



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

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December 17, 2014

MEMORANDUM FOR Department of Defense Earned Value Management Integrated Planning Team and National Defense Industrial Association Integrated Program Management Division Chairperson

SUBJECT: Department of Defense Clarification of Purpose and Use of Schedule Margin per the Integrated Program Management Report Data Item Description

- As part of its role to develop, publish, and maintain DoD policy and guidance on Earned Value Management (EVM), the Office of Performance Assessments and Root Cause Analyses (PARCA) is responsible for resolving differences in interpretation of EVM policy. PARCA has recently received requests through the Issue Resolution process to clarify policy on the use of schedule margin.
- The Integrated Program Management Report (IPMR) Data Item Description (DID) and the associated IPMR Guide are considered policy and the information contained within them are expected to be followed by Government Services and Agencies, as well as the performing contractors in industry. Per the IPMR DID:

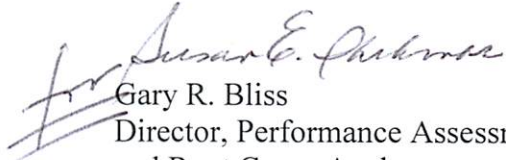
*“Schedule margin is an optional management method for accommodating schedule contingencies. It is a designated buffer within the schedule and does not have any resources assigned to it. Schedule margin shall have a baseline and be under the control of the contractor’s program manager. Schedule margin, if any, shall only be placed as the last task/activity/gap before a contract event or end item deliverable.”*

- The definition of schedule margin in DoD allows for its application at multiple points in a schedule, as long as each instance of schedule margin is properly identified, can be removed for critical path analysis as applicable, can be managed, can be explained, and is placed at strategic integration points within the integrated master schedule that benefits the contractor’s ability to management the work. The IPMR Guide further clarifies this by stating:

*“Schedule margin (aka schedule contingency, buffer, reserve, or any other term which meets this definition) is any task **not associated with specific scope or resources**, and is used to increase the probability of on-time completion of the contract events. The term “contract events” includes major logical integration points, such as, contract events, major test and integration milestones, or end item deliverables. Schedule margin, if used, is typically set at the time the baseline is established and set with the **baseline and forecast duration equal**. A baseline schedule without contingency typically is not achievable. It is expected, based on performance that some baseline tasks will vary. The schedule margin duration may be changed to remove the negative float from within the critical/driving path. The difference between baseline schedule margin and forecast is the amount of margin that has been used to mitigate actual task variation. The change in schedule margin duration is a risk indicator when compared*

*to the percent complete (e.g., 10% complete and a 50% schedule margin duration reduction would indicate increasing schedule risk). **Schedule margin may be in the critical path with discrete predecessors and successors.***"

- These descriptions of schedule margin use and function are considered policy. Any differing application or interpretation of schedule margin therefore is not within OSD policy. Questions regarding this can be sent to the Deputy Director for EVM in PARCA, Gordon Kranz at [gordon.m.kranz.civ@mail.mil](mailto:gordon.m.kranz.civ@mail.mil).

  
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