

EVMS Is Already in Your Future Contracts. Are You Prepared?



Daniel Goldsmith
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Earned Value Management Systems (EVMS)

SEPTEMBER 22, 2026

THE
REDSTONE
EDGE



*Adams, Scott. Dilbert. *Wikipedia, Dilbert (Character)*, October 14, 2024, https://en.wikipedia.org/wiki/Dilbert_%28character%29

Today's Presenters



Daniel Goldsmith

- EVMS Analyst for ClearPlan with over 20 years of experience in the Federal government
- Experienced in: Earned Value Management System Compliance, contractor business system and controls, project management in NASA, The Department of Defense, and The Department of Energy



Michelle Storm, MSM, PMP

- EVMS Process Lead at ClearPlan with 24 years experience in the Aerospace & Defense industry
- Experienced in: Earned value management, integrated program management, PPM software, risk and opportunity management, scaled/hybrid agile methods, Lean/6s

Agenda

What is EVMS

Introduction

Definitions

Requirements

EIA-748, Guidelines

Expectations

Risks, Value, & Benefits

Steps to Compliance

Surveillance

Preparing for Success

Typical Questions

Lessons Learned

Complaints

Benefits



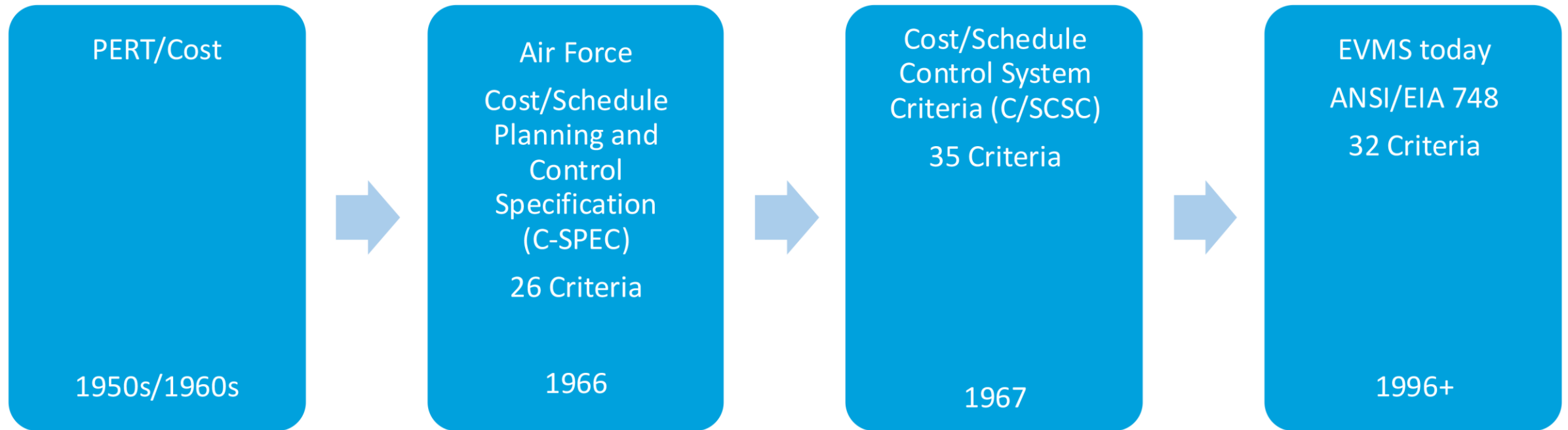
What is EVMS?

- ◆ It's Integrated Program Management!
- ◆ Not just for a report
- ◆ Used to manage programs and produce reliable data for decision making



*Adams, Scott. Dilbert. <https://www.capterra.com/resources/10-dilbert-cartoons-that-get-project-management-just-right/>

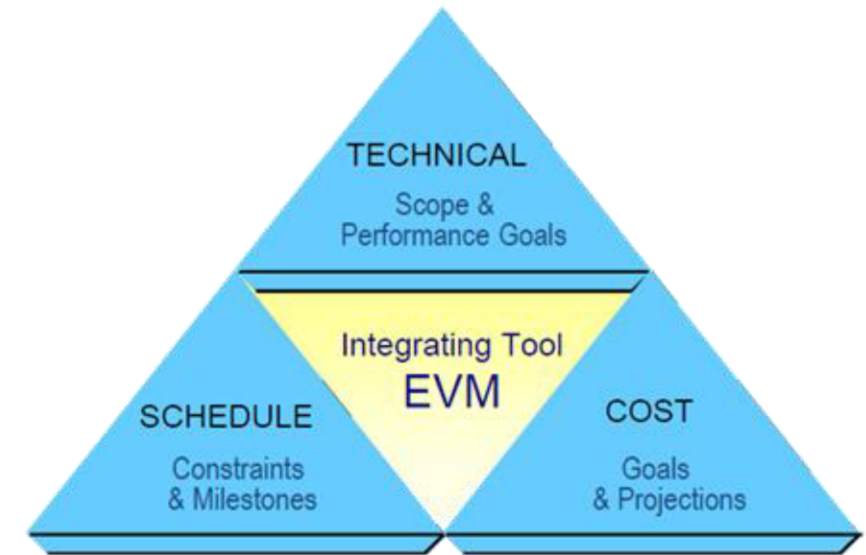
History



EVM Introduction

Earned Value Management (EVM) is a widely accepted industry best practice for program management, used across the Department of Defense (DoD), the Federal Government, and the commercial sector

- ◆ Technical
 - Scope > “Better”
- ◆ Schedule
 - Time > “Faster”
- ◆ Cost
 - Budget > “Cheaper”
- ◆ ***The triple constraint of projects: “You choose two, the third is forced upon you.”***
- ◆ The metrics of EVM are positive predictors of project SUCCESS
- ◆ Implementations of EVM can be:
 - Scaled to fit projects of all sizes and complexities
 - Used to drill down into projects to mitigate problems and reduce risk



What is EVMS, EVM and EV?

- ◆ EVM is a program management tool used to provide joint situational awareness of program status and to assess the cost, schedule, and technical performance of programs for proactive course correction. As work is performed, the corresponding budget value is “earned”.

