

395; Pub. L. 107-107, div. A, title VIII, §821(a), Dec. 28, 2001, 115 Stat. 1181; Pub. L. 111-23, title I, §101(d)(5), May 22, 2009, 123 Stat. 1710; Pub. L. 111-383, div. A, title VIII, §814(e), Jan. 7, 2011, 124 Stat. 4267; Pub. L. 114-92, div. A, title VIII, §831(a)-(c)(1), Nov. 25, 2015, 129 Stat. 912, related to independent cost estimates.

#### § 2435. Baseline description

(a) **BASELINE DESCRIPTION REQUIREMENT.**—(1) The Secretary of a military department shall establish a baseline description for each major defense acquisition program and for each designated major subprogram under the program under the jurisdiction of such Secretary.

(2) The baseline shall include sufficient parameters to describe the cost estimate (referred to as the “Baseline Estimate” in section 2433 of this title), schedule, performance, supportability, and any other factor of such major defense acquisition program or designated major subprogram.

(b) **FUNDING LIMIT.**—No amount appropriated or otherwise made available to the Department of Defense for carrying out a major defense acquisition program or any designated major subprogram under the program may be obligated after the program or subprogram enters system development and demonstration without an approved baseline description unless such obligation is specifically approved by the Under Secretary of Defense for Acquisition and Sustainment.

(c) **SCHEDULE.**—A baseline description for a major defense acquisition program or any designated major subprogram under the program shall be prepared under this section—

- (1) before the program or subprogram enters system development and demonstration;
- (2) before the program or subprogram enters production and deployment; and
- (3) before the program or subprogram enters full rate production.

(d) **ORIGINAL BASELINE ESTIMATE.**—(1) In this chapter, the term “original Baseline Estimate”, with respect to a major defense acquisition program or any designated major subprogram under the program, means the baseline description established with respect to the program or subprogram under subsection (a) prepared before the program or subprogram enters system development and demonstration, or at program or subprogram initiation, whichever occurs later, without adjustment or revision (except as provided in paragraph (2)).

(2) An adjustment or revision of the original baseline description of a major defense acquisition program or any designated major subprogram under the program may be treated as the original Baseline Estimate for the program or subprogram for purposes of this chapter only if the percentage increase in the program acquisition unit cost or procurement unit cost under such adjustment or revision exceeds the critical cost growth threshold for the program or subprogram under section 2433 of this title, as determined by the Secretary of the military department concerned under subsection (d) of such section.

(3) In the event of an adjustment or revision of the original baseline description of a major defense acquisition program or any designated

major subprogram under the program, the Secretary of Defense shall include in the next Selected Acquisition Report to be submitted under section 2432 of this title after such adjustment or revision a notification to the congressional defense committees of such adjustment or revision, together with the reasons for such adjustment or revision.

(e) **REGULATIONS.**—The Secretary of Defense shall prescribe regulations governing the following:

(1) The content of baseline descriptions under this section.

(2) The submission to the Secretary of the military department concerned and the Under Secretary of Defense for Acquisition and Sustainment by the program manager for a program for which there is an approved baseline description (or in the case of a major defense acquisition program with one or more designated major subprograms, approved baseline descriptions for such subprograms) under this section of reports of deviations from any such baseline description of the cost, schedule, performance, supportability, or any other factor of the program or subprogram.

(3) Procedures for review of such deviation reports within the Department of Defense.

(4) Procedures for submission to, and approval by, the Secretary of Defense of revised baseline descriptions.

(Added Pub. L. 99-500, §101(c) [title X, §904(a)(1)], Oct. 18, 1986, 100 Stat. 1783-82, 1783-133, and Pub. L. 99-591, §101(c) [title X, §904(a)(1)], Oct. 30, 1986, 100 Stat. 3341-82, 3341-133; Pub. L. 99-661, div. A, title IX, formerly title IV, §904(a)(1), Nov. 14, 1986, 100 Stat. 3912, renumbered title IX, Pub. L. 100-26, §3(5), Apr. 21, 1987, 101 Stat. 273; amended Pub. L. 100-26, §7(b)(6), Apr. 21, 1987, 101 Stat. 280; Pub. L. 100-180, div. A, title VIII, §803(a), Dec. 4, 1987, 101 Stat. 1125; Pub. L. 100-370, §1(i)(1), July 19, 1988, 102 Stat. 848; Pub. L. 100-456, div. A, title XII, §1233(l)(4), Sept. 29, 1988, 102 Stat. 2058; Pub. L. 101-189, div. A, title VIII, §811(b), Nov. 29, 1989, 103 Stat. 1493; Pub. L. 101-510, div. A, title XII, §1207(b), title XIV, §1484(k)(11), Nov. 5, 1990, 104 Stat. 1665, 1719; Pub. L. 103-160, div. A, title IX, §904(d)(1), Nov. 30, 1993, 107 Stat. 1728; Pub. L. 103-355, title III, §3005(a), Oct. 13, 1994, 108 Stat. 3330; Pub. L. 107-107, div. A, title VIII, §821(d), title X, §1048(b)(2), Dec. 28, 2001, 115 Stat. 1182, 1225; Pub. L. 109-163, div. A, title VIII, §802(d)(1), Jan. 6, 2006, 119 Stat. 3369; Pub. L. 109-364, div. A, title VIII, §806, Oct. 17, 2006, 120 Stat. 2315; Pub. L. 110-417, [div. A], title VIII, §811(d), Oct. 14, 2008, 122 Stat. 4524; Pub. L. 116-92, div. A, title IX, §902(71), Dec. 20, 2019, 133 Stat. 1551.)

