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Exhibit R-2, RDT&E Budget Item Justification: PB 2015 Office of Secretary Of Defense **Date:** March 2014

Appropriation/Budget Activity 0400: Research, Development, Test & Evaluation, Defense-Wide / BA 6: RDT&E Management Support	R-1 Program Element (Number/Name) PE 0604875D8Z / Joint Systems Architecture Development
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COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
Total Program Element	4.545	3.227	2.471	3.092	-	3.092	3.704	4.317	4.930	5.542	Continuing	Continuing
P876: Portfolio Systems Acquisition (PSA)	4.545	3.227	2.471	3.092	-	3.092	3.704	4.317	4.930	5.542	Continuing	Continuing

The FY 2015 OCO Request will be submitted at a later date.

A. Mission Description and Budget Item Justification

The Quadrennial Defense Review (QDR) and acquisition reform initiatives call for top down, national security strategy-driven capabilities-based planning. Department of Defense (DoD) Instruction 5000.02 and Chairman of the Joint Chiefs of Staff Instruction 3170.01 promulgate capabilities-based requirements and acquisition processes. The JSAD program enables collaborative efforts to achieve these goals with a focus on Major Defense Acquisition Programs (MDAPs). These efforts include warfighting capability-based analyses; assessments of joint capability areas and joint integrating concepts; development of system-related data; integrated roadmaps to support acquisition investment decisions; and assessments of MDAPs and Major Automated Information Systems (MAIS) in a capability area context. Activities in the JSAD project are divided into three areas: (1) capability-based analysis; (2) roadmaps; and (3) support tools and guidance. Capability-based analysis provides analysis of the different technology, functionality, and integration impacts of systems on warfighting capability. Acquisition roadmaps guide systems development and associated investment plans. JSAD support tools and guidance initiatives develop systems data, and tools, exploit modeling and simulation and architecture efforts to improve DoDs overall assessment capability. These efforts guide the development and improve the testing and fielding of integrated systems of systems in order to achieve Joint mission capabilities. The QDR also lays out the need for an institutional reorientation or shift in emphasis from organization-specific to enterprise-wide approaches. This means: (1) horizontal integration within the Department and unity of effort through greater interagency collaboration; (2) engaging in a coordinated and portfolio-based approach to planning, programming, budgeting and execution; and (3) significant reforms at the governance, management and execution levels. To accomplish this direction, there needs to be a focused goal and concerted emphasis on shifting from systems acquisition to capabilities-based portfolio management (or portfolio systems acquisition). This program enables collaborative efforts to implement the QDR direction outlined above in order to achieve portfolio systems acquisition goals. The program is broken up into two focus areas (Portfolio Management and Reform Initiatives) and consolidates work previously performed under various other Program Elements.

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B. Program Change Summary (\$ in Millions)	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO	FY 2015 Total
Previous President's Budget	3.845	2.479	5.217	-	5.217
Current President's Budget	3.227	2.471	3.092	-	3.092
Total Adjustments	-0.618	-0.008	-2.125	-	-2.125
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Efficiency Reduction	-	-	-2.125	-	-2.125
• FFRDC	-	-0.008	-	-	-
• Other Program Adjustments	-0.618	-	-	-	-

Change Summary Explanation

FY 2015 Funding was reduced based on the Department's priorities and other program requirements.
Program adjustments for FY 2013 includes SBIR/STTR and Sequestration reductions.

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Appropriation/Budget Activity 0400 / 6					R-1 Program Element (Number/Name) PE 0604875D8Z / Joint Systems Architecture Development				Project (Number/Name) P876 / Portfolio Systems Acquisition (PSA)			
COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
P876: Portfolio Systems Acquisition (PSA)	4.545	3.227	2.471	3.092	-	3.092	3.704	4.317	4.930	5.542	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

The FY 2015 OCO Request will be submitted at a later date.

