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Exhibit R-2, RDT&E Budget Item Justification: PB 2021 Defense Logistics Agency **Date:** February 2020

Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide I BA 6: RDT&E Management Support</i>	R-1 Program Element (Number/Name) PE 0605502S / <i>Small Business Innovative Research (SBIR)</i>
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COST (\$ in Millions)	Prior Years	FY 2019	FY 2020	FY 2021 Base	FY 2021 OCO	FY 2021 Total	FY 2022	FY 2023	FY 2024	FY 2025	Cost To Complete	Total Cost
Total Program Element	39.228	10.454	10.027	0.000	-	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing
SBIR: <i>Small Business Innovative Research</i>	39.228	10.454	10.027	0.000	-	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing

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 Agency'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 innovative research and development proposals from the small business community to address DLA's strategic and operational requirements. All selections shall demonstrate and involve some technical risk with yet to be determined technical feasibility. Phase I proposals should demonstrate the feasibility of the proposed technology and provide a strong business case for Phase II investment for a prototype or at least a proof-of-concept demonstration. A favorable return on investment and commercialization potential have a strong influence on Phase II selections.

B. Program Change Summary (\$ in Millions)	FY 2019	FY 2020	FY 2021 Base	FY 2021 OCO	FY 2021 Total
Previous President's Budget	10.454	0.000	0.000	-	0.000
Current President's Budget	10.454	10.027	0.000	-	0.000
Total Adjustments	0.000	10.027	0.000	-	0.000
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	10.027			

Change Summary Explanation

FY2020 Small Business Innovation Research (SBIR) and Small Technology Transfer (STTR) taxes for DLA programs establish the baseline for this program element. DLA SBIR/STTR taxes include \$3.787 million.

FY2020, in addition to the DLA portion, Defense Microelectronics Agency (DMEA) funds \$6.241 million.

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Exhibit R-2A, RDT&E Project Justification: PB 2021 Defense Logistics Agency										Date: February 2020		
Appropriation/Budget Activity 0400 / 6					R-1 Program Element (Number/Name) PE 0605502S / <i>Small Business Innovative Research (SBIR)</i>				Project (Number/Name) SBIR / <i>Small Business Innovative Research</i>			
COST (\$ in Millions)	Prior Years	FY 2019	FY 2020	FY 2021 Base	FY 2021 OCO	FY 2021 Total	FY 2022	FY 2023	FY 2024	FY 2025	Cost To Complete	Total Cost
SBIR: <i>Small Business Innovative Research</i>	39.228	10.454	10.027	0.000	-	0.000	0.000	0.000	0.000	0.000	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

A. Mission Description and Budget Item Justification

This program explores innovative concepts pursuant to Public Law 106-554 (Small Business Reauthorization Act of 2000) and Public Law 107-50 (Small Business Technology Transfer Program Reauthorization Act of 2001), which mandates a two-phase competition for small businesses with innovative technologies with a defense application as well as a commercial value. The SBIR and Small Business Technology Transfer (STTR) programs will develop new dual-use technologies for possible future DLA operational and sustainment requirements. Dual-use means the technologies will be judged on their potential for future private sector investment both as a vehicle for reducing development time and cost, unit costs of new DLA technologies, and as a route to national economic growth through new commercial products. DLA will conduct the competition as well as award and manage the contracts.

The DLA's SBIR/STTR investments are divided into multiple Research Areas identified from within several DLA Elements:

J6 R&D

- Nuclear Enterprise Support Office (NESO) Alternative Sources of Supply
- Additive Manufacturing Technologies, Process Controls, and Supply Chain
- Seamless Self Sealing Fuel Bladders and Inflatables
- Advanced Battery Manufacturing
- Advanced Aircraft Braking Systems
- Anti-Counterfeiting Technologies
- Strategic Materials Rare Earth Element Source Development
- Warehouse Modernization Technologies
- Subsistence Supply Chain Solutions

DMEA

- Advanced microelectronics concepts, technologies, and applications

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

	FY 2019	FY 2020	FY 2021
Title: SBIR Accomplishments/Plans	10.454	10.027	0.000
FY 2020 Plans: DLA SBIR/STTR:			

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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2019	FY 2020	FY 2021
<p>Continue execution of all active Phase I and Phase II SBIR/STTR Projects. Work with other R&D Programs and other divisions with DLA to identify requirements that meet DLA’s long and short term Strategic Objectives. Provide adequate guidance and mentorship to Phase II to projects to increase the likelihood of transition into government programs of record or commercial ventures.</p> <p>DMEA SBIR/STTR: DMEA will continue to seek innovative technical solutions to DoD microelectronics research and development needs and increase private-sector commercialization of these innovations.</p> <p>FY 2021 Plans: DLA SBIR/STTR: Continue execution of all active Phase I and Phase II SBIR/STTR Projects. Work with other R&D Programs and other divisions with DLA to identify requirements that meet DLA’s long and short term Strategic Objectives. Provide adequate guidance and mentorship to Phase II to projects to increase the likelihood of transition into government programs of record or commercial ventures.</p> <p>DMEA SBIR/STTR: Continue to seek innovative technical solutions to DoD microelectronics research and development needs and increase private-sector commercialization of these innovations.</p> <p>FY 2020 to FY 2021 Increase/Decrease Statement: SBIR and STTR tax amounts are based on enacted budgets so FY2020 amounts have not been established.</p>			
Accomplishments/Planned Programs Subtotals	10.454	10.027	0.000

C. Other Program Funding Summary (\$ in Millions) N/A
Remarks N/A

D. Acquisition Strategy
The SBIR acquisition process seeks to match projects with DLA’s Strategic Focus Areas. The goal is to align SBIR/STTR developed technology with current and future DLA requirements. DLA solicits all new project execution work through the DoD SBIR Broad Agency Announcement (BAA). There are three separate solicitation periods throughout each year. (Jan-Feb, May-Jun, and Sep-Oct)