#### HISTORICAL AND REVISION NOTES 1988 ACT

Subsection (c) is based on Pub. L. 98-525, title XII, §1243, Oct. 19, 1984, 98 Stat. 2609, as amended by Pub. L. 100-26, §110(a)(1), Apr. 21, 1987, 101 Stat. 288.

#### CODIFICATION

Pub. L. 110-417, §811(d)(2)(B), (3)(B), (4)(B)(i), which directed amendment of this section by inserting “or subprogram” after “the program” in subsec. (b) and after “the program” each place it appeared in subsecs. (c) and (d), was executed by making the insertions after

“the program” each place it appeared in those subsecs. except after “designated major subprogram under the program”, to reflect the probable intent of Congress.

Pub. L. 99-591 is a corrected version of Pub. L. 99-500. Pub. L. 99-500, Pub. L. 99-591, and Pub. L. 99-661 added identical sections.

#### AMENDMENTS

2019—Subsecs. (b), (e)(2). Pub. L. 116-92 substituted “the Under Secretary of Defense for Acquisition and Sustainment” for “the Under Secretary of Defense for Acquisition, Technology, and Logistics”.

2008—Subsec. (a). Pub. L. 110-417, §811(d)(1), inserted “and for each designated major subprogram under the program” after “major defense acquisition program” in par. (1) and “or designated major subprogram” after “major defense acquisition program” in par. (2).

Subsec. (b). Pub. L. 110-417, §811(d)(2), inserted “or any designated major subprogram under the program” after “major defense acquisition program” and “or subprogram” after “after the program”. See Codification note above.

Subsec. (c). Pub. L. 110-417, §811(d)(3), inserted “or any designated major subprogram under the program” after “major defense acquisition program” in introductory provisions and “or subprogram” after “the program” in pars. (1) to (3). See Codification note above.

Subsec. (d). Pub. L. 110-417, §811(d)(4), inserted “or any designated major subprogram under the program” after “major defense acquisition program” wherever appearing, in par. (1), inserted “or subprogram” after “to the program”, “before the program”, and “at program”, and, in par. (2), inserted “or subprogram” after “for the program” in two places. See Codification note above.

Subsec. (e)(2). Pub. L. 110-417, §811(d)(5), inserted “(or in the case of a major defense acquisition program with one or more designated major subprograms, approved baseline descriptions for such subprograms)” after “baseline description” and “or subprogram” before period at end and substituted “any such baseline description” for “the baseline”.

2006—Subsec. (d). Pub. L. 109-163 added subsec. (d). Former subsec. (d) redesignated (e).

Subsec. (d)(1). Pub. L. 109-364 inserted “prepared before the program enters system development and demonstration, or at program initiation, whichever occurs later” after “program under subsection (a)”.

Subsec. (e). Pub. L. 109-163 redesignated subsec. (d) as (e).

2001—Subsec. (b). Pub. L. 107-107, §§821(d)(1), 1048(b)(2), substituted “system development and demonstration” for “engineering and manufacturing development” and “Under Secretary of Defense for Acquisition, Technology, and Logistics” for “Under Secretary of Defense for Acquisition and Technology”.

Subsec. (c)(1). Pub. L. 107-107, §821(d)(2)(A), substituted “system development and demonstration” for “demonstration and validation”.

Subsec. (c)(2). Pub. L. 107-107, §821(d)(2)(B), substituted “production and deployment” for “engineering and manufacturing development”.

Subsec. (c)(3). Pub. L. 107-107, §821(d)(2)(C), substituted “full rate production” for “production and deployment”.

Subsec. (d)(2). Pub. L. 107-107, §1048(b)(2), substituted “Under Secretary of Defense for Acquisition, Technology, and Logistics” for “Under Secretary of Defense for Acquisition and Technology”.

1994—Pub. L. 103-355 amended section generally. Prior to amendment, section related to enhanced program stability.

