



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

September 6, 2005

Lieutenant General Lawrence P. Farrell, Jr., USAF, Retired
President and Chief Executive Officer
National Defense Industrial Association
2111 Wilson Boulevard, Suite 400
Arlington, VA 22201-3061

Dear General Farrell:

As you know, the Office of Management and Budget has included in its budget guidance to all federal departments and agencies a requirement for the use of Earned Value Management (EVM) on all major acquisition programs. Earned value is to be applied to both government and contractor efforts for developmental work during the program's life-cycle.

These requirements are causing major changes in both civilian agency and Department of Defense use of EVM. The use of EVM now extends to large projects not traditionally covered by EVM, such as construction, information technology (including IT service contracts) and, environmental restoration (decontamination and decommission efforts). Agencies are now graded on the use of EVM in the President's Management Agenda. OMB's actions have created a government-wide increase in the need for good training, guidance documents and interactive forums to increase the knowledge of EVM and provide an avenue for possible improvements to existing EVM practices.

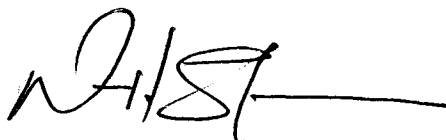
We would like to thank you for authorizing the National Defense Industrial Association's (NDIA) Program Management Systems Committee to broaden its charter to function as a focal point for common EVM practices in industry and all government agencies. This Committee, and NDIA, deserves great credit for improving program/project management throughout the Defense community in the United States and other countries. Allowing civilian agency personnel to participate on the committee and non-defense oriented firms to join your association to work on EVM matters will be of significant benefit in their understanding of the value of EVM in the management of major programs.

The work of the Committee has resulted in three helpful guides: (1) ANSI/EIA-748-A Standard for Earned Value Management Systems Intent Guide; (2) Surveillance Guide; and (3) Program Managers' Guide to the Integrated Baseline Review Process. OMB has recommended these guides as "best practices" and supplemental guidance to assist all agencies in their implementation of EVM. The Committee is currently working on a proposed EVM Systems Acceptance Guide and an EVM Application Guide that will provide a standard process on how organizations should implement EVM. These will be of great value to all organizations new to EVM. A standard could achieve economies for both industry and government through the

reduction of duplicate reviews. These guides require a lot of volunteer time by members of the committee. We appreciate these efforts very much.

NDIA's willingness to work to improve project management beyond the Defense industry is commendable. We look forward to working with NDIA to continue the expansion of EVM and good program management practices government-wide.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Safavian', with a long horizontal line extending to the right.

David H. Safavian
Administrator