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Exhibit R-2, RDT&E Budget Item Justification	Date: February 1999
APPROPRIATION/BUDGET ACTIVITY: RDT&E/5	R-1 ITEM NOMENCLATURE Commercial Operating and Support Savings Initiative 0604805N

COST (\$ in Millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Cost to Complete	Total Cost
Total P.E. Cost	0	16,462	18,729	19,612	18,805	19,450	20,368	21,193	CONT.	CONT.
COSSI/S2458	0	16,462	18,729	19,612	18,805	19,450	20,368	21,193	CONT.	CONT.
Quantity of RDT&E Articles and cost										

A. Mission Description and Budget Item Justification: The Commercial Operations and Support Savings Initiative (COSSI) program was created by Congress and DOD to fund industry proposals to insert commercial technology into military systems that are experiencing increasing operating and support (O&S) costs, due to aging technology. In FY97 and 98, the program was administered by DOD through DARPA, which had set up the Joint Dual Use Project Office (JDUPO) to manage the COSSI program. There is no FY98 funding, but the figures noted above for FY99 and above were provided to Navy, as DOD is delegating the program budgeting and management to each service from FY99 on. These funds will be used to fund projects in all SYSCOMs and the Marine Corps, after the projects are chosen in the second quarter of FY99.

1. (U) FY 1998 PROGRAM ACCOMPLISHMENTS:

- No funds were provided for FY 1998.

2. (U) FY 1999 PLAN:

- (\$16,047) Funds will be distributed to Navy/Marine Corps program managers of the projects that have been ranked highest by a review team. Some possible projects to be funded include: a newLSD 41/49 propeller, a T-45 jet trainer display processor, and a new microwave based tank gauge system.
- (\$.415) Portion of extramural program is reserved for Small Business Innovation Research assessment in accordance with 15 USC 638.

3. (U) FY 2000 PLAN:

- (\$18,729) Funds will be distributed to Navy/Marine Corps program managers of the projects that are ranked highest by a review team.

4. (U) FY 2001 PLAN:

- (\$19,612) Funds will be distributed to Navy/Marine Corps program managers of the projects that are ranked highest by a review team.

B. Program Change Summary:

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	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
(U)FY 1999 President's Budget:	0	28.5	31.8
(U)Appropriated Value:	0	16.5	
(U)Adjustments to FY 1998 Appropriated Value/ FY 1999 President's Budget:			
a. Outsourcing		0	.29
b. Reduce RDT&E		0	12.51
c. Sec 8108		.38	0
d. FY99 Cong. Cut		12.0	0
e. PBD 604		0	.271
 FY 2000/01 PRES Budget Submit:	 0	 16.5	 18.73
Funding: Funding reduced in FY2000 and FY2001 to reflect projected Congressional program reductions.			
Schedule: Unknown until 2 nd qtr, FY99.			
Technical: Unknown until 2 nd qtr, FY99.			
C. Other Program Funding Summary: Not Applicable			
Related RDT&E: OSD PE 0603805E Commercial Operations and Support Savings Initiative (COSSI)			
D. Acquisition Strategy: A formal solicitation was sent to all interested contractors via a Broad Area Announcement (BAA) in early October, 1998. The prospective vendors submitted their proposals 45 days later (15 Nov) and a selection panel convened on Jan 4-7, 1999 to choose which proposals will be funded. These recommendations will be approved by CNO(N4), and funds will be distributed to the winning program managers sponsoring the projects by the middle of February, 1999. Each program manager must have their project's stage I under contract by the end of FY99, using the Other Transactions for Prototypes (OT) method of contracting.			
E. Schedule Profile: 1Oct 1998-issue solicitation. 9 December1998-receive proposals. 4-7 Jan 1999, rate and rank proposals. 15 January 1999-obtain OPNAV approval for recommended projects. 15 Feb 1999-distribute funds to program managers. 15 Feb-30 Sept 1999-place stage I (development) of projects under contract.			

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Exhibit R-3 Cost Analysis		Date: February 1999
APPROPRIATION/BUDGET ACTIVITY: RDT&E/5	Commercial Operations and Support Savings Initiative 0604805N	Commercial Operations and Support Savings Initiative(COSSI) S2458

Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total <u>PYs</u> Cost	FY99 Cost	FY99 Award Date	FY00 Cost	FY00 Award Date	FY01 Cost	FY01 Award Date	Cost To Complete	Total Cost	Target Value of Contract
Primary Hardware Development												
Ancillary Hardware Development												
Systems Engineering												
Licenses												
Tooling												
GFE												
Award Fees												
Subtotal Product Development												
Remarks: These details are not known at this time.												
Development Support Equipment												
Software Development												
Training Development												
Integrated Logistics Support												
Configuration Management												
Technical Data												
GFE												
Subtotal Support												
Remarks: These details are not known at this time.												

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Exhibit R-3 Project Cost Analysis
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APPROPRIATION/BUDGET ACTIVITY: RDT&E/5	Commercial Operations and Support Savings Initiative 0604805N	Commercial Operations and Support Savings Initiative(COSSI) S2458

Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY99 Cost	FY99 Award Date	FY00 Cost	FY00 Award Date	FY01 Cost	FY01 Award Date	Cost To Complete	Total Cost	Target Value of Contract
Developmental Test & Evaluation												
Operational Test & Evaluation												
Tooling												
GFE												
Subtotal T&E												
Remarks: These details are not known at this time.												
Contractor Engineering Support												
Government Engineering Support												
Program Management Support												
Program Management Personnel												
Travel												
Labor (Research Personnel)												
Overhead												
Subtotal Management												
Remarks: These details are not known at this time.												
Total Cost				16.5		18.7		19.60		CONT.	CONT.	CONT.
Remarks: Level of detail needed for the R3 will be available by March 1999.												

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Exhibit R-3 Project Cost Analysis
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