Assessing Performance
VS
A Process used to manage Project Performance



EVMS	Earned Value Management System	Contractors' internal <u>management control</u> system(s) consistent with the 32 Guidelines
EVM	Earned Value Management	The overall <u>method</u> of managing projects with earned value management processes
EV	Earned Value	The budgeted resources that have been <u>earned</u> when work is <u>accomplished</u> aka BCWP

*Adams, Scott. Dilbert. <https://stakeholdermanagement.wordpress.com/wp-content/uploads/2015/12/dilbert-committee.gif>

Standard EVMS Acronyms

BCWS – Budgeted Cost for Work Scheduled

BCWP – Budgeted Cost for Work Performed

ACWP – Actual Cost of Work Performed

BAC – Budget At Complete

ETC – Estimate To Complete

EAC – Estimate At Complete ($ACWP + ETC$)

BCWR – Budgeted Cost for Work Remaining ($BAC - BCWP$)

VAC – Variance At Complete

SV – Schedule Variance

SPI – Schedule Performance Index

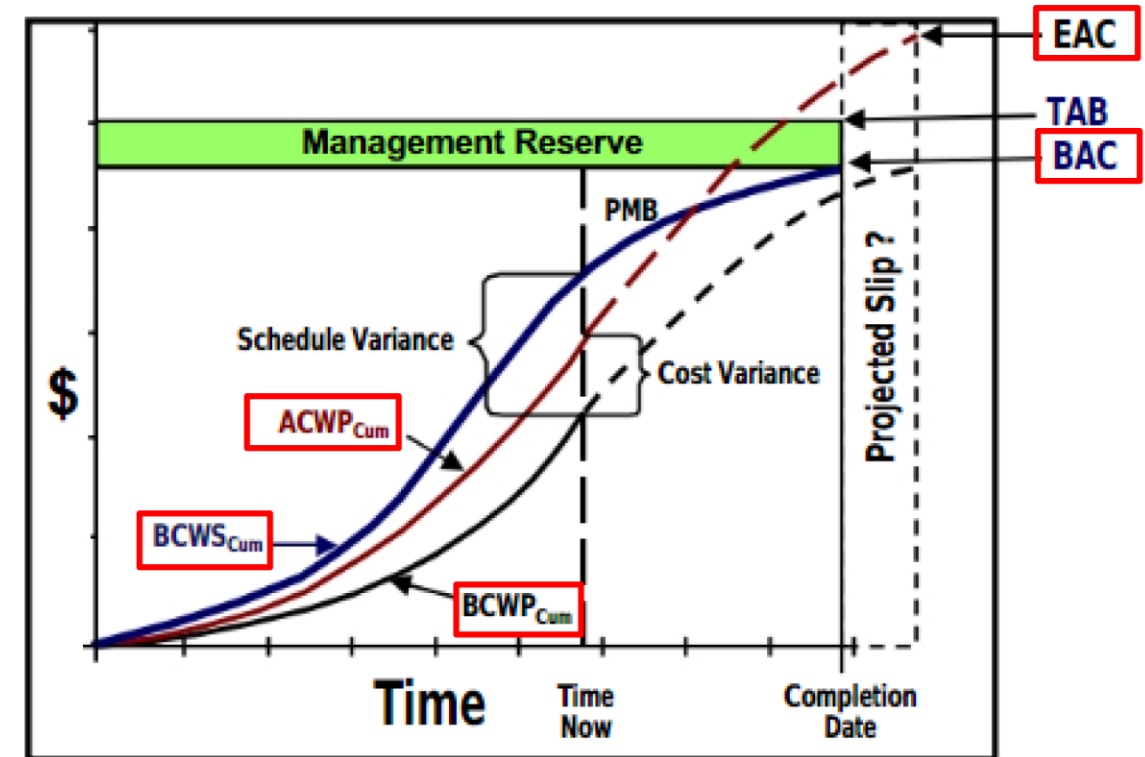
CV – Cost Variance

CPI – Cost Performance Index

TCPI – To-Complete Performance Index

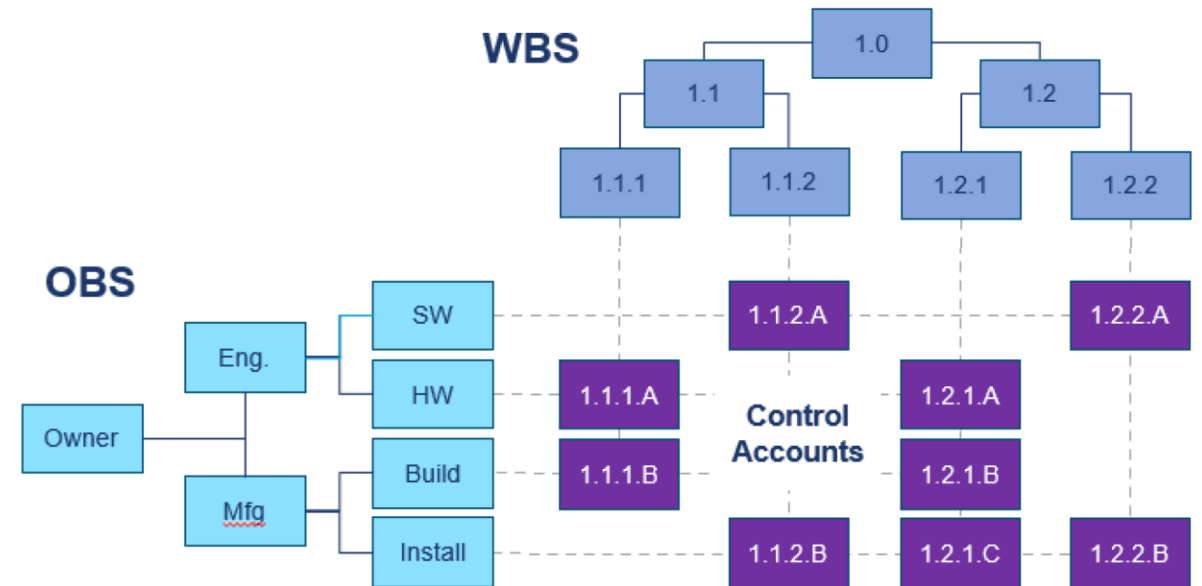
Standard Acronyms & Definitions

- ◆ Budgeted Cost for Work Scheduled (BCWS)
 - Time-phased Budget Plan for work scheduled
- ◆ Budgeted Cost for Work Performed (BCWP)
 - Value of completed work in terms of the budget distributed
- ◆ Actual Cost of Work Performed (ACWP)
 - Cost actually incurred in accomplishing work performed and recorded in the accounting system
- ◆ Budget at Complete (BAC)
 - Sum of all authorized budgets (past, present, and future) for accomplishing the work scope thru any given WBS/OBS level
- ◆ Estimate at Complete (EAC)
 - Estimate of total cost for the contract thru any given level
- ◆ Estimate to Complete (ETC)
 - Estimate of cost to complete all work from a point in time (the status date) to the estimated completion date



