

FY2024 NDAA: Department of Defense Office of Cost Assessment and Program Evaluation (CAPE)

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The U.S. Department of Defense's (DOD) Office of Cost Assessment and Program Evaluation (CAPE) provides independent analysis of the cost and performance of major weapons systems and plays a key role in developing the DOD budget. CAPE was established in 2009 pursuant to the unanimously passed Weapon Systems Acquisition Reform Act (WSARA; P.L. 111-23). For FY2023, its [budget](#) was \$67.9 million and it had 157 staff.

The National Defense Authorization Act for Fiscal Year 2024 (FY2024 NDAA; P.L. 118-31 §902) authorizes CAPE funding at requested amounts and adopts a Senate-passed provision that modifies the responsibilities of the Director of CAPE, among other things. The enacted bill did not adopt a House-passed provision that would have repealed the position of director of CAPE, disestablished the office, and authorized the Secretary of Defense to transfer certain office responsibilities. Also not adopted was a [Sense of the Senate](#) supporting CAPE's role in providing independent cost assessments.

Background

[10 U.S.C. §139a](#) and [10 U.S.C. Chapter 222](#) describe CAPE's statutory duties. The director of CAPE is [appointed](#) by the President and approved by the Senate. CAPE plays a role in both DOD's Planning, Programming, Budgeting, and Execution ([PPBE](#)) process and in the Defense Acquisition System ([DAS](#)). Within PPBE, CAPE informs the assessment of resource requirements in warfighting scenarios; convenes senior leader decision-making [bodies](#); and has primary responsibility for generating a classified budget-related database called the Future Years Defense Program ([FYDP](#)). Within the DAS, CAPE guides and evaluates the [analysis of alternatives](#), which occurs early in the acquisition process; conducts or reviews independent cost estimates and/or lifecycle cost analyses for all Major Defense Acquisition Programs ([MDAPs](#)); and establishes DOD-wide policy and procedures for estimating the total costs of procurement contracts, including multi-year procurements ([MYP](#)).

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Legislation

Enacted Provision

[Section 902 of the FY2024 NDAA](#) amends 10 U.S.C. §139a, making CAPE responsible for standardizing analytical methodologies within DOD and submitting certain classified reports. The provision also requires the Secretary of Defense to establish 1) an independent “Program Evaluation Competitive Analysis Cell” to “critically assess” CAPE’s analytical methodologies, assumptions, and data; and 2) a pilot program to conduct strategic portfolio reviews of requirements using alternative analytic approaches. Finally, the provision requires the Secretary to establish an “Analysis Working Group” to assess emerging methodologies, tools, tradecraft, data sets, and applications informing the DAS and PPBE process.

[Section 1668](#) of the enacted bill adopted a Senate-passed provision (Section 1636) prohibiting CAPE from spending more than 50% of its FY2024 operation and maintenance (O&M) funds until a report on missile defense roles and responsibilities required by the FY2022 NDAA (P.L. 117-81) is submitted to the congressional defense committees.

House-Passed Provision, Not Enacted

[Section 902](#) of H.R. 2670 would have repealed the position of CAPE’s director, disestablished the office, and required the Secretary of Defense to allocate any remaining personnel, functions, and assets to a newly designated DOD office and senior official. By repealing Chapter 222, Title 10 of the U.S. Code, the provision would have eliminated the statutory requirement for DOD-managed MDAPs to obtain independent cost estimates. This provision was not adopted in the FY2024 NDAA.

In a [Statement of Administration Policy](#) on H.R. 2670, the Biden Administration “strongly” opposed the House provision, calling CAPE “the backbone of DOD’s analytical workforce” responsible for reducing median cost growth in acquisition programs from 27% to 3% since 2009.

Discussion

The scope of CAPE’s work represents a major portion of the overall DOD budget. The FY2024 DOD budget [requested](#) \$170 billion for procurement programs and [projected](#) \$871 billion in such requirements across the five-year FYDP. CAPE’s independent cost estimates shape DOD’s assessment of these projected acquisition costs.

It is unclear what effect the FY2024 NDAA’s CAPE provisions will have on the accuracy of DOD acquisition cost projections moving forward. According to the Government Accountability Office (GAO)’s 2023 [Weapons Systems Annual Assessment](#), 14 of 35 selected MDAPs accounted for projected increases of \$50 billion in systems acquisition lifecycle costs. GAO noted that “inconsistent cost data” for other types of defense programs may complicate “DOD’s efforts to maintain oversight.”

The conference report accompanying the enacted FY2024 NDAA (H.Rept. 118-301) [stated](#) that the enacted CAPE provision in Section 902 was intended to “begin to address cultural and transparency concerns with the CAPE.” The conferees also stated an intention “to consider additional reforms [to CAPE] in future National Defense Authorization Acts.”

Prior to the FY2024 NDAA legislative cycle, some House Members had expressed concerns over CAPE’s transparency and communications with Congress. In a report accompanying the House Armed Services Committee (HASC)-reported version of the FY2023 NDAA (H.R. 7900; H.Rept. 117-397), the committee required DOD to study CAPE’s effectiveness, noting that “in some instances, the role of CAPE has lacked transparency and proactive discussions with Congress on issues with major budgetary implications have

been infrequent.” The report tasked DOD with providing the study to Congress by February 2023. DOD has yet to publicly release the study, although a news outlet published an [unofficial version](#).

Other observers supported CAPE’s continued existence but asserted that the office could benefit from certain improvements. A 2018 RAND [study](#) found that “CAPE lacks sufficient personnel or data to perform all the cost activities mandated by law or to do them with rigor,” and recommended that the office increase its staff and continue “efforts to address data gaps.” Similarly, an [interim report](#) from the congressionally mandated Commission on PPBE Reform recommends “continued efforts to recruit and retain [CAPE] personnel,” and to pursue “continued efforts to reduce workload and improve analytic capabilities.”

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