquisition Reports

(a) In this section:

(1) The term “program acquisition unit cost”, with respect to a major defense acquisition program, means the amount equal to (A) the total cost for development and procurement of, and system-specific military construction for, the acquisition program, divided by (B) the number of fully-configured end items to be produced for the acquisition program.

(2) The term “procurement unit cost”, with respect to a major defense acquisition program, means the amount equal to (A) the total of all funds programmed to be available for obligation for procurement for the program, divided by (B) the number of fully-configured end items to be procured.

(3) The term “major contract”, with respect to a major defense acquisition program, means each of the six largest prime, associate, or Government-furnished equipment contracts under the program that is in excess of \$40,000,000 and that is not a firm, fixed price contract.

(4) The term “full life-cycle cost”, with respect to a major defense acquisition program, means all costs of development, procurement, military construction, and operations and support, without regard to funding source or management control.

(b)(1) The Secretary of Defense shall submit to Congress at the end of each fiscal-year quarter a report on current major defense acquisition programs. Except as provided in paragraphs (2) and (3), each such report shall include a status report on each defense acquisition program that at the end of such quarter is a major defense acquisition program. Reports under this section shall be known as Selected Acquisition Reports.

(2) A status report on a major defense acquisition program need not be included in the Selected Acquisition Report for the second, third, or fourth quarter of a fiscal year if such a report was included in a previous Selected Acquisition

Report for that fiscal year and during the period since that report there has been—

(A) less than a 15 percent increase in program acquisition unit cost and current procurement unit cost for the program (or for each designated subprogram under the program); and

(B) less than a six-month delay in any program schedule milestone shown in the Selected Acquisition Report.

(3)(A) The Secretary of Defense may waive the requirement for submission of Selected Acquisition Reports for a program for a fiscal year if—

(i) the program has not entered system development and demonstration;

(ii) a reasonable cost estimate has not been established for such program; and

(iii) the system configuration for such program is not well defined.

(B) The Secretary shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a written notification of each waiver under subparagraph (A) for a program for a fiscal year not later than 60 days before the President submits the budget to Congress pursuant to section 1105 of title 31 in that fiscal year.

(c)(1) Each Selected Acquisition Report for the first quarter for a fiscal year shall include—

(A) the same information, in detailed and summarized form, as is provided in reports submitted under section 2431 of this title;

(B) for each major defense acquisition program or designated major subprogram included in the report—

(i) the Baseline Estimate (as that term is defined in section 2433(a)(2) of this title), along with the associated risk and sensitivity analysis of that estimate;

(ii) the original Baseline Estimate (as that term is defined in section 2435(d)(1) of this title), along with the associated risk and sensitivity analysis of that estimate;

(iii) if the original Baseline Estimate was adjusted or revised pursuant to section 2435(d)(2) of this title, such adjusted or revised estimate, along with the associated risk and sensitivity analysis of that estimate; and

(iv) the primary risk parameters associated with the current procurement cost for the program (as that term is used in section 2432(e)(4) of this title);

(C) a summary of the history of significant developments from the date each major defense acquisition program or designated major subprogram included in the report was first included in a Selected Acquisition Report and program highlights since the last Selected Acquisition Report;

(D) the significant schedule and technical risks for each such program or subprogram, identified at each major milestone and as of the quarter for which the current report is submitted;

(E) the current program acquisition cost and program acquisition unit cost for each such program or subprogram included in the report and the history of those costs from the December 2001 reporting period to the end of the