Control Accounts

- ◆ Key Management Control Point
- ◆ Determines responsibility for a specific scope of work and facilitates schedule and cost performance measurement
- ◆ Primary points for work authorization
- ◆ Point where planned value (BCWS) is established, earned value (BCWP) is assessed, and actual costs (ACWP) are collected
- ◆ Control Account defines “Who (OBS) does What (WBS)”



Budget vs Funds

- ◆ The actual amount of money spent is also known as FUNDS.
 - Remember: **Budget cannot be spent!**
- ◆ Within Earned Value, budgets are not the same as funds, they represent the estimated amount to do the scope of work (BCWS) and establish technical assessment criteria to represent the amount of scope ACTUALLY PERFORMED or ACCOMPLISHED (BCWP).
- ◆ Comparing these two allows you to see how much was planned vs how much work was accomplished. This provides great insight into the status of the work!
 - When compared with how much the same work ACTUALLY COST (ACWP), it tells you how efficiently you're working.

Contract Requirements

CIRCULAR NO. A-11

PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JULY 2024


FAR

FAC Number: 2025-03
 Effective Date: 01/17/2025

Part 52 ▾ 52.2 ▾ 52.234 ▾

52.234-4 Earned Value Management System.


DFARS

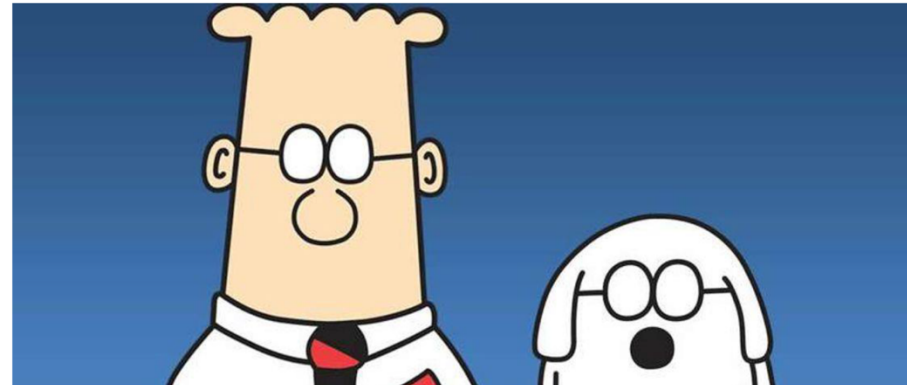
Change Number: DFARS Change 01/17/2025
 Effective Date: 01/17/2025

Part 234 ▾ 234.2 ▾ Section ▾

Subpart 234.2 - EARNED VALUE MANAGEMENT SYSTEM

Parent topic: [Part 234 - MAJOR SYSTEM ACQUISITION](#)

234.201 Policy.



*Adams, Scott. Dilbert and his dog against blue background. *EarlyBirdBooks*, July 13, 2022, <https://earlybirdbooks.com/classic-dilbert-comic-book-collections>

Change in EVMS Thresholds



[252.234-7001 Notice of Earned Value Management System](#)
[252.234-7002 Earned Value Management System](#)
[252.234-7003 Notice of Cost and Software Data Reporting System](#)
[252.234-7004 Cost and Software Data Reporting System](#)



OFFICE OF THE UNDER SECRETARY OF DEFENSE
 3000 DEFENSE PENTAGON
 WASHINGTON, DC 20301-3000

SEP 28 2015

In reply refer to
 DARS Tracking Number: 2015-00017

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
 COMMAND (ATTN: ACQUISITION EXECUTIVE)
 COMMANDER, UNITED STATES TRANSPORTATION
 COMMAND (ATTN: ACQUISITION EXECUTIVE)
 DEPUTY ASSISTANT SECRETARY OF THE ARMY
 (PROCUREMENT)
 DEPUTY ASSISTANT SECRETARY OF THE NAVY
 (ACQUISITION AND PROCUREMENT)
 DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
 (CONTRACTING)
 DIRECTORS OF THE DEFENSE AGENCIES
 DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Class Deviation—Earned Value Management System Threshold

This class deviation rescinds and supersedes Class Deviation 2015-00015. Effective immediately, the Earned Value Management System (EVMS) compliance review threshold at DFARS 234.201-7001, DFARS provision 252.234-7001, and DFARS clause 252.234-7002 is raised from \$50 million to \$100 million. In lieu of DFARS provision 252.234-7001, Notice of Earned Value Management System (APR 2008), and DFARS clause 252.234-7002, Earned Value Management System (MAY 2011), contracting officers shall use the attached DFARS provision 252.234-7001, Notice of Earned Value Management System (DEVIATION 2015-00017)(SEP 2015), and DFARS Clause 252.234-7002, Earned Value Management System (DEVIATION 2015-00017)(SEP 2015), in accordance with the current solicitation provision and contract clause prescriptions at DFARS 234.203.

This \$100 million threshold applies to cost or incentive contracts and subcontracts for which the contractor is required to have an Earned Value Management System that has been determined by the Cognizant Federal Agency (CFA) to be in compliance with the guidelines in the Electronic Industries Alliance Standard 748, Earned Value Management Systems (EIA-748). For cost or incentive contracts and subcontracts valued greater than \$20 million, the contractor is required to utilize an EVMS that complies with the guidelines in the EIA-748 to provide Earned Value Management (EVM) reporting to the program management office. However, no EVMS compliance surveillance activities will be routinely conducted by the Defense Contract Management Agency (DCMA) on cost or incentive contracts and subcontracts valued from \$20 million to \$100 million.

