



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
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WASHINGTON DC 20350-1000

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MEMORANDUM FOR DISTRIBUTION

SUBJECT: Affordability Guidance for Acquisition Category II and III Programs

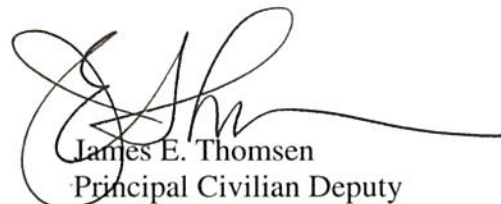
- References: (a) Under Secretary of Defense (Acquisition, Technology and Logistics)
Memorandum "Implementation Directive for Better Buying Power 2.0 –
Achieving Greater Efficiency and Productivity in Defense Spending"
April 24, 2013
- (b) Interim DoDI 5000.02 "Operation of the Defense Acquisition System"
November 26, 2013

In accordance with Reference (a), Attachment 2, Program Managers (PM) are expected to develop and establish affordability goals and caps for Acquisition Category (ACAT) II and III programs in the context of the program's associated product portfolio. The affordability analysis and recommended constraints should be presented to the Milestone Decision Authority (MDA) before major acquisition decisions to demonstrate the affordability of each program that has resource implications beyond the Future Years Defense Program (FYDP).

Enclosure 8 of Reference (b) is devoted to the topic and policy for the area of affordability. The stated intent of the policy is to require affordability analysis that addresses the total life cycle of the planned program, including time beyond the FYDP. All participants in the acquisition system should recognize the reality of fiscal constraints. Programs should be planned based on realistic projections of the dollars and manpower likely to be available for that product portfolio throughout its projected life cycle.

MDAs are responsible for enforcing affordability caps for ACAT II and III programs that have resource implications beyond the FYDP effective immediately. Please review enclosure (8) of Reference (b) for additional guidance on the establishment and maintenance of the affordability goals and caps. Additional information regarding affordability is also available in Chapter 10.15 of the Defense Acquisition Guidebook and on the Better Buying Power website at <http://bbp.dau.mil>.


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