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Exhibit R-2, RDT&E Budget Item Justification: PB 2014 Defense Logistics Agency **DATE:** April 2013

APPROPRIATION/BUDGET ACTIVITY					R-1 ITEM NOMENCLATURE							
0400: Research, Development, Test & Evaluation, Defense-Wide BA 6: RDT&E Management Support					PE 0605502S: Small Business Innovative Research (SBIR)							
COST (\$ in Millions)	All Prior Years	FY 2012	FY 2013 [#]	FY 2014 Base	FY 2014 OCO ^{##}	FY 2014 Total	FY 2015	FY 2016	FY 2017	FY 2018	Cost To Complete	Total Cost
Total Program Element	1.108	2.461	0.000	0.000	-	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing
1: Small Business Innovative Research (SBIR)	1.108	2.461	0.000	0.000	-	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing

[#] FY 2013 Program is from the FY 2013 President's Budget, submitted February 2012

^{##} The FY 2014 OCO Request will be submitted at a later date

A. Mission Description and Budget Item Justification

Defense Logistics Agency's (DLA's) ability to deliver Americans the right logistics solution in every transaction requires more than successful management of the Department's wholesale supplies and suppliers. It requires supply chain excellence. Our military's ability to generate and sustain combat readiness indefinitely, anywhere on the globe requires that DLA-managed materiel flow seamlessly and as needed from the nation's industrial base to where it is ultimately used.

DLA's Small Business Innovative Research (SBIR) program seeks to solicit high-risk research and development proposals from the small business community. All selections shall demonstrate and involve a degree of technical risk where the technical feasibility of the proposed work has not been fully established. Phase I proposals should demonstrate the feasibility of the proposed technology and the merit of a Phase II for a prototype or at least a proof-of-concept demonstration. Phase II selections will be strongly influenced on future market possibilities and commercialization potential demonstrated.

B. Program Change Summary (\$ in Millions)	FY 2012	FY 2013	FY 2014 Base	FY 2014 OCO	FY 2014 Total
Previous President's Budget	2.367	0.000	0.000	-	0.000
Current President's Budget	2.461	0.000	0.000	-	0.000
Total Adjustments	0.094	0.000	0.000	-	0.000
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	0.094	-			

Change Summary Explanation

FY 2012 Generic Logistics Research and Development Technology Demonstrations SBIR Transfer: \$0.563 million

FY 2012 Industrial Preparedness Manufacturing Technology SBIR Transfer: \$0.543 million

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FY 2012 Deployment and Distribution Enterprise Technology & AT21 (USTRANSCOM) SBIR Transfer: \$0.186 million FY 2012 Microelectronics Technology Development and Support (DMEA) SBIR Transfer: \$1.075 million		

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Exhibit R-2A, RDT&E Project Justification: PB 2014 Defense Logistics Agency										DATE: April 2013		
APPROPRIATION/BUDGET ACTIVITY 0400: Research, Development, Test & Evaluation, Defense-Wide BA 6: RDT&E Management Support					R-1 ITEM NOMENCLATURE PE 0605502S: Small Business Innovative Research (SBIR)				PROJECT 1: Small Business Innovative Research (SBIR)			
COST (\$ in Millions)	All Prior Years	FY 2012	FY 2013 [#]	FY 2014 Base	FY 2014 OCO ^{##}	FY 2014 Total	FY 2015	FY 2016	FY 2017	FY 2018	Cost To Complete	Total Cost
1: Small Business Innovative Research (SBIR)	1.108	2.461	0.000	0.000	-	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing
Quantity of RDT&E Articles												
# FY 2013 Program is from the FY 2013 President's Budget, submitted February 2012												
## The FY 2014 OCO Request will be submitted at a later date												
A. Mission Description and Budget Item Justification												
Defense Logistics Agency's (DLA's) ability to deliver Americans the right logistics solution in every transaction requires more than successful management of the Department's wholesale supplies and suppliers. It requires supply chain excellence. Our military's ability to generate and sustain combat readiness indefinitely, anywhere on the globe requires that DLA-managed materiel flow seamlessly and as needed from the nation's industrial base to where it is ultimately used.												
DLA's Small Business Innovative Research (SBIR) program seeks to solicit high-risk research and development proposals from the small business community. All selections shall demonstrate and involve a degree of technical risk where the technical feasibility of the proposed work has not been fully established. Phase I proposals should demonstrate the feasibility of the proposed technology and the merit of a Phase II for a prototype or at least a proof-of-concept demonstration. Phase II selections will be strongly influenced on future market possibilities and commercialization potential demonstrated.												
B. Accomplishments/Planned Programs (\$ in Millions)										FY 2012	FY 2013	FY 2014
Title: SBIR Accomplishments/Plans										2.461	0.000	0.000
FY 2012 Accomplishments: Due to the rapid and significant decrease in SBIR funding and to meet SBIR goals for project selection rates, the plan for the FY2012 SBIR program is to narrow the broad-based manufacturing research topic to support a more narrow area of the defense manufacturing base. Specifically, the new topics will act as high-risk feeder programs for both the DLA's BATTNET and Forging President Budget Programs. Furthermore, the FY2011 Phase I SBIR projects will provided the opportunity to compete for Phase II awards in FY2012.												
FY 2013 Plans: To continue execution of all active Phase I and Phase II SBIR Projects. And to select between 2 and 6 new Phase I SBIR proposals for the BATTNET and Forging feeder Topics will be solicited in the DOD-wide SBIR 2013.3 Broad Agency Announcement. FY2012 Phase I SBIR projects will provided the opportunity to compete for Phase II awards in FY2013.												
FY 2014 Plans: To continue execution of all active Phase I and Phase II SBIR Projects. And to select between 2 and 6 new Phase I SBIR proposals that will feed one or more of the President's Budget manufacturing technology programs, such as CORANET,												

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B. Accomplishments/Planned Programs (\$ in Millions)			FY 2012	FY 2013	FY 2014
BATTNET or Forging. The Topic(s) will be solicited in the DOD-wide 2014.3 Broad Agency Announcement. FY2013 Phase I SBIR projects will provided the opportunity to compete for Phase II awards in FY2014.					
Accomplishments/Planned Programs Subtotals			2.461	0.000	0.000
C. Other Program Funding Summary (\$ in Millions)					
N/A					
Remarks					
D. Acquisition Strategy					
Small Business Innovative Research (SBIR).					
E. Performance Metrics					
N/A.					