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(Revised January 17, 2025)



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 3000 DEFENSE PENTAGON
 WASHINGTON, DC 20301-3000

ACQUISITION
 AND SUSTAINMENT

In reply refer to
 DARS Tracking Number: 2026-00011, Revision 1

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
 COMMAND (ATTN: ACQUISITION EXECUTIVE)
 COMMANDER, UNITED STATES SPECIAL OPERATIONS
 COMMAND (ATTN: ACQUISITION EXECUTIVE)
 COMMANDER, UNITED STATES TRANSPORTATION
 COMMAND (ATTN: ACQUISITION EXECUTIVE)
 DEPUTY ASSISTANT SECRETARY OF THE ARMY
 (PROCUREMENT)
 DEPUTY ASSISTANT SECRETARY OF THE NAVY
 (PROCUREMENT)
 DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
 (CONTRACTING)
 DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Class Deviation—Revolutionary Federal Acquisition Regulation (FAR) Overhaul
 Part 34, Defense FAR Supplement (DFARS) Part 234

Effective immediately, this class deviation revises and supersedes Class Deviation 2026-00011, issued on December 18, 2025. This revision implements sections of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2025 (Pub. L. 118-159) and the NDAA for FY 2026 (Pub. L. 119-60), as well as a statutory change and updates to a DoD Instruction (DoDI) and a DoD Manual (DoDM).

Contracting officers shall use—

- The revised FAR part 34, Major System Acquisition, published on the Revolutionary FAR Overhaul web page at <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide/far-overhaul-part-34> in lieu of the text codified at 48 CFR chapter 1 (<https://www.ecfr.gov/>);
- The attached revised DFARS part 234, Major System Acquisition, in lieu of the text codified at 48 CFR chapter 2; and
- The attached DFARS Procedures, Guidance, and Information (PGI) 234, Major System Acquisition, in lieu of the PGI text published on the Defense Pricing, Contracting, and Acquisition Policy web page at <https://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>.

PART 234—MAJOR SYSTEM ACQUISITION

SUBPART 234.2—EARNED VALUE MANAGEMENT SYSTEM

234.200-70 Definitions.

As used in this subpart—

Acceptable earned value management system means an earned value management system that generally complies with the system criteria in paragraph (b) of the clause at 252.234-7999, Earned Value Management System.

Earned value management system means a system that complies with the earned value management system guidelines in Electronic Industries Alliance Standard 748, Earned Value Management Systems (EIA-748).

234.201-70 Policy.

PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

SUBPART 252.2—TEXT OF PROVISIONS AND CLAUSES

252.234-7999 Earned Value Management System. (DEVIATION 2026-00011)

As prescribed in 234.203(2), use the following clause:

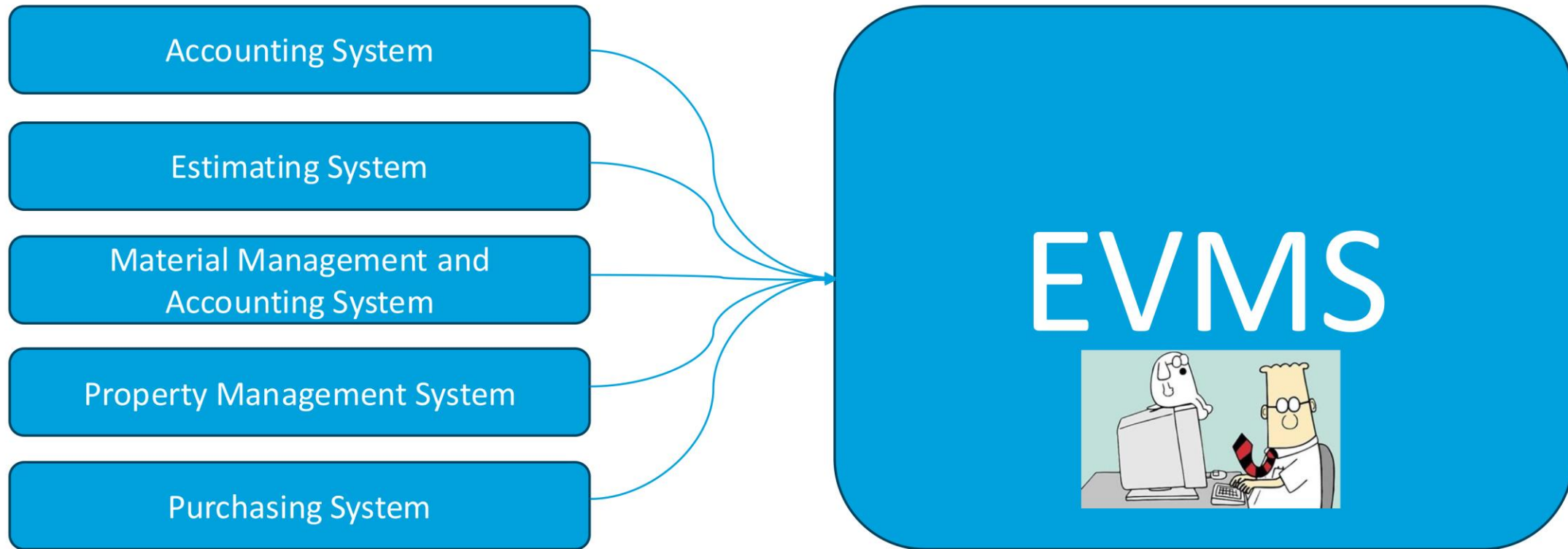
EARNED VALUE MANAGEMENT SYSTEM (FEB 2026) (DEVIATION 2026-00011)

(3) Withhold payments in accordance with the clause at 252.242-7998, Contractor Business Systems, if the clause is included in the contract.