1993—Subsec. (b)(2)(B). Pub. L. 103-160 substituted “Under Secretary of Defense for Acquisition and Technology” for “Under Secretary of Defense for Acquisition”.

1990—Subsec. (b)(1). Pub. L. 101-510, §1484(k)(11), struck out closing parenthesis after “such Secretary” in introductory provisions.

Subsec. (c). Pub. L. 101-510, §1207(b), struck out subsec. (c) which read as follows: “STABILITY OF PROGRAM

MANAGERS.—(1) The tour of duty of an officer of the armed forces as a program manager of a major defense acquisition program shall be (A) not less than four years, or (B) until completion of a major program milestone (as defined in regulations prescribed by the Secretary of Defense).

“(2) The Secretary of the military department concerned may waive the length of the tour of duty prescribed in paragraph (1). The authority under the preceding sentence may not be delegated.”

1989—Subsec. (a)(2)(B)(iv). Pub. L. 101-189, §811(b)(1), substituted “production” for “development”.

Subsec. (b)(1). Pub. L. 101-189, §811(b)(2)(A), substituted “service acquisition executive designated by such Secretary” for “senior procurement executive of such military department (designated pursuant to section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)))”.

Subsec. (b)(2). Pub. L. 101-189, §811(b)(2)(B), substituted “180 days” for “90 days” in introductory provisions.

1988—Subsec. (b)(2). Pub. L. 100-456 clarified amendment by Pub. L. 100-180, §803(a). See 1987 Amendment note below.

Subsec. (c). Pub. L. 100-370 added subsec. (c).

1987—Subsec. (b)(2). Pub. L. 100-180, as amended by Pub. L. 100-456, substituted “under paragraph (1), and for which the total cost of completion of the stage will exceed by 15 percent or more, in the case of a development stage, or by 5 percent or more, in the case of a production stage, the amount specified in the baseline description established under subsection (a) for such stage; or any milestone specified in such baseline description will be missed by more than 90 days” for first reference to “under paragraph (1)”.

Subsec. (c). Pub. L. 100-26, §7(b)(6), struck out subsec. (c) which defined “major defense acquisition program”.

#### EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by Pub. L. 109-163 effective on Jan. 6, 2006, and applicable with respect to any major defense acquisition program for which an original Baseline Estimate is first established before, on, or after Jan. 6, 2006, see section 802(e) of Pub. L. 109-163, set out as a note under section 2433 of this title.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Pub. L. 101-510, div. A, title XII, §1207(b), Nov. 5, 1990, 104 Stat. 1665, provided that the amendment made by that section is effective Oct. 1, 1991.

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-456 applicable as if included in the enactment of Pub. L. 100-180, see section 1233(l)(5) of Pub. L. 100-456 set out as a note under section 2366 of this title.

#### EFFECTIVE DATE

Pub. L. 99-500, §101(c) [title X, §904(b)], Oct. 18, 1986, 100 Stat. 1783-82, 1783-134, and Pub. L. 99-591, §101(c) [title X, §904(b)], Oct. 30, 1986, 100 Stat. 3341-82, 3341-134, and Pub. L. 99-661, div. A, title IX, formerly title IV, §904(b), Nov. 14, 1986, 100 Stat. 3914, renumbered title IX, Pub. L. 100-26, §3(5), Apr. 21, 1987, 101 Stat. 273, provided that: “Section 2435 of title 10, United States Code (as added by subsection (a)(1)), shall apply to major defense acquisition programs that enter full-scale engineering development or full-rate production after the date of the enactment of this Act [Oct. 18, 1986].”

#### REVIEW OF ACQUISITION PROGRAM CYCLE

Pub. L. 103-355, title V, §5002(a), Oct. 13, 1994, 108 Stat. 3350, provided that: “The Secretary of Defense shall review the regulations of the Department of Defense to ensure that acquisition program cycle procedures are focused on achieving the goals that are consistent with the program baseline description established pursuant to section 2435 of title 10, United States Code.”

**§ 2436. Major defense acquisition programs: incentive program for contractors to purchase capital assets manufactured in United States**

(a) ESTABLISHMENT OF INCENTIVE PROGRAM.—The Secretary of Defense shall plan and establish an incentive program in accordance with this section for contractors to purchase capital assets manufactured in the United States in part with funds available to the Department of Defense.

(b) DEFENSE INDUSTRIAL CAPABILITIES FUND MAY BE USED.—The Secretary of Defense may use the Defense Industrial Capabilities Fund, established under section 814 of the National Defense Authorization Act for Fiscal Year 2004, for incentive payments under the program established under this section.

(c) APPLICABILITY TO MAJOR DEFENSE ACQUISITION PROGRAM CONTRACTS.—The incentive program shall apply to contracts for the procurement of a major defense acquisition program.

