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Exhibit R-2, RDT&E Budget Item Justification: PB 2015 Navy										Date: March 2014		
Appropriation/Budget Activity 1319: Research, Development, Test & Evaluation, Navy / BA 7: Operational Systems Development					R-1 Program Element (Number/Name) PE 0708730N / Maritime Tech (MARITECH)							
COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
Total Program Element	3.923	4.424	4.998	4.347	-	4.347	4.362	4.393	4.413	4.526	Continuing	Continuing
2466: NSRP ASE	3.923	4.424	4.998	4.347	-	4.347	4.362	4.393	4.413	4.526	Continuing	Continuing

The FY 2015 OCO Request will be submitted at a later date.

A. Mission Description and Budget Item Justification

The National Shipbuilding Research Program (NSRP) is an industry and enterprise wide research collaboration that seeks to reduce the Navy's shipbuilding and repair cost. The resulting technologies implemented in NSRP-ASE member shipyards, benefit both the shipyard and the US Navy.

<u>B. Program Change Summary (\$ in Millions)</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015 Base</u>	<u>FY 2015 OCO</u>	<u>FY 2015 Total</u>
Previous President's Budget	5.000	4.998	5.000	-	5.000
Current President's Budget	4.424	4.998	4.347	-	4.347
Total Adjustments	-0.576	-	-0.653	-	-0.653
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-0.159	-			
• Rate/Misc Adjustments	-	-	-0.653	-	-0.653
• Congressional General Reductions Adjustments	-0.417	-	-	-	-

Change Summary Explanation

FY 2013 reductions reflect Congressionally mandated sequestration and general reductions.

FY 2015 reductions reflect the Department's decision to reduce contracted services.

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Exhibit R-2A, RDT&E Project Justification: PB 2015 Navy										Date: March 2014		
Appropriation/Budget Activity 1319 / 7					R-1 Program Element (Number/Name) PE 0708730N / Maritime Tech (MARITECH)				Project (Number/Name) 2466 / NSRP ASE			
COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
2466: NSRP ASE	3.923	4.424	4.998	4.347	-	4.347	4.362	4.393	4.413	4.526	Continuing	Continuing
Quantity of RDT&E Articles	0.000	-	-	-	-	-	-	-	-	-		
# The FY 2015 OCO Request will be submitted at a later date.												
A. Mission Description and Budget Item Justification												
NSRP ASE is a collaboration of U.S. shipyards working with the Navy customer to reduce the cost of building and repairing naval ships and improving shipbuilding industry productivity through advanced technology and processes. NSRP ASE is an innovative and proven approach to public/private cooperation to manage cost-shared R&D based on a national consensus Strategic Investment Plan. The Plan targets potential industry-wide technology and process solutions which are vetted by industry experts and builds upon the progress made over the previous years. The collaboration's organizational structure promotes teaming of industry, government and academia to achieve the continuous product and process improvements necessary for improved Navy ship affordability. Solutions include both leverage of best commercial practices and creation of industry-wide initiatives with aggressive technology transfer to, and buy-in by, multiple U.S. shipyards. Navy PEOs (Ships, Subs and Carriers) and NAVSEA are directly involved in NSRP. The Plan calls for matching government and industry investments over several years.												
B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)									FY 2013	FY 2014	FY 2015	
Title: Technology Development Projects									4.424	4.998	4.347	
									Articles: -	-	-	
Description: The NSRP is an ongoing Research and Development program. This program awards small research projects and large research projects to Improve Quality; (2) Reduce Total Ownership Costs; and, (3) Increase Energy Efficiency. These research projects have been known to produce technological advances in shipbuilding that once implemented have resulted in savings for the Navy.												
FY 2013 Accomplishments:												
(1) Complete technology development projects in the four major initiative areas (Ship Design and Material Technologies, Ship Production Technologies, Business Process and Information Systems, and Infrastructure and Support (Regulatory Compliance, Technology Transfer and Workforce Development)) that will be competitively selected by industry subject matter experts and Navy stakeholders during GFY12, targeting the following priorities in Naval shipbuilding and repair: (1) Improving Quality; (2) Reduction of Total Ownership Costs; and, (3) Increasing Energy Efficiency. It is anticipated that projects selected will continue to be focused in the following areas:												
- Promotion of Modular Construction												
- Reduction of Re-work												
- Improving Production Engineering												
- Improving Specifications and Standards												
- Improving Manufacturing Processes												

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B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)			FY 2013	FY 2014	FY 2015
- Improving Production Planning - Data Exchange - Improving Safety & Health / Reducing Environmental Impacts - Education and Training - Total Ownership Cost (2) Continue technology transfer among the Navy, shipbuilding industry, academia, equipment and material suppliers and the R&D community FY 2014 Plans: (1) Completed technology development projects in the four major initiative areas (Ship Design and Material Technologies, Ship Production Technologies, Business Process and Information Systems, and Infrastructure and Support (Regulatory Compliance, Technology Transfer and Workforce Development) that were competitively selected by industry subject matter experts and Navy stakeholders during GFY13. The projects targeted the following priorities in Naval shipbuilding and repair: (1)Improving Quality; (2) Reduction of Total Ownership Costs; and, (3) Increasing Energy Efficiency. It is anticipated that projects currently in process will continue to be focused in the following areas: - Promotion of Modular Construction - Reduction of Re-work - Improving Production Engineering - Improving Specifications and Standards - Improving Manufacturing Processes - Improving Production Planning - Data Exchange - Improving Safety & Health / Reducing Environmental Impacts - Education and Training - Total Ownership Cost (2) Continue technology transfer among the Navy, shipbuilding industry, academia, equipment and material suppliers and the R&D community. FY 2015 Plans: (1) Complete technology development projects in the four major initiative areas (Ship Design and Material Technologies, Ship Production Technologies, Business Process and Information Systems, and Infrastructure and Support (Regulatory Compliance, Technology Transfer and Workforce Development)) that will be competitively selected by industry subject matter experts and Navy stakeholders during GFY13, targeting the following priorities in Naval shipbuilding and repair: (1) Improving Quality; (2) Reduction of Total Ownership Costs; and, (3) Increasing Energy Efficiency. It is anticipated that projects selected will continue to be focused in the following areas:					

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B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)		FY 2013	FY 2014
- Promotion of Modular Construction - Reduction of Re-work - Improving Production Engineering - Improving Specifications and Standards - Improving Manufacturing Processes - Improving Production Planning - Data Exchange - Improving Safety & Health / Reducing Environmental Impacts - Education and Training - Total Ownership Cost (2) Continue technology transfer among the Navy, shipbuilding industry, academia, equipment and material suppliers and the R&D community			
Accomplishments/Planned Programs Subtotals		4.424	4.998
C. Other Program Funding Summary (\$ in Millions)			
N/A			
Remarks			
D. Acquisition Strategy			
R&D projects have been solicited and awarded by an industry collaboration represented by the Executive Control Board (ECB) of the National Shipbuilding Research Program (NSRP). The Navy has entered into an agreement with the industry collaboration using "other transaction" authority pursuant to 10 U.S.C. 2371.			
E. Performance Metrics			
Quarterly reports and reviews			