When is EVM Required

Contract Value	Applicability	Notes	Source
< \$50M	EVMS not required; may be applied at PM discretion based on risk to the Government	Requires business case analysis and MDA approval	Part 7 of Office of Management and Budget Circular A-11
≥ \$50M & < \$100M	EVMS Required; Contractor required to have an EMS that complies with the guidelines in EIA-748	The Government reserves the right to review a contractor's EVMS when deemed necessary to verify compliance	FAR 52.234-4, FAR subpart, 34.2 DFARS 234.201
≥ \$100	EVMS Required; Contractor is required to have an EVMS that has been determined to be in compliance with the guidelines in EIA-748	The contractor will provide access to all pertinent records and data requested by the Contracting Officer or duty authorized representative as necessary to permit initial and ongoing Government compliance reviews to ensure that the EVMS complies and continues to comply with the guidelines in EIA-748.	DoDI 5000.85, Para. 3C.3.c.(3)

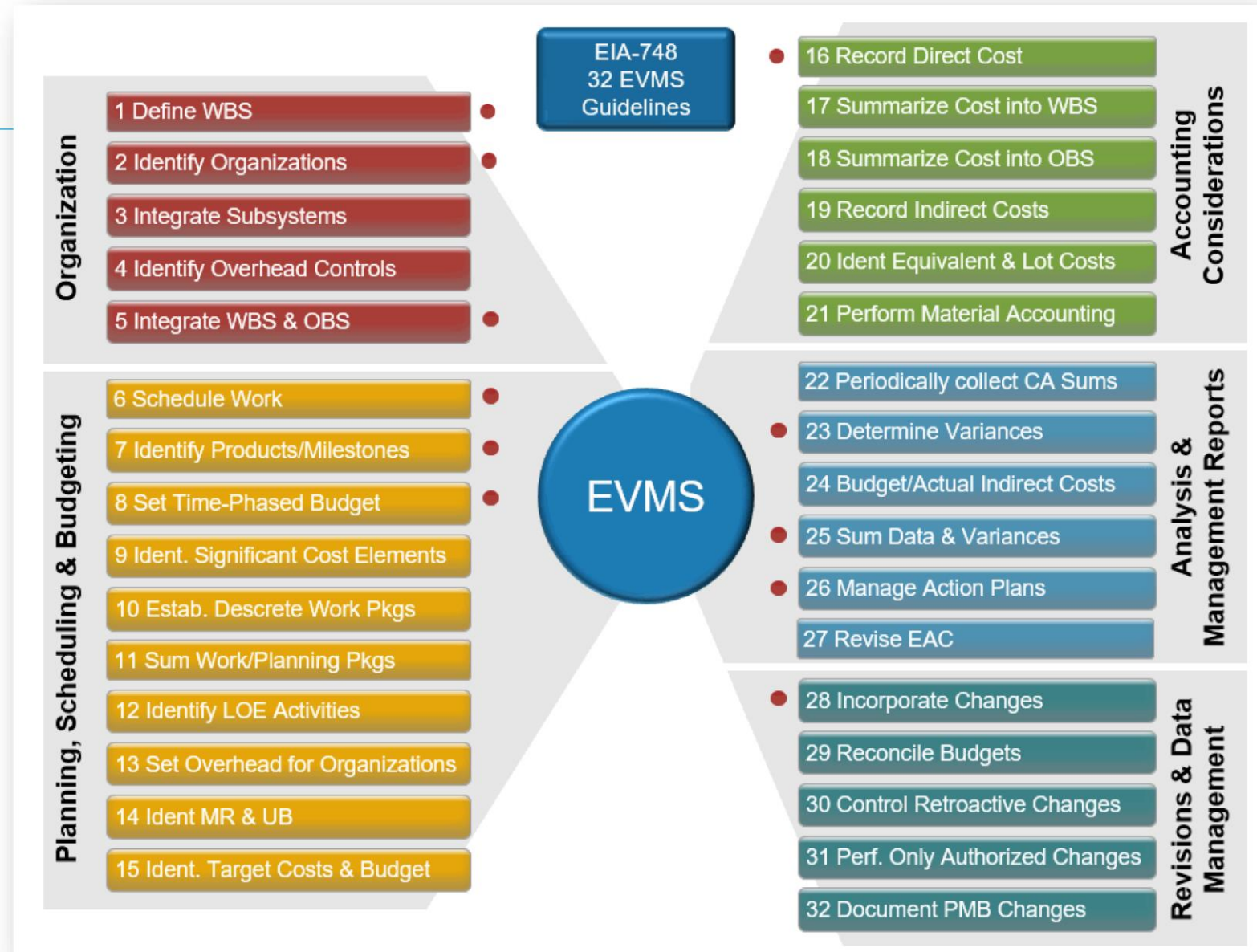
Business Systems Interconnections



*Adams, Scott. Dilbert. A network analysis of Dilbert's Universe, Dilbert Computer, May 30, 2018, <https://medium.com/@roywangtw/a-network-analysis-of-dilberts-universe-57a25711f001>

EIA-748

32 Guidelines



EIA-748E – Update - February 2026

Area	Description	EIA 748-D GL			Area
		748D	748D	748E	
Organization	Define the Authorized Work Elements for the Program	D01	2.1a	E01	Organization
	Define the Program Organizational Structure	D02	2.1b	E02	
	Integrate Subsidiary Management Processes	D03	2.1c	E04	
	Identify Overhead Management	D04	2.1d	X	
	Integrate WBS/OBS to Create Control Accounts	D05	2.1e	E03	
Planning, Scheduling, and Budgeting	Scheduling Work	D06	2.2a	E06	Planning, Scheduling, and Budgeting
	Identify Products and Milestones for Progress Assessment	D07	2.2b	E05	
	Establish the Performance Measurement Baseline	D08	2.2c	E07	
	Authorize and Budget by Cost Elements	D09	2.2d	E08	
	Determine Discrete Work and Objective Measures	D10	2.2e	E10	
	Sum WP/PP Budgets to Control Account Budgets	D11	2.2f	E09	
	Level of Effort Planning and Control	D12	2.2g	E10	
	Establish Overhead Budgets	D13	2.2h	E11	
	Identify MR and UB	D14	2.2i	E12	
	Reconcile to Target Cost	D15	2.2j	E13	
Accounting Considerations	Record Direct Costs	D16	2.3a	E15	Progress Assessment and Data Collection
	Summarize Direct Cost by WBS Elements	D17	2.3b	X	
	Summarize Direct Cost by Organizational Structure Elements	D18	2.3c	X	
	Record/Allocate Indirect Costs	D19	2.3d	E15	
	Identify Unit and Lot Costs	D20	2.3e	X	
	Track and Report Material Cost/Quantities	D21	2.3f	E16	
Analysis and Management Reporting	Calculate Schedule Variance and Cost Variance	D22	2.4a	E17	Analysis and Management Reporting
	Analyze Significant Variances	D23	2.4b	E18	
	Analyze Indirect Cost Variances	D24	2.4c	E19	
	Summarize Performance Data and Variances	D25	2.4d	E21	
	Implement Corrective Actions	D26	2.4e	E22	
	Maintain Estimates at Completion	D27	2.4f	E23	
Revisions and Data Maintenance	Incorporate Changes in a Timely Manner	D28	2.5a	E24	Revisions and Data Maintenance
	Maintain Baseline and Reconcile Budgets	D29	2.5b	E25	
	Control Retroactive Changes	D30	2.5c	E26	
	Prevent Unauthorized Revisions	D31	2.5d	E27	
	Document PMB Changes	D32	2.5e	E25	

