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Exhibit R-2, RDT&E Budget Item Justification: PB 2017 Air Force **Date:** February 2016

Appropriation/Budget Activity 3600: <i>Research, Development, Test & Evaluation, Air Force I BA 7: Operational Systems Development</i>	R-1 Program Element (Number/Name) PE 0605018F / <i>AF Integrated Personnel and Pay System (AF-IPPS)</i>
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COST (\$ in Millions)	Prior Years	FY 2015	FY 2016	FY 2017 Base	FY 2017 OCO	FY 2017 Total	FY 2018	FY 2019	FY 2020	FY 2021	Cost To Complete	Total Cost
Total Program Element	154.577	45.250	31.344	10.368	0.000	10.368	51.843	65.332	65.383	43.590	0.000	467.687
676003: <i>HRM Structural Development</i>	154.577	45.250	31.344	10.368	0.000	10.368	51.843	65.332	65.383	43.590	0.000	467.687
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-	-	-

Program MDAP/MAIS Code: N86

A. Mission Description and Budget Item Justification

Air Force Integrated Personnel and Pay System (AFIPPS) will be a web-enabled, Enterprise Resource Planning (ERP) solution that will integrate existing personnel and pay processes into one self-service system. The Department of the Air Force (DAF) plans to accomplish this goal by modernizing existing technology, resulting in a secure and authoritative data environment that improves accuracy, strengthens decision making and reduces processing time and costs. AFIPPS supports effective military personnel management and development throughout the lifecycle of all military members, by providing an accurate and single authoritative source of personnel data. AFIPPS will enable accurate and timely delivery of pay, entitlements, allowances and benefits and make appropriate information available for all levels of management. Active, National Guard, and Reserve components will integrate personnel and pay functionality; streamline and improve automated support to the mobilization and deployment processes; and implement standard data that reflects the core requirements of the Combatant Commands, the Department of the Air Force, the Office of the Secretary of Defense and other federal agencies.

AFIPPS's customers include approximately 510,000 AF service members across all components (RegAF, ANG, and AFRes) as well as thousands of military leaders of different ranks, specialties, and career fields who are responsible for the conduct of AF operations that rely on these services to ensure service members with the appropriate skill sets are deployed where needed at home and on the battlefield. Congress, the rest of the Department of Defense (DoD), and other federal agencies all rely on accurate AF Human Resources (HR) data to make key decisions that affect how the US military is organized, funded, deployed, and maintained.

The FY 2017 funding request was reduced by \$10.0 million to account for the availability of prior year execution balances.

This program is in Budget Activity 7, Operational System Development, because this budget activity includes development efforts to upgrade systems that have been fielded or have received approval for full rate production and anticipate production funding in the current or subsequent fiscal year.

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B. Program Change Summary (\$ in Millions)	FY 2015	FY 2016	FY 2017 Base	FY 2017 OCO	FY 2017 Total
Previous President's Budget	60.019	69.694	64.317	0.000	64.317
Current President's Budget	45.250	31.344	10.368	0.000	10.368
Total Adjustments	-14.769	-38.350	-53.949	0.000	-53.949
• Congressional General Reductions	0.000	-0.350			
• Congressional Directed Reductions	0.000	-38.000			
• Congressional Rescissions	0.000	0.000			
• Congressional Adds	0.000	0.000			
• Congressional Directed Transfers	0.000	0.000			
• Reprogrammings	-13.038	0.000			
• SBIR/STTR Transfer	-1.731	0.000			
• Other Adjustments	0.000	0.000	-53.949	0.000	-53.949
 Change Summary Explanation					
FY16 Congressional reduction, forward financing, -\$38.0M.					
FY17 Reduction to support higher Air Force priorities, -\$43.846M.					
The FY 2017 funding request was reduced by \$10.0 million to account for the availability of prior year execution balances.					
FY17 Reduction for inflation, -\$0.103M					

C. Accomplishments/Planned Programs (\$ in Millions)	FY 2015	FY 2016	FY 2017
Title: AFIPPS - Product Development	44.717	30.528	10.165
Description: Acquire and develop the activities that support the acquisition of a personnel/pay capability for USAF personnel across all components (i.e., RegAF, ANG, and AFRes).			
FY 2015 Accomplishments:			
- Completed Contract 1 (C1) Blueprinting/Conference Room Pilot (CRP)			
- Continued Data Management Environment (DME) activities			
- Continued AF information technology efforts (e.g., implementation & operational baselines, application services, etc.) to ensure AFIPPS is fully integrated into the AF & DoD enterprise networks, databases, and information systems			
- Maintained the required AFIPPS computing environments, e.g. development and test environment			
- Purchased Commercial-Off-The-Shelf (COTS) Software (S/W) to support data management and development activities			
- Planned the post-Blueprinting phase of the program and managed the interaction between all contractor and Government activities			
- Continued acquisition planning, reporting, and completed C1 activities			
- Planned follow-on contractor activities			

