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December 18, 2017

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
CHIEFS OF THE MILITARY SERVICES  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR OF COST ASSESSMENT AND PROGRAM  
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INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
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DEFENSE  
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DIRECTOR OF NET ASSESSMENT  
DIRECTORS OF DEFENSE AGENCIES  
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Guidance on Department of Defense Implementation of Section 2430(d) of Title 10,  
United States Code

Section 2430(d) of title 10, United States Code (U.S.C.), became effective on October 1, 2016. Section 2430(d) provides that the Milestone Decision Authority (MDA) for a Major Defense Acquisition Program reaching Milestone A after October 1, 2016, will be the Service Acquisition Executive (SAE) of the Military Department that is managing the program, unless another official is designated to serve as the MDA.

Pursuant to section 825(c)(2) of the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114-92), the attached guidance is being issued after consultation with the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), and the SAEs to conform with the acquisition policy, guidance, and practices of the DoD with the requirements of section 2430(d). This guidance is effective immediately. Further guidance may be issued as necessary.

The point of contact (POC) for the Deputy Chief Management Officer is Mr. Andrew Haeuptle at 571-372-2861. The POC for USD(AT&L) is Dr. Nancy Spruill, Director, Acquisition Resources & Analysis, at 703-614-5737.

John H. Gibson II

Attachment:  
As stated

**Implementation Guidance for 10 U.S.C. § 2430(d)  
(Designation of Milestone Decision Authority)**

Under 10 U.S.C. § 2430(d) (section 2430(d)), the Service Acquisition Executive (SAE) of the Military Department that is managing a Major Defense Acquisition Program (MDAP) reaching Milestone (MS) A after October 1, 2016, shall be the Milestone Decision Authority (MDA) for the MDAP unless, based on one or more exceptions in the statute, the Secretary of Defense designates an alternate MDA. The Secretary of Defense has delegated his authority to designate an alternate MDA for a MDAP to the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)).

At least annually, at submission of the Program Objective Memorandum (POM), each SAE will provide, in writing, sufficient information to the USD(AT&L), or, after February 2018, to the Under Secretary of Defense for Acquisition and Sustainment, to inform whether the basis for an exception exists. This information must be provided for all programs for which the Military Department anticipates a Materiel Development Decision or a MS A decision (or later MS decision if this will be the program's first MS) in the first year of the POM Future Years Defense Program and that are estimated to require eventual total expenditures of funds for all increments that exceed the MDAP dollar value thresholds set forth in 10 U.S.C. § 2430, as adjusted.

Programs for which the SAE is the MDA by operation of section 2430(d) will be designated within the Department of Defense (DoD) as Acquisition Category (ACAT) IB programs in order to differentiate these programs from ACAT ID programs, where the USD(AT&L) is the MDA, and ACAT IC programs, where the USD(AT&L) as the Defense Acquisition Executive (DAE) has delegated the DAE's milestone decision authority to the SAE. Should the USD(AT&L) designate the DAE or other official as the alternate MDA, based on one or more exceptions in the statute, the ACAT IB program will be re-designated as ACAT ID.

<b>Designation</b>	<b>Designation Determination</b>	<b>MDA</b>
ACAT IB	Programs for which the SAE is the MDA by operation of section 2430(d).  This designation (ACAT 1B) is for programs reaching Milestone A <b>AFTER</b> October 1, 2016.	SAE
ACAT IC	Programs for which the USD(AT&L), as the Defense Acquisition Executive (DAE), has delegated the DAE's milestone decision authority to the SAE.  This designation (ACAT 1C) is only for programs that reached Milestone A <b>BEFORE</b> October 1, 2016.	SAE
ACAT ID	Programs for which the USD(AT&L), as the DAE, makes a decision to become the MDA or designate another OSD official as the MDA.  This decision would be based on one or more exceptions in 2430(d).	USD(AT&L) or another designated OSD official

In accordance with section 2430(d)(3)(A), for programs for which the USD(AT&L) has designated an alternate MDA, the Secretary of the Military Department concerned, or designee, may request reversion of responsibility back to the SAE. The USD(AT&L) must make a decision with regard to the Military Department's request within 180 days after receiving the request. In the event the MDA for the program reverts back to the SAE, either at the request of the Military Department or at the DAE's discretion, the program would revert from its ACAT ID designation to an ACAT IB designation.

DoD Instruction (DoDI) 5000.02, Change 3, dated August 10, 2017, is applicable to ACAT IB programs. SAEs may tailor the DoDI 5000.02 policies and procedures to ACAT IB programs as appropriate.

SAEs managing ACAT IB programs must continue to comply with all statutes that require information about an MDAP to be provided to the Office of the Secretary of Defense or the Office of the USD(AT&L). For example, 10 U.S.C. § 2432 requires the Secretary of Defense to submit Selected Acquisition Reports (SARs) for MDAPs. For ACAT IB programs, the Military Departments must continue to use the Defense Acquisition Visibility Environment system for preparation and management of Acquisition Program Baselines and SARs, to enable continued efficient and streamlined execution of Congressional reporting for all MDAPs, including ACAT IB programs, through the Director, Acquisition Resources and Analysis.

Additionally, the Military Departments will continue to use the DAMIR system for ACAT IB program quarterly unit cost reporting required by 10 U.S.C § 2433 and continue to report other quarterly Defense Acquisition Executive Summary information.

All programs that have been initiated by having entered the acquisition management system at either MS A or a later MS before October 1, 2016, and that are designated as either an ACAT ID or ACAT IC program will continue to follow the acquisition information and reporting requirements of the Defense Acquisition System, as described in DoDI 5000.02.