	New		Deleted		Minimal / No Impact
	Merged		Modified		

RTX Corporation (Corporate) - Unrestricted Content

- ◆ 27 GLs
- ◆ Removed 4 GLs
- ◆ Added 2 new GLs
- ◆ Combined 6 GLs into 3
- ◆ Moved a few GLs around

Expectations

EIA-748 - Guideline Compliance

Used as a Project Management System

Integrate Cost, Schedule, and Technical Scope

Produces data for reporting

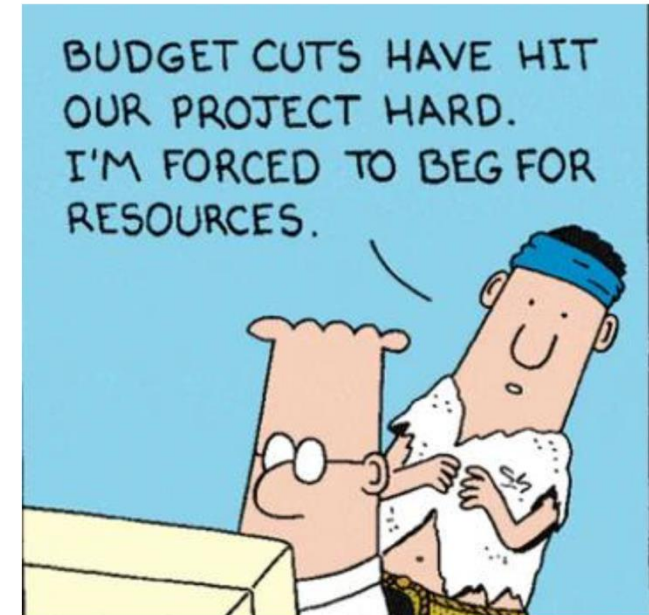
- Timely
- Reliable
- Verification



*Adams, Scott. Dilbert. *Dogbert, Do-gooder*, <https://hero.fandom.com/wiki/Dogbert>

Program Derailers

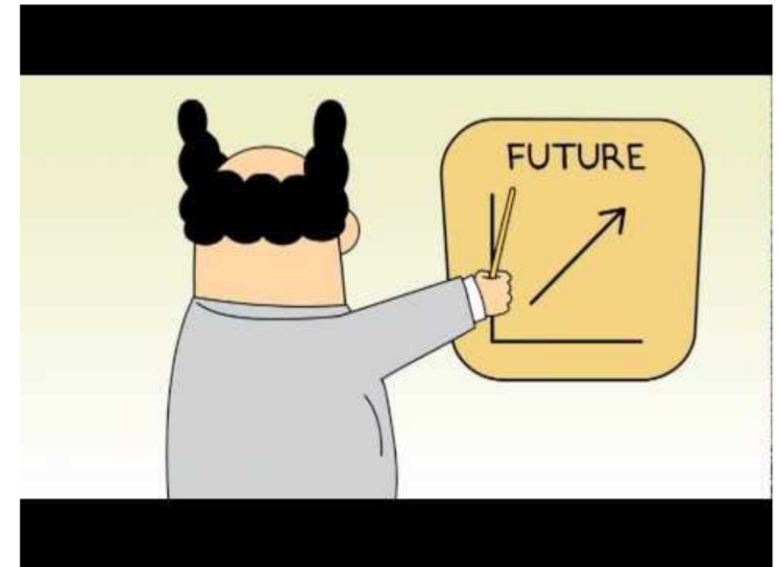
- ◆ Contract Compliance
 - Withholds
 - Shareholder/Media Attention
- ◆ Technical/Scope
 - Missing Work
- ◆ Inaccurate Cost
 - Lost revenue
 - False Variances
 - Insufficient information for risk management
 - Reactive decisions
- ◆ Inaccurate Schedule
 - Unrealistic/unreliable forecast
 - Missed commitments



*Adams, Scott. Dilbert. *Project Luser*, BE4336EF-0CA9-4495-BDE8-78E22352ABED, https://dilbertfandom.com/wiki/Project_Luser

Value/Benefits

- ◆ Compliance on required government contracts
- ◆ Beyond Compliance
 - Objective measures of progress and success
 - Insights for diagnostics
 - Proactive intervention for deviations from plan
 - Data-driven, realistic forecasts
- ◆ Takes time to implement
- ◆ Remember it's a system!