(d) CONSIDERATION.—The Secretary of Defense shall provide consideration in source selection in any request for proposals for a major defense acquisition program for offerors with eligible capital assets.

(Added Pub. L. 108-136, div. A, title VIII, § 822(a)(1), Nov. 24, 2003, 117 Stat. 1546.)

REFERENCES IN TEXT

Section 814 of the National Defense Authorization Act for Fiscal Year 2004, referred to in subsec. (b), is section 814 of Pub. L. 108-136, which is set out in a note under section 2501 of this title.

PRIOR PROVISIONS

A prior section 2436, added Pub. L. 99-500, § 101(c) [title X, § 905(a)(1)], Oct. 18, 1986, 100 Stat. 1783-82, 1783-134, and Pub. L. 99-591, § 101(c) [title X, § 905(a)(1)], Oct. 30, 1986, 100 Stat. 3341-82, 3341-134; Pub. L. 99-661, div. A, title IX, formerly title IV, § 905(a)(1), Nov. 14, 1986, 100 Stat. 3914; renumbered title IX, Pub. L. 100-26, § 3(5), Apr. 21, 1987, 101 Stat. 273; amended Pub. L. 100-26, § 7(b)(7), Apr. 21, 1987, 101 Stat. 280; Pub. L. 100-180, div. A, title VIII, § 803(c), title XII, § 1231(14), Dec. 4, 1987, 101 Stat. 1125, 1160; Pub. L. 101-510, div. A, title XIV, § 1484(h)(4), Nov. 5, 1990, 104 Stat. 1718, related to establishment and conduct of the defense enterprise program, prior to repeal by Pub. L. 103-160, div. A, title VIII, § 821(a)(5), Nov. 30, 1993, 107 Stat. 1704.

EFFECTIVE DATE

Pub. L. 108-136, div. A, title VIII, § 822(c), Nov. 24, 2003, 117 Stat. 1547, provided that: "Section 2436 of title 10, United States Code, as added by subsection (a), shall apply with respect to contracts entered into after the expiration of the 18-month period beginning on the date of the enactment of this Act [Nov. 24, 2003]."

REGULATIONS

Pub. L. 108-136, div. A, title VIII, § 822(b), Nov. 24, 2003, 117 Stat. 1547, provided that:

"(1) The Secretary of Defense shall prescribe regulations as necessary to carry out section 2436 of title 10, United States Code, as added by this section.

"(2) The Secretary may prescribe interim regulations as necessary to carry out such section. For this purpose, the Secretary is excepted from compliance with the notice and comment requirements of section 553 of title 5, United States Code. All interim rules prescribed under the authority of this paragraph that are not earlier superseded by final rules shall expire no later than 270 days after the effective date of section 2436 of title 10, United States Code [see Effective Date note above], as added by this section."

**§ 2437. Development of major defense acquisition programs: sustainment of system to be replaced**

(a) REQUIREMENT FOR SUSTAINING EXISTING FORCES.—(1) The Secretary of Defense shall require that, whenever a new major defense acquisition program begins development, the defense acquisition authority responsible for that program shall develop a plan (to be known as a "sustainment plan") for the existing system that the system under development is intended to replace. Any such sustainment plan shall provide for an appropriate level of budgeting for sustaining the existing system until the replacement system to be developed under the major defense acquisition program is fielded and assumes the majority of responsibility for the mission of the existing system. This section does not apply to a major defense acquisition that reaches initial operational capability before October 1, 2008.

(2) In this section, the term "defense acquisition authority" means the Secretary of a military department or the commander of the United States Special Operations Command.

(b) SUSTAINMENT PLAN.—The Secretary of Defense shall require that each sustainment plan under this section include, at a minimum, the following:

(1) The milestone schedule for the development of the major defense acquisition program, including the scheduled dates for low-rate initial production, initial operational capability, full-rate production, and full operational capability and the date as of when the replacement system is scheduled to assume the majority of responsibility for the mission of the existing system.

(2) An analysis of the existing system to assess the following:

(A) Anticipated funding levels necessary to—

(i) ensure acceptable reliability and availability rates for the existing system; and

(ii) maintain mission capability of the existing system against the relevant threats.

(B) The extent to which it is necessary and appropriate to—

(i) transfer mature technologies from the new system or other systems to enhance the mission capability of the existing system against relevant threats; and

(ii) provide interoperability with the new system during the period from initial fielding until the new system assumes the majority of responsibility for the mission of the existing system.

(c) EXCEPTIONS.—Subsection (a) shall not apply to a major defense acquisition program if the Secretary of Defense determines that—

(1) the existing system is no longer relevant to the mission;

(2) the mission has been eliminated;

(3) the mission has been consolidated with another mission in such a manner that another existing system can adequately meet the mission requirements; or

(4) the duration of time until the new system assumes the majority of responsibility for the