A. Mission Description and Budget Item Justification

The Departments 2005 Quadrennial Defense Review (QDR) laid out the need for an institutional reorientation or shift in emphasis from organization-specific to enterprise-wide approaches. This meant: (1) horizontal integration within the Department and unity of effort through greater interagency collaboration; (2) engaging in a coordinated and portfolio-based approach to planning, programming, budgeting and execution; and (3) significant reforms at the governance, management and execution levels. The Department's 2010 QDR report further addressed reforming how we buy, noting that the conventional acquisition process is too long and too cumbersome to fit the needs of the many systems that require continuous changes and upgrades—a challenge that will become only more pressing over time. The Department will improve how it matches requirements with mature technologies, maintains disciplined systems engineering approaches. To accomplish this direction, there needed to be a focused goal and concerted emphasis on shifting from acquisition of individual systems to portfolio management (or portfolio systems acquisition). This program enables collaborative efforts to implement the QDR direction outlined above and to achieve portfolio systems acquisition goals and to develop and implement acquisition reform initiatives. The program is broken up into two focus areas (Portfolio Management and Reform Initiatives) and consolidates work previously performed under various other Program Elements.

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

	FY 2013	FY 2014	FY 2015
Title: Portfolio Systems Acquisition Initiatives	3.227	2.471	3.092
FY 2013 Accomplishments:			
-Conducted assessments of Capability Portfolios and warfare areas to reduce duplication and identify opportunities for cost savings.			
-Conducted analyses and support implementation of acquisition efficiencies, including Better Buying Power.			
-Provided technical expertise in support of warfare area portfolios.			
-Assessed progress of program management initiatives and supported Acquisition Qualification Standards initiative.			
-Expanded "reliability by design" analyses. Conducted review of Littoral Combat Ship, Reaper, Gator, JLTV, 3DELRR.			
-Articulated DoD courses of action and views on homeland defense implementation and compliance issues in multiple bilateral and multilateral fora.			
-Provided analytical support to the Homeland Defense Coordinator function within OUSD(AT&L).			
-Prepared IAMD roadmap to guide investments in a critical area and provided analytical support for the IAMD portfolio.			
FY 2014 Plans:			

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2013	FY 2014
-Support Mission Area Portfolio Assessments and warfare areas to identify portfolio and program synergies, reduce duplication, and identify opportunities for cost savings. -Conduct additional analyses and support implementation of Better Buying Power initiatives. -Provide technical expertise in support of warfare area portfolios. -Assess progress of program management initiatives and continue support to a variety of certification and qualification standards activities. -Continue "reliability by design" analyses and support to programs. -Develop DoD courses of action and views on homeland defense implementation and compliance issues in multiple bilateral and multilateral fora. -Provide analytical support to the Homeland Defense Coordinator function within OUSD(AT&L). -Update roadmaps to guide investments in critical areas (e.g., future vertical lift and IAMD). -Continue analytical support for the IAMD portfolio. FY 2015 Plans: -Continue to support Mission Area Portfolio Assessments and warfare areas to identify portfolio and program synergies, reduce duplication, and identify opportunities for cost savings. -Conduct additional analyses and support implementation of Better Buying Power initiatives. -Provide technical expertise in support of warfare area portfolios. -Assess progress of program management initiatives and continue support to a variety of certification and qualification standards activities. -Continue "reliability by design" analyses and support to programs. -Develop DoD courses of action and views on homeland defense implementation and compliance issues in multiple bilateral and multilateral fora. -Provide analytical support to the Homeland Defense Coordinator function within OUSD(AT&L). -Update roadmaps to guide investments in critical areas (e.g., future vertical lift and IAMD). -Continue analytical support for the IAMD portfolio.			
Accomplishments/Planned Programs Subtotals		3.227	2.471
C. Other Program Funding Summary (\$ in Millions)			
N/A			
Remarks			
D. Acquisition Strategy			
Not Applicable			

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<u>E. Performance Metrics</u> Not Applicable		