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Exhibit R-2, RDT&E Budget Item Justification: PB 2014 Office of Secretary Of Defense **DATE:** April 2013

APPROPRIATION/BUDGET ACTIVITY					R-1 ITEM NOMENCLATURE							
0400: Research, Development, Test & Evaluation, Defense-Wide BA 7: Operational Systems Development					PE 0607210D8Z: Industrial Base Analysis and Sustainment Support							
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	-	0.000	0.000	14.000	-	14.000	12.000	8.000	4.000	2.000	Continuing	Continuing
819: Industrial Base Analysis and Sustainment	-	0.000	0.000	14.000	-	14.000	12.000	8.000	4.000	2.000	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

Note

This is a new start program with a strategic goal of strengthening the industrial base in support of DoD supply chain and defense manufacturing requirements.

A. Mission Description and Budget Item Justification

The Defense-wide Industrial Base Analysis and Sustainment (IBAS) program element provides the Department with a comprehensive ability to achieve the strategic goal of strengthening the industrial base in support of DoD supply chain and defense manufacturing requirements. This program maintains or improves the health of essential parts of the defense industry to avoid reconstitution costs for capability after a Defense procurement hiatus on major investment programs or critical supply chain products where affordable and innovative mechanisms are available to work with the producers in the interim.

A stated purpose of the program is to provide for sustainment of the industrial base through a break in production. Criteria for project selection will include factors such as 1) identifiable path of preservation, transformation or innovation between an existing capability and a capability with a very high probability of being needed in the short to medium term (< 5 years); 2) loss of the capability is likely in the absence of the proposed project; 3) analysis showing that the project results in a lower overall cost to the department than if capability is developed from scratch when needed; and 4) preference is given to projects supporting multiple programs or services with no clearly identifiable principle beneficiary.

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B. Program Change Summary (\$ in Millions)	FY 2012	FY 2013	FY 2014 Base	FY 2014 OCO	FY 2014 Total
Previous President's Budget	0.000	0.000	0.000	-	0.000
Current President's Budget	0.000	0.000	14.000	-	14.000
Total Adjustments	0.000	0.000	14.000	-	14.000
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Industrial Base Sustainment (new start program)	-	-	14.000	-	14.000

Change Summary Explanation

FY 2014 \$14.0 Industrial Base Sustainment: Funds realigned to this DoD high priority issue to achieve the strategic goal of strengthening the industrial base in support of DoD supply chain and defense manufacturing requirements.

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Exhibit R-2A, RDT&E Project Justification: PB 2014 Office of Secretary Of Defense										DATE: April 2013		
APPROPRIATION/BUDGET ACTIVITY 0400: Research, Development, Test & Evaluation, Defense-Wide BA 7: Operational Systems Development					R-1 ITEM NOMENCLATURE PE 0607210D8Z: Industrial Base Analysis and Sustainment Support				PROJECT 819: Industrial Base Analysis and Sustainment			
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
819: Industrial Base Analysis and Sustainment	-	0.000	0.000	14.000	-	14.000	12.000	8.000	4.000	2.000	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												
OSD Acquisition, Technology and Logistics (AT&L) investments under this program are informed by the Department's industrial assessment tools to include the Sector by Sector, Tier by Tier (S2T2) repository of defense industrial base information maintained by Deputy Assistant Secretary of Defense (Manufacturing and Industrial Base Policy) (DASD(MIBP)). These tools collaboratively identify elements of the industrial base where current acquisition programs will not invest enough in production and/or research to support the minimum sustaining rate that would keep critical suppliers viable. While industrial base risks identified through these assessment tools are to be mitigated primarily through direct engagement with military departments, agencies, and industry, exceptional cases will require defense-wide intervention via investment accounts, often in collaboration with multiple Services and agencies, to ensure adequate industrial capability to support future defense needs.												
This funding is a key tool for addressing supply chain risks and diminishing manufacturing sources. Investments are prioritized though a careful analysis at every tier of the supply chain according to a numerical scale of risk-area's fragility and criticality. Criticality examines characteristics that make a specific product or service difficult to replace if disrupted; fragility examines characteristics that make small deviations in the status quo likely to have substantial effects on an industry / supplier. These concepts underpin AT&L's core mission and inform critical investment, budgetary, and programmatic decision-making.												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2012	FY 2013	FY 2014	
Title: Industrial Base Sustainment									0.000	0.000	14.000	
Description: Under Industrial Base Sustainment (IBS), fragility and criticality analysis would be applied across the DoD enterprise to invest in priority areas, closely integrating the results of S2T2 with applied research to enhance industrial productivity and sustain essential defense design teams. Projects will have impact across all industrial base sectors: aircraft; Command, Control, Communications and Computers (C4); missiles; ground vehicles; radar & Electronic Warfare (EW) and others. Projects will be improvements of existing capabilities with a very high probability of success.												
FY 2014 Plans: Address supply chain vulnerabilities and early indicators of program risk and make corrective and innovative investments in essential defense supply chains.												
Accomplishments/Planned Programs Subtotals									0.000	0.000	14.000	

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C. Other Program Funding Summary (\$ in Millions) N/A		
Remarks		
D. Acquisition Strategy N/A		
E. Performance Metrics Goal is to insert industrial base considerations consistently in program review To make informed investment and production decisions To avoid reconstitution costs for capability that we will need again soon		

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2014 Office of Secretary Of Defense												DATE: April 2013			
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Product Development (\$ in Millions)				FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	All Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Projects - Selection in Process	C/TBD	Leverage Current Efforts:TBD	-	-		-		12.650		-		12.650	Continuing	Continuing	
Subtotal			0.000	0.000		0.000		12.650		0.000		12.650			
Remarks All efforts directly supporting system development and delivery to include primary contracts, major component contracts, contracted services, in-house support provided by the Services/Agencies, and government furnished property															
Management Services (\$ in Millions)				FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	All Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Management Services for DASD(MIBP)	C/TBD	DASD(MIBP):Washington, dc	-	-		-		1.350		-		1.350	Continuing	Continuing	
Subtotal			0.000	0.000		0.000		1.350		0.000		1.350			
Remarks Efforts associated with services provided in support of program office management and administration processes such as: program oversight, resource justification, budget and programming, milestone and schedule tracking															
			All Prior Years	FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total	Cost To Complete	Total Cost	Target Value of Contract
Project Cost Totals			0.000	0.000		0.000		14.000		0.000		14.000			
Remarks															