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**Exhibit R-2, RDT&E Budget Item Justification:** PB 2022 Defense Logistics Agency **Date:** May 2021

<b>Appropriation/Budget Activity</b> 0400: <i>Research, Development, Test &amp; Evaluation, Defense-Wide / BA 6:</i> <i>RDT&amp;E Management Support</i>	<b>R-1 Program Element (Number/Name)</b> PE 0605502S / <i>Small Business Innovative Research (SBIR)</i>
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COST (\$ in Millions)	Prior Years	FY 2020	FY 2021	FY 2022 Base	FY 2022 OCO	FY 2022 Total	FY 2023	FY 2024	FY 2025	FY 2026	Cost To Complete	Total Cost
Total Program Element	49.682	10.065	0.000	0.000	-	0.000	-	-	-	-	Continuing	Continuing
SBIR: <i>Small Business Innovative Research</i>	49.682	10.065	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>B. Program Change Summary (\$ in Millions)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022 Base</b>	<b>FY 2022 OCO</b>	<b>FY 2022 Total</b>
Previous President's Budget	10.065	0.000	0.000	-	0.000
Current President's Budget	10.065	0.000	0.000	-	0.000
Total Adjustments	0.000	0.000	0.000	-	0.000
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	0.000			

**Change Summary Explanation**

FY 2021 Small Business Innovation Research (SBIR) and Small Technology Transfer (STTR) taxes for DLA programs establish the baseline for this program element. Due to an error while coding FY 2021 Enactment, the SBIR/STTR transfer is not reflected in the exhibit totals. Programs were indeed taxed and the funding was transferred to the SBIR PE 0605502S.

DLA SBIR/STTR taxes are \$3.902M and Defense Microelectronics Agency (DMEA) are \$4.330M.

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2022 Defense Logistics Agency										<b>Date:</b> May 2021		
<b>Appropriation/Budget Activity</b> 0400 / 6					<b>R-1 Program Element (Number/Name)</b> PE 0605502S / <i>Small Business Innovative Research (SBIR)</i>				<b>Project (Number/Name)</b> SBIR / <i>Small Business Innovative Research</i>			
<b>COST (\$ in Millions)</b>	<b>Prior Years</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022 Base</b>	<b>FY 2022 OCO</b>	<b>FY 2022 Total</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
SBIR: <i>Small Business Innovative Research</i>	49.682	10.065	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 Modernization: The objectives under the nuclear modernization focus area, include: maintain nuclear systems readiness, qualify alternate sources of supply, improve quality of consumable parts; and increase materiel availability.
- Force Readiness and Lethality: The objectives under the force readiness and lethality focus area include: improve life cycle performance through technological advancement, innovation and reengineering; and mitigate single points-of-failure that threaten the readiness of weapons systems used by our Warfighters
- Supply Chain Innovation: The objectives under the supply chain innovation focus area, include: improve lead times, reduce lifecycle costs, maintain a secure and resilient supply chain; and provide opportunities for small business industrial base to enhance supply chain operations with technological innovations.
- Supply Chain Assurance: The objectives under the supply chain assurance focus area, include: secure the microelectronics supply chain, develop a domestic supply of rare earth elements; and adopt industrial base best practices associated with counterfeit risk reduction.

**DMEA**

- Advanced microelectronics concepts, technologies, and applications

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

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Title:</b> SBIR Accomplishments/Plans	10.065	0.000	-
<b>FY 2021 Plans:</b> DLA SBIR/STTR:			

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<b>B. Accomplishments/Planned Programs (\$ in Millions)</b>		<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<p>Continue execution of all active Phase I and Phase II SBIR/STTR Projects. Work with other R&amp;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><b>FY 2021 to FY 2022 Increase/Decrease Statement:</b> FY 2021 Small Business Innovation Research (SBIR) and Small Technology Transfer (STTR) taxes for DLA programs establish the baseline for this program element. Due to an error while coding FY 2021 Enactment, the SBIR/STTR transfer is not reflected in the exhibit totals. Programs were indeed taxed and the funding was transferred to the SBIR PE 0605502S.</p> <p>DLA SBIR/STTR taxes are \$3.902M and Defense Microelectronics Agency (DMEA) are \$4.330M.</p> <p>SBIR and STTR tax amounts are based on enacted budgets so FY 2022 amounts have not been established.</p>				
<b>Accomplishments/Planned Programs Subtotals</b>		10.065	0.000	-
<b>C. Other Program Funding Summary (\$ in Millions)</b>				
N/A				
<b>Remarks</b>				
N/A				
<b>D. Acquisition Strategy</b>				
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)				