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C. Accomplishments/Planned Programs (\$ in Millions)		FY 2015	FY 2016	FY 2017
<ul style="list-style-type: none"> - Conducted risk reduction activities to support decision-making for the next phase of the program -- Includes contracted personnel and other program management expenses to support implementation of the program. <p>FY 2016 Plans:</p> <ul style="list-style-type: none"> - Finalizing integrated personnel and pay system (IPPS) long-range strategy - Continuing DME activities - Continuing AF information technology efforts (e.g., implementation & operational baselines, application services, etc.) to ensure AFIPPS is fully integrated into the AF & DoD enterprise networks, databases, and information systems - Building and maintaining the required AFIPPS computing environments, e.g. development, test environment and cloud computing - Conducting pay technology development activities and preparing existing infrastructure for integration with pay - Purchasing COTS S/W to support data management, sustainment and development activities - Preparing acquisition and contract documentation to support AFIPPS strategy - Continuing acquisition planning, reporting, and the execution of AFIPPS activities. - Conducting risk reduction activities to assess/reduce risk and support decision-making for the next phase of the program. - Designing and implementing enterprise architecture for pay --Includes contracted personnel and other program management expenses to support implementation of the program. <p>FY 2017 Plans:</p> <ul style="list-style-type: none"> - Will award contract to develop the AFIPPS pay functions and support integration of personnel and pay capabilities - Will continue DME activities - Will continue AF information technology efforts (e.g., implementation & operational baselines, application services, etc.) to ensure AFIPPS is fully integrated into the AF & DoD enterprise networks, databases, and information systems - Will build and maintain the required AFIPPS computing environments, e.g. development, test environment and cloud computing - Will purchase COTS S/W to support data management, sustainment and development activities - Will prepare acquisition and contract documentation to support AFIPPS strategy - Will continue acquisition planning, reporting, and the execution of AFIPPS activities and follow-on activities including contract awards - Will continue risk reduction activities to support decision-making for the next phase of the program - Will continue to design and implement enterprise architecture for pay --Includes contracted personnel and other program management expenses to support implementation of the program. 				
Title: AFIPPS - Test and Evaluation		0.533	0.816	0.203
Description: Government integrated test and evaluation activities.				

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C. Accomplishments/Planned Programs (\$ in Millions)	FY 2015	FY 2016	FY 2017
<i>FY 2015 Accomplishments:</i> - Adjusted Test Strategy to reflect new AFIPPS Plans <i>FY 2016 Plans:</i> - Updating Test and Evaluation Master Plan (TEMP) and preparing test plans for future releases <i>FY 2017 Plans:</i> - Will refine Test and Evaluation program for pay			
Accomplishments/Planned Programs Subtotals	45.250	31.344	10.368

D. Other Program Funding Summary (\$ in Millions)											
<u>Line Item</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u> <u>Base</u>	<u>FY 2017</u> <u>OCO</u>	<u>FY 2017</u> <u>Total</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Cost To Complete</u>	<u>Total Cost</u>
• N/A: N/A	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-	-

Remarks

E. Acquisition Strategy
 AFIPPS acquisition strategy focuses on expanding the fielded AF personnel system (MilPDS) by integrating a pay capability. MilPDS is implemented using the commercial Oracle ERP E-Business Suite (EBS). The AFIPPS strategy will be to configure/develop the pay portion of EBS, ensure the system is fully integrated, and deployed. The Government will award a contract for the pay system development, test, and deployment. The development activities will be fully coordinated and integrated with the on-going operation and sustainment of MilPDS.

Air Force Program Executive Officer (PEO) for Business and Enterprise Systems (AFPEO BES) is the PEO for AFIPPS. Air Force Life Cycle Management Center (AFLCMC) is the Contracting Authority for the AFIPPS Program and provides Contracts, Legal, and Comptroller support. The Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics [OUSD(AT&L)] is the program's Milestone Decision Authority (MDA).

F. Performance Metrics
 Please refer to the Performance Base Budget Overview Book for information on how Air Force resources are applied and how those resources are contributing to Air Force performance goals and most importantly, how they contribute to our mission.

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2017 Air Force **Date:** February 2016

