To enhance mission performance, TSA is committed to promoting a culture founded on its values of Integrity, Innovation and Team Spirit.

REVISION: This revised directive supersedes TSA MD 300.20, *Acquisition Program Life Cycle Cost Estimates,* dated May 16, 2012.

SUMMARY OF CHANGES: Section 1, Purpose, revised to identify other participants; Section 2, Scope, updated; Section 3, Authorities, revised to add and delete authority references; Section 4, Definitions, revised to include additional definitions; Section 5, Responsibilities, revised to delineate specific responsibilities; Section 6, Policy, revised to further explain policy; Section 7, Procedures, added to provide a procedure.

1. **PURPOSE**: This directive defines separate processes and deliverables for the development, review, and approval of Acquisition Program Life Cycle Cost Estimates (LCCEs) that support Acquisition Decision Events (ADE)/Acquisition Review Boards (ARB) and the Office of Finance and Administration (OFA) annual programming effort.

2. **SCOPE:** This directive applies to all TSA Acquisition Programs, select operational activities and programs, and designated special interest programs.

3. **AUTHORITIES:**

    A. DHS Acquisition Instruction/Guidebook #102-01-001: Appendix I - LCCE, Independent Cost Estimates (ICEs) and Cost Estimating Baseline Documents (CEBDs)

    B. DHS Acquisition Instruction/Guidebook #102-01-001: Appendix K - Acquisition Program Baseline (APB)

    C. DHS CFO / DHS Deputy Under Secretary for Management (DUSM) Memorandum - Annual Cost Estimates, 1/11/2016

    D. DHS CFO / DHS Deputy Under Secretary for Management (DUSM) Memorandum - Overseeing and Tracking Costs of Acquisition Programs in Sustainment, 4/20/2015

    E. DHS Cost Estimating Handbook, Development of a LCCE

    F. DHS Directive 102-01-001, Rev 03, Acquisition Management Directive

    G. DHS Instruction 102-01-001, Rev 01, Acquisition Management Instruction, 3/9/2016

    H. Government Accountability Office (GAO), GAO-09-3SP, Cost Estimating and Assessment

Guide, Best Practices for Developing and Managing Capital Program Costs

I. TSA MD 300.8, Acquisition Program Review and Reporting

4. DEFINITIONS:

A. Annual Cost Estimating Update: An annual update of the Life Cycle Cost Estimate (LCCE) model and supporting basis of estimate presentation to management that is based on most recent programmatic information and informs TSA Resource Allocation Process (RAP) submission.

B. Component Approved Life Cycle Cost Estimate (LCCE): An ADE/ARB LCCE or Annual LCCE Update that has been submitted by Program Managers and approved by the TSA Component Acquisition Executive (CAE) and Office of Finance and Administration (OFA).

C. Life Cycle Cost Estimate (LCCE): A process to forecast total ownership cost of a program. LCCE process output is documentation that includes but is not limited to: LCCE/cost model, LCCE document, Cost Estimating Baseline Document, and/or a brief supporting the annual RAP submission.

D. LCCE Review Board (LCCERB): A TSA executive board, which reviews the program LCCE with the purpose of validating whether or not it is credible and affordable and results in a recommendation of approval or disapproval to the CAE. This board provides a forum for a balanced evaluation of budgetary resources, requirements, and acquisition courses of action.

E. Resource Allocation Plan: An annual DHS component request for funding necessary to achieve objectives, commitments and priorities of the Department, within fiscal guidance constraints. The RAP illustrates proposed allocations of resources to programs and activities across the five-year Future Year Homeland Security Program (FYHSP).

F. Validation: A DHS CFO process to certify Component Approved LCCEs as compliant to cost estimating best practices outlined in GAO-09-3SP, *Cost Estimating and Assessment Guide, Best Practices for Developing and Managing Capital Program Costs* and *DHS Cost Estimating Handbook, Development of a LCCE*.

5. RESPONSIBILITIES:

A. The CAE is responsible for:

(1) Serving as the Component-level Acquisition Decision Authority (ADA).

