

National Aeronautics and Space Administration

Headquarters

Washington, DC 20546-0001



December 11, 2017

Reply to Attn of:

MEMORANDUM FOR THE RECORD

MSC Approval of Budget BSA Decision #6 Memo: Raise EVM Thresholds to \$250M

This memo addresses the Mission Support Council's decision to approve the Business Services Assessment (BSA) OCFO Budget Implementation Plan - Decision #6, specifically addressing the second part of the Budget BSA Decision #6, which raises the Earned Value Management (EVM) project threshold from \$20M to \$250M Life Cycle Cost (LCC).

Budget BSA Decision #6:

- Scale Program, Planning & Control (PP&C) capabilities, including EVM, commensurate with the type of activity, based on risks to mission:
 - 1) Focus integrated PP&C capabilities on 7120.5 project activities, and streamline 7120.8 projects to use PP&C "lite" capabilities, and
 - 2) Raise threshold to \$250M Life Cycle Cost for In-House work.

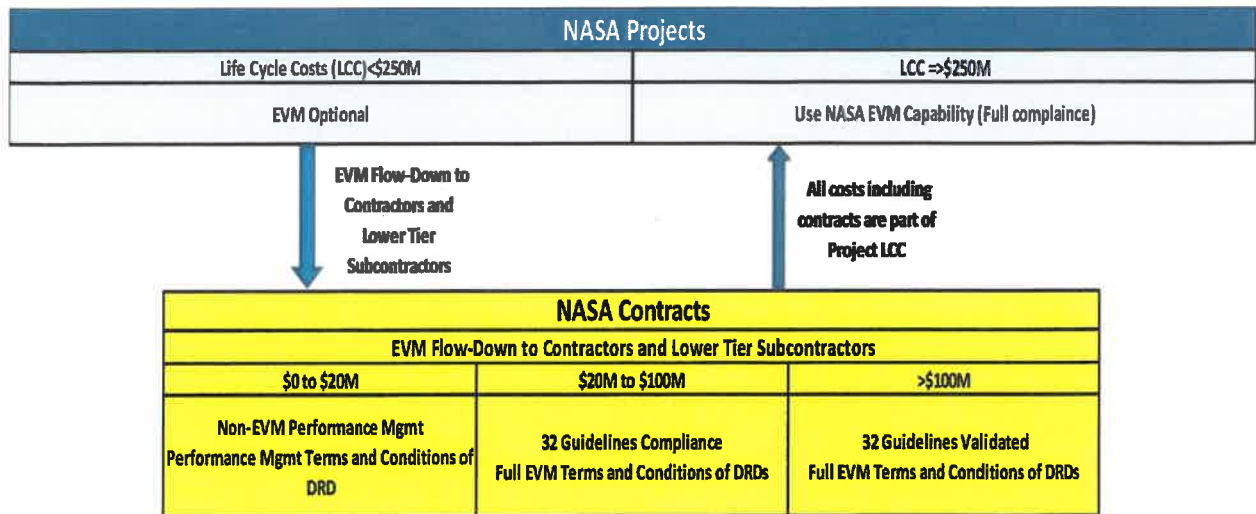
This new EVM threshold will apply to:

- New Projects: Initial LCC of \$250M or greater at or prior to Key Decision Point-B (KDP-B)*
- Existing Projects: LCC of \$250M or greater as determined at KDP-B*. For existing projects beyond KDP-B, the previous EVM threshold of \$20M or greater still applies.

*NOTE: EVM requirements for any projects that fall under \$250M threshold at KDP-B, but exhibit cost growth will be re-assessed at KDP-C. If the LCC costs are expected to be \$250M or greater, then EVM is required.

EVM is no longer required on In-House work for new projects with an LCC less than \$250M pre KDP-B. (This does not preclude Mission Directorates, Centers, Programs or Projects from implementing EVM as deemed necessary)

Contracts continue to follow requirements outlined in the NASA FAR Supplement (PCD 15-05) at <https://www.hq.nasa.gov/office/procurement/regs/pcd15-05.htm>. Cost or fixed price with incentive fee contracts with development scope of \$20M or greater will require EVM compliance with the EIA-748 determined by the Contracting Officer (CO). Contracts of \$100M or greater will require EVM compliance with the EIA-748 using an EVMS that is accepted by the agency or designee (e.g. Defense Contract Management Agency (DCMA)).



Projects that are valued to have a LCC ≥ \$250M anytime prior to KDP-C require EVM.
 Contract thresholds are governed by the NASA FAR Supplement 1852 and 1834

Example 1: A new project that consists of \$100M of in-house work and \$150M of contract(s) requires EVM. The \$250M or greater threshold is at the project level with contract thresholds set by the NFS as described in the previous paragraph.

Example 2: In phase A, a new project with an LCC is estimated at \$230M. If subsequent to the LCC estimate, the costs incurred thru Phase A and into Phase B exhibit cost growth that indicate the project may exceed the \$250M LCC threshold, then the project should prepare to implement EVM.

For full compliance, projects shall follow the NASA EVM Capability Process, which can be found on the NASA Engineering Network at <https://nen.nasa.gov/web/evm/documents> within the NASA EVM Capability Process Documentation folder.

Note: The Implementation of Budget BSA Decision #6 renders the letter “Guidance and Expectation for Small Category 3, Risk Classification D (Cat3/ClassD) Space Flight Projects with Life-Cycle Cost Under \$150M” (Lightfoot letter dated September 26, 2014) obsolete for the projects affected by this memo.

If you have any questions, please contact Jerald Kerby (Jerald.g.kerby@nasa.gov).

Yours,



Andrew Hunter
 Chief Financial Officer (Acting)