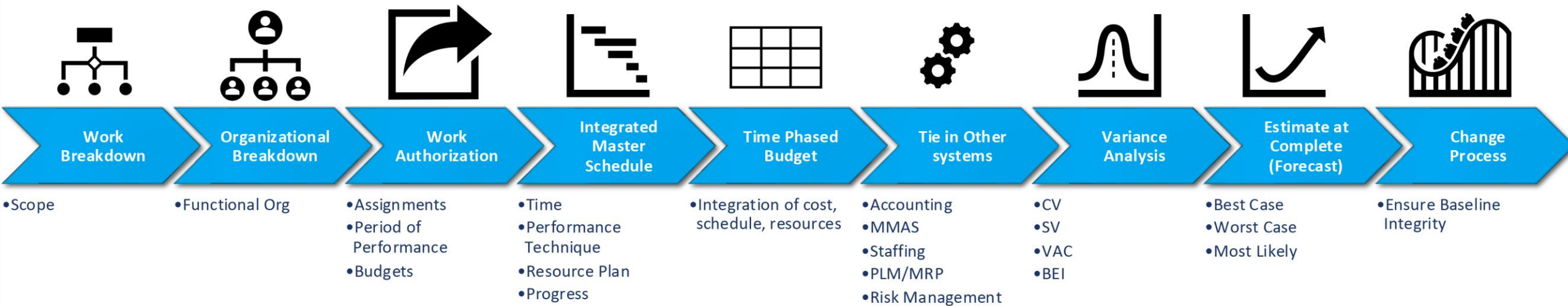


*Adams, Scott. Dilbert. *Do you charge a premium for dysfunction?*, Dilbert-premium, <http://www.wilsongrowthpartners.com/dilbert-premium/>

Steps to Compliance



Typical Project Setup



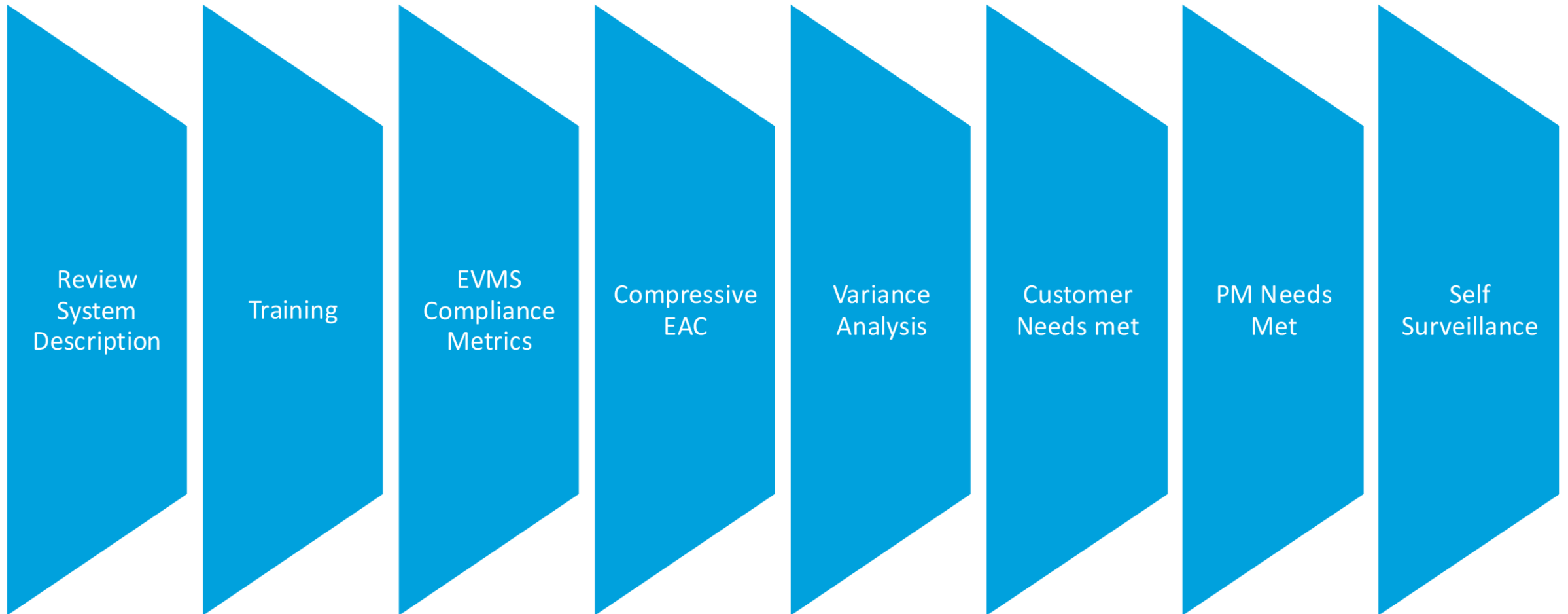
Surveillance

- ◆ Government Surveillance
 - Multi year cycle to ensure ongoing compliance
 - All EIA-748-E, 27 GLs
 - Data Review (DECM)
 - Risk Based
 - CAM Interviews
 - Automated/Manual Measures
- ◆ Self Surveillance
 - Necessary and required!
 - Data quality vs program performance
 - Opportunity to preempt anomalies
 - Internal thresholds
 - Evaluate trends



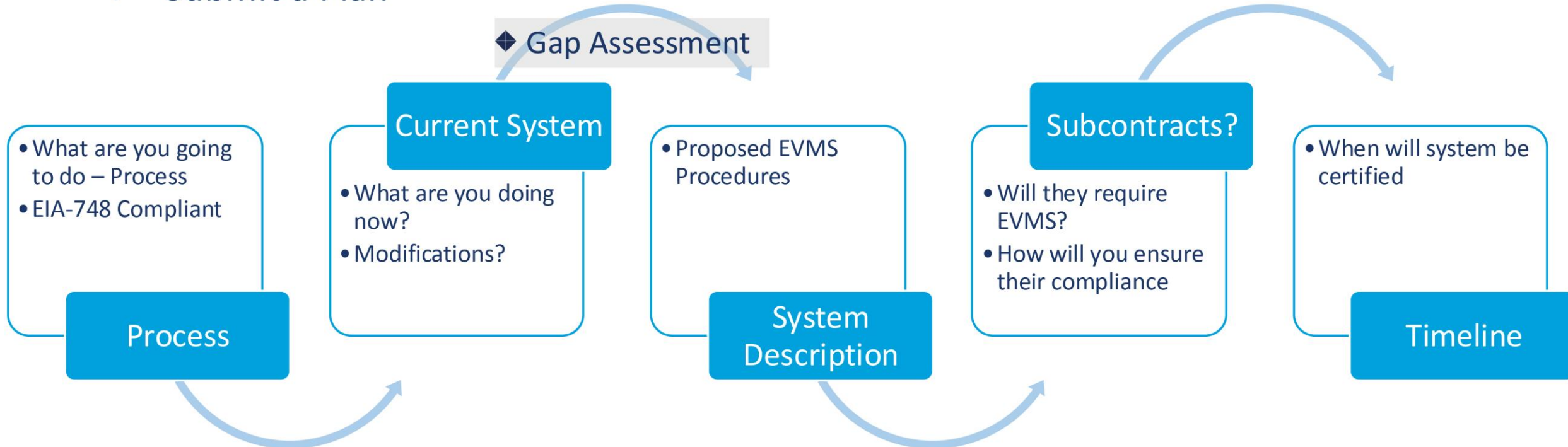
*Adams, Scott. Dilbert. *Dilbert* Scott Adams on why it's better to have a system than a goal, November 17, 2014, <https://www.inc.com/john-boitnott/dilbert-s-scott-adams-on-why-it-s-better-to-have-a-system-than-a-goal.html>