Appropriation/Budget Activity 3600 / 7	R-1 Program Element (Number/Name) PE 0605018F / AF Integrated Personnel and Pay System (AF-IPPS)	Project (Number/Name) 676003 / HRM Structural Development
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Product Development (\$ in Millions)				FY 2015		FY 2016		FY 2017 Base		FY 2017 OCO		FY 2017 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
AFIPPS Environments	Various	DISA, Various SW Vendors : Bedford, MA	38.865	16.880	Feb 2015	6.938	Oct 2015	1.009	Nov 2016	0.000		1.009	32.634	96.326	93.326
Contract 1	C/Various	IBM : Bethesda, MD	20.126	13.591	Apr 2015	0.000		0.000		0.000		0.000	0.000	33.717	33.717
HR and Pay Integration Contract	C/Various	TBD : TBD	0.000	0.000		0.000		4.221	May 2017	0.000		4.221	154.065	158.286	104.410
Direct Mission Support (DMS) Other	Various	Various IT Vendors : Bedford, MA	44.786	9.076	Mar 2015	20.953	Mar 2016	3.556	Mar 2017	0.000		3.556	28.777	107.148	107.148
Licenses	MIPR	Oracle : Reston, VA	11.573	0.000		0.000		0.000		0.000		0.000	0.000	11.573	-
Independent Verification & Validation (IV&V)	Various	Various : TBD	2.354	0.000		0.000		0.000		0.000		0.000	0.000	2.354	-
Subtotal			117.704	39.547		27.891		8.786		0.000		8.786	215.476	409.404	-

Support (\$ in Millions)				FY 2015		FY 2016		FY 2017 Base		FY 2017 OCO		FY 2017 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
Subtotal			-	-		-		-		-		-	-	-	-

Test and Evaluation (\$ in Millions)				FY 2015		FY 2016		FY 2017 Base		FY 2017 OCO		FY 2017 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
Gov't Integrated Test & Evaluation Activities	C/Various	JTIC : Fort Belvoir, VA	0.921	0.533	Mar 2015	0.816	Mar 2016	0.203	Mar 2017	0.000		0.203	3.007	5.480	5.480
Subtotal			0.921	0.533		0.816		0.203		0.000		0.203	3.007	5.480	5.480

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2017 Air Force **Date:** February 2016

Appropriation/Budget Activity 3600 / 7	R-1 Program Element (Number/Name) PE 0605018F / AF Integrated Personnel and Pay System (AF-IPPS)	Project (Number/Name) 676003 / HRM Structural Development
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Management Services (\$ in Millions)				FY 2015		FY 2016		FY 2017 Base		FY 2017 OCO		FY 2017 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
Engineering and Technology Acquisition Support Services (ETASS)	C/CPFF	Jacobs Technology : Bedford, MA	9.225	0.000		0.000		0.000		0.000		0.000	0.000	9.225	-
Engineering Support	SS/CPFF	MITRE : Lexington, MA	5.245	0.000		0.000		0.000		0.000		0.000	0.000	5.245	-
Other PMA	Various	Various : Bedford, MA	7.877	3.240	Oct 2014	1.090	Oct 2015	0.422	Oct 2016	0.000		0.422	2.007	14.636	TBD
Professional Acquisition Support Services I (PASS I)	C/CPFF	Oasis Systems, Inc. : Lexington, MA	9.819	0.000		0.000		0.000		0.000		0.000	0.000	9.819	-
Professional Acquisition Support Services II (PASS II)	C/CPAF	Quantech Services, Inc. : Lexington, MA	1.345	1.345	Aug 2015	0.987	Aug 2016	0.698	Aug 2017	0.000		0.698	4.013	8.388	TBD
Specialized Cost Services (SCS)	C/CPFF	Tecolote : Bedford, MA	2.441	0.585	Oct 2014	0.560	Oct 2015	0.259	Oct 2016	0.000		0.259	1.645	5.490	TBD
Subtotal			35.952	5.170		2.637		1.379		0.000		1.379	7.665	52.803	-
Project Cost Totals			154.577	45.250		31.344		10.368		0.000		10.368	226.148	467.687	-

Remarks

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Exhibit R-4, RDT&E Schedule Profile: PB 2017 Air Force		Date: February 2016
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	FY 2015				FY 2016				FY 2017				FY 2018				FY 2019				FY 2020				FY 2021			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
AFIPPS Development, Test, and Production Environments	[REDACTED]																											
Basic (Blueprinting/CRP)	[REDACTED]																											
Enterprise Architecture Design/Implement									[REDACTED]																			
Acquisition planning, RFP, Contract Award									[REDACTED]																			
Payroll design and deployment													[REDACTED]															
AF Information Technology Efforts	[REDACTED]																											
Government Integrated Test and Evaluation Activities	[REDACTED]																											

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Exhibit R-4A, RDT&E Schedule Details: PB 2017 Air Force		Date: February 2016
Appropriation/Budget Activity 3600 / 7	R-1 Program Element (Number/Name) PE 0605018F / <i>AF Integrated Personnel and Pay System (AF-IPPS)</i>	Project (Number/Name) 676003 / <i>HRM Structural Development</i>

Schedule Details

Events	Start		End	
	Quarter	Year	Quarter	Year
AFIPPS Development, Test, and Production Environments	1	2015	2	2020
Basic (Blueprinting/CRP)	1	2015	3	2015
Enterprise Architecture Design/Implement	2	2016	3	2018
Acquisition planning, RFP, Contract Award	2	2016	2	2017
Payroll design and deployment	3	2017	4	2019
AF Information Technology Efforts	1	2015	4	2021
Government Integrated Test and Evaluation Activities	1	2015	2	2020