THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION AND
TECHNOLOGY

17 AUG 1999

MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT)
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION
DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, NATIONAL SECURITY AGENCY

SUBJECT: Industry Standard "Earned Value Management Systems"

On December 14, 1996, the Under Secretary of Defense (Acquisition & Technology) accepted draft industry guidelines for Earned Value Management Systems Criteria as replacements for the Department of Defense Cost/Schedule Control Systems Criteria. Part 3.3.5.3 Cost Performance and Appendix VI of DoD Regulation 5000.2-R were revised to replace the previous criteria with the industry guidelines and to provide a baseline for evaluating new industry, national or international standards. Because the draft guidelines were somewhat limited in application, he also encouraged industry to develop a widely accepted standard that would obviate the need for the Department to maintain a separate set of criteria.

In June 1998 the Electronic Industries Alliance (EIA) published the industry guidelines as a new standard, ANSI/EIA-748-98 "Earned Value Management Systems." It reflects a broad consensus and is being adopted by industry for use on both government and commercial projects. Industry and government in other countries also recognize it as the world's best practice for managing complex projects. In view of this widespread acceptance, I have decided to adopt ANSI/EIA-748-98 for Defense acquisition. Part 3.3.5.3 of DoD 5000.2-R will cite the industry standard and Appendix VI will reflect the industry standard guidelines.

The Director, Systems Acquisition, will incorporate this change in DoD 5000.2-R. The Director, Defense Standardization Program Office will take necessary actions to make the standard available to government users. The Commander, Defense Contract Management Command, as executive agent for Earned Value Management, will coordinate any necessary changes to implementation guidance and to the Defense Federal Acquisition Regulation Supplement and will represent the Department in the related activities of national and international standards-setting bodies.

J. S. Gansler