How to Prepare for Success



Don't Panic

- ◆ What to do if EVMS shows up in an RFP and you don't have it
- ◆ Submit a Plan

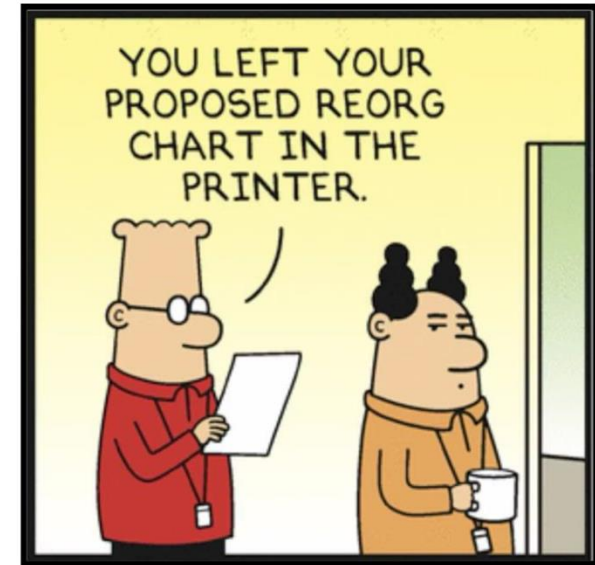


Typical PM Questions (using EVMS)

- ◆ Can I still deliver the contractual scope on time and within budget?
- ◆ What are the top five issues threatening program success?
- ◆ Which variances require management action right now?
- ◆ What is my most estimate (i.e. the EAC)?
- ◆ How much schedule margin remains?
- ◆ Where are we trending six months from now if no action is taken?
- ◆ Are subcontractors performing as planned?
- ◆ Is the Performance Measurement Baseline still achievable?
- ◆ What corrective actions are underway and are they working?
- ◆ What decisions do I need to make this month based on EVMS data?

Lessons Learned

- ◆ Those who embrace EVMS as a Management System, not just a reporting tool, are the most successful
- ◆ **Culture is paramount**
- ◆ Customer Needs
- ◆ PM Needs
- ◆ Better Prepared



*Adams, Scott. Dilbert. *Dilbert*, February 2, 2023, Cowboy State Daily Staff, February 2, 2023, <https://cowboystatedaily.com/2023/02/02/dilbert-february-2-2023/>

Common Gripes

◆ **Earned Value is too hard**

- It's Integrated Program Management
- Do you manage the program?
 - How?
- Guidelines – are the principles for managing a program

◆ **It costs too much**

- There was a Joint Space Cost Council (JSCC) Study done on the cost of EVMS (2017)
- [jscc better evms implementation study.pdf](#)
- Per the study, “...there is no evidence that implementing EVM on a government contract creates any substantial cost burden...”

◆ **Not forward looking**

- Misconception, this is usually due to bad data
- Bad data in, bad decisions out
- When appropriately implemented, provides forward looking reliable data

Benefits of EVM

- ◆ A single management control system providing reliable data
- ◆ The integration of scope, schedule & budget using a Work Breakdown Structure (WBS)
- ◆ A database of completed projects for comparative analysis
- ◆ The cumulative cost performance index (CPI) as an early cost warning signal
- ◆ The cost performance index (CPI) as a predictor for the final cost of the project
- ◆ The schedule performance index (SPI) as an early schedule warning signal
- ◆ The to-complete performance index (TCPI) to evaluate the forecasted final cost
- ◆ The management by exception principle can reduce information overload

What does EVM offer?

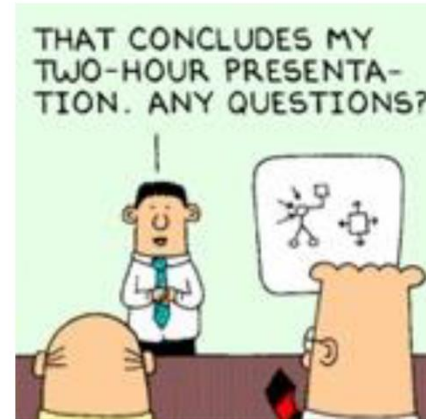
- ◆ Compares the value of accomplished work to:
 - Budget value of planned work
 - Actual costs
- ◆ Analysis of work accomplished based on how the work was planned
- ◆ Provides insight into performance against the baseline plan
 - Am I ahead or behind schedule?
 - Am I spending more or less than planned for the work accomplished?
- ◆ The key purpose of EVM is to inform a *project team's* decision making and to highlight cost and schedule issues early, allowing time for recovery action to be taken. The principles behind the method represent best practice in planning and control in project management.

Advantages of EVM

- ◆ EVM anticipates when a delay may occur and possibly prevent it – This “early warning system” allows project managers to take action to prevent over-spending and to stay on schedule. The sooner something can be done about the problem the better.
- ◆ Forces employees and managers alike to accurately report their outcomes. This provides information based on historical performance that can be used to make decisions and can reduce or mitigate future impacts highlighting areas that need improvement.

**A CORNERSTONE OF EVMS TO REMEMBER IS THAT IT
IS USED TO ASSESS PERFORMANCE.**

Questions?



*Adams, Scott. Dilbert. *What you need to know before using a cartoon in your presentation*, <https://speakingaboutpresenting.com/design/presentation-cartoon/>