(2) Implementing, managing, and overseeing the TSA acquisition process supporting DHS Directive 102-01 policies and procedures.

B. The Deputy CAE is responsible for:

    (1) Approving the acquisition program ADE/ARB LCCEs and Annual Cost Estimating Update. ADE LCCEs are approved through the LCCERB process.

    (2) Implementing and updating this Directive, as necessary.

C. Program Managers (PMs) Assistant Administrators (AAs) and/or Requirements Owner/Customer AA are responsible for:

    (1) Participating in the LCCERB for LCCEs supporting ADEs.

    (2) Participating in the Annual Cost Estimating Updates supporting the agency RAP development.

D. Program Manager (PM) is responsible for:

    (1) Preparing, maintaining, documenting and obtaining approvals of all LCCE documents supporting ADEs/ARBs and Annual Cost Estimating Update briefs.

    (2) Utilizing LCCE models/information to support inputs into Base Budget Reviews, TSA Programming processes and Program Decision Options (PDOs) development.

    (3) Maintaining relevant programmatic and execution data, tracking requirements/budget evolution and trade-offs. Coordinate budgetary documents preparation required for the agency's RAP submission with the PMs Business Management Office Budget staff. Relevant documents may include but are not limited to PDOs and RAP Capital Investment Exhibit.

E. OFA is responsible for:

    (1) Serving as a LCCERB and an ARB core member.

    (2) Reviewing of ADEs/ARBs LCCEs and Annual Cost Estimating Updates to evaluate affordability within Future Years Homeland Security Program (FYHSP) and/or RAP submissions.

    (3) Serving as the Executive agent/lead for the Agency Planning, Programming, Budgeting, and Execution (PPBE) process.

    (4) The preparation of a Chief Financial Officer (CFO) Certification of Funds Memo (Affordability Memo) prior to a DHS ARB.

F. Chief Information Officer (CIO) is responsible for serving as a LCCERB and an ARB core member.

6. **POLICY:**

   A. LCCE Structure. TSA Acquisition Programs and Operational Activities LCCEs shall be developed, updated, and maintained following the acquisition authorities cited in Section 3. Specifically, DHS Directive 102-01-001, Rev 01, *Acquisition Management Instruction* and GAO-09-3SP, *Cost Estimating and Assessment Guide, Best Practices for Developing and Managing Capital Program Costs,* shall guide LCCE development standards to achieve a credible cost estimate.

   B. LCCE Requirements. All TSA Acquisition Programs are required to maintain and update LCCEs throughout their lifecycle. Acquisition program LCCE shall be updated for all ADEs/ARBs and annually.

   C. LCCE Updates. TSA select operational activities are required to maintain and update LCCEs annually.

   D. LCCE Certification. Acquisition programs ADE/ARB LCCEs shall be prepared or reviewed by a certified (Federal Acquisition Institute Cost Estimating - FAI-CE certification) cost estimator. After the review, programs shall hold an LCCERB to receive official CAE and OFA approval. TSA CAE and OFA approval establishes Component approved LCCE.

   E. Funds Certification Requirement. Per DHS policy, Component Certification of Funds Memo (Affordability Memo) and Validation of Component approved LCCE is required prior to DHS ARBs.

   F. Cost Estimating Updates. Annual Cost Estimating Updates will be reviewed by CAE and OFA as part of the programming process. Approval of Annual Cost Estimating Update by TSA CAE and OFA establishes Component approved LCCE. DHS designated Major Acquisitions shall submit Annual Cost Estimating Updates to DHS CFO.   Component approved LCCE (ADE/ARB LCCE or Annual Cost Estimating Update) becomes the official agency cost position until the next Annual Cost Estimating Update or an ADE/ARB LCCE.

7. **PROCEDURES:** See TSA MD 300.20 LCCE Implementation Guide.

8. **APPROVAL AND EFFECTIVE DATE:** This policy is approved and effective the date of signature unless otherwise specified.

APPROVAL

Signed   February 17, 2017

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Latetia Henderson   Date
Assistant Administrator for
Office of Acquisition Program Management

EFFECTIVE

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Date

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