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Exhibit R-2, RDT&E Budget Item Justification: PB 2025 Office of the Secretary Of Defense **Date:** March 2024

Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide I 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 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
Total Program Element	0.000	0.000	15.085	14.983	-	14.983	15.001	15.014	15.030	15.330	Continuing	Continuing
834: <i>National Security Innovation Capital (NSIC)</i>	0.000	0.000	15.085	14.983	-	14.983	15.001	15.014	15.030	15.330	Continuing	Continuing

Note

New Start (Y/N): No

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. This effort also supports Title 10 USC, Section 4811, requiring the Secretary of Defense to develop a national security strategy for the National Technology and Industrial Base (NTIB) that "reflects a prioritized assessment of the risks and challenges to the defense supply chain."

The mission of National Security Innovation Capital (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.

Areas of focus are autonomy, communications, power, sensors, and space.

B. Program Change Summary (\$ in Millions)	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total
Previous President's Budget	0.000	15.085	14.953	-	14.953
Current President's Budget	0.000	15.085	14.983	-	14.983
Total Adjustments	0.000	0.000	0.030	-	0.030
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Program Adjustment	-	-	0.030	-	0.030

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Change Summary Explanation

The increase of \$0.019 million between FY 2024 and FY 2025 is due to funding being adjusted for inflation. A reduction of \$0.151 million was applied to meet DoD overall funding reductions, which were spread to mitigate impact. Funding increase of \$0.030 million for Economic Assumptions.

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Exhibit R-2A, RDT&E Project Justification: PB 2025 Office of the Secretary Of Defense **Date:** March 2024

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 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
834: National Security Innovation Capital (NSIC)	0.000	0.000	15.085	14.983	-	14.983	15.001	15.014	15.030	15.330	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

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 United States, the expansion of the defense industrial base, and reduction of technology flow to adversaries.

Areas of focus are autonomy, communications, power, sensors and space.

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

	FY 2023	FY 2024	FY 2025
Title: National Security Innovation Capital	-	15.085	14.983
FY 2024 Plans: NSIC will continue efforts that were previously funded in 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 million budgeted.			
FY 2025 Plans: NSIC will continue efforts that were previously funded in 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 million budgeted.			
FY 2024 to FY 2025 Increase/Decrease Statement: The increase of \$0.019 million between FY 2024 and FY 2025 is due to funding being adjusted for inflation. A reduction of \$0.151 million was applied to meet DoD overall funding reductions, which were spread to mitigate impact. Funding increase of \$0.030 million for Economic Assumptions.			
Accomplishments/Planned Programs Subtotals	-	15.085	14.983

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

N/A

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

Remarks

D. Acquisition Strategy

NSIC primarily utilizes Title 10 U.S. Code § 4022 authority to accelerate productization efforts in critical technology areas.