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Exhibit R-2, RDT&E Budget Item Justification: PB 2024 Office of the Secretary Of Defense **Date:** March 2023

Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide / BA 3: Advanced Technology Development (ATD)</i>	R-1 Program Element (Number/Name) PE 0603021D8Z / <i>National Security Innovation Capital</i>
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COST (\$ in Millions)	Prior Years	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total	FY 2025	FY 2026	FY 2027	FY 2028	Cost To Complete	Total Cost
Total Program Element	0.000	0.000	0.000	15.085	-	15.085	15.104	15.123	15.137	15.153	Continuing	Continuing
834: <i>National Security Innovation Capital (NSIC)</i>	-	0.000	0.000	15.085	-	15.085	15.104	15.123	15.137	15.153	Continuing	Continuing

Note

New Start (Y/N): No.

This is not a new start Program Element (PE). Funding is being transferred from existing Defense Innovation Unit Prototyping PE 0604341D8Z beginning in FY 2024.

A. Mission Description and Budget Item Justification

This program supports the Department's initiatives to Build Sustainable and Long-Term Advantage, and Build a Resilient Joint Force Defense Ecosystem.

The mission of NSIC is to accelerate the development of dual-use hardware technologies critical to our national security and economic competitiveness. It is an initiative that enables dual-use hardware startups to advance key milestones in their product development by addressing the shortfall of private investment from trusted sources. NSIC's support enables companies to develop their technologies and products more rapidly. The resulting reductions in technical risk, along with the signaling of DoD interest in such dual-use companies, attracts trusted private investment that might otherwise sit on the sidelines. The overall result is more rapid and robust development of hardware in the U.S., the expansion of the defense industrial base and reduction of technology flow to adversaries.

Initial broad areas of focus are autonomy, communications, power, sensors and space.

B. Program Change Summary (\$ in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024 Base</u>	<u>FY 2024 OCO</u>	<u>FY 2024 Total</u>
Previous President's Budget	0.000	0.000	0.000	-	0.000
Current President's Budget	0.000	0.000	15.085	-	15.085
Total Adjustments	0.000	0.000	15.085	-	15.085
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Re-alignment from PE 0604341D8Z - DIU Prototyping	-	-	15.085	-	15.085

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Change Summary Explanation

The FY 2024 increase of \$15.085 million is comprised of an internal realignment of \$15.000 million from PE 0604341D8Z and an economic assumption increase of \$0.085 million.

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Exhibit R-2A, RDT&E Project Justification: PB 2024 Office of the Secretary Of Defense **Date:** March 2023

Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603021D8Z / National Security Innovation Capital				Project (Number/Name) 834 / National Security Innovation Capital (NSIC)			
COST (\$ in Millions)	Prior Years	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total	FY 2025	FY 2026	FY 2027	FY 2028	Cost To Complete	Total Cost
834: National Security Innovation Capital (NSIC)	-	0.000	0.000	15.085	-	15.085	15.104	15.123	15.137	15.153	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

Note

This is not a new start Program Element (PE). Funding is being transferred from existing Defense Innovation Unit Prototyping PE 0604341D8Z beginning in FY 2024.

A. Mission Description and Budget Item Justification

The mission of NSIC is to accelerate the development of dual-use hardware technologies critical to our national security and economic competitiveness. It is an initiative that enables dual-use hardware startups to advance key milestones in their product development by addressing the shortfall of private investment from trusted sources. NSIC's support enables companies to develop their technologies and products more rapidly. The resulting reductions in technical risk, along with the signaling of DoD interest in such dual-use companies, attracts trusted private investment that might otherwise sit on the sidelines. The overall result is more rapid and robust development of hardware in the U.S., the expansion of the defense industrial base and reduction of technology flow to adversaries.

Initial broad areas of focus are autonomy, communications, power, sensors and space.

B. Accomplishments/Planned Programs (\$ in Millions)

	FY 2022	FY 2023	FY 2024
Title: National Security Innovation Capital	-	-	15.085
FY 2024 Plans: NSIC will continue efforts that were previously funded under PE 0604341D8Z for dual-use hardware startups developing products in autonomy, communications, power, sensors and space. Depending on the scope of the individual projects, NSIC will support up to ten companies with the \$15,000,000 budgeted.			
FY 2023 to FY 2024 Increase/Decrease Statement: The increase of \$15.085 million between FY 2023 and FY 2024 is the result of an internal realignment of \$15.000 million from PE 0604341D8Z to capture National Security Innovation Capital requirements and a small economic assumption increase of \$0.085 million.			
Accomplishments/Planned Programs Subtotals	-	-	15.085

C. Other Program Funding Summary (\$ in Millions)

N/A

Remarks

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D. Acquisition Strategy
N/A