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RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)									DATE June 2001		
BUDGET ACTIVITY 05 - Engineering and Manufacturing Development					PE NUMBER AND TITLE 0604805F Commercial Operations and Support Savings Initiative					PROJECT 4771	
COST (\$ in Thousands)		FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	Cost to Complete	Total Cost
4771	Commercial O&S Savings Initiative	17,272	19,669	0	0	0	0	0	0	Continuing	TBD
	Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0	0

Note: FY 2003-FY 2007 budget numbers do not reflect the DoD strategy review results.

(U) **A. Mission Description**
 This program reduces total ownership costs, particularly Operations and Support (O&S) costs, through insertion of commercial products and processes into fielded military systems. These savings are expected to result by reducing the costs of parts and maintenance, reducing the need for specialized equipment, increasing reliability, and increasing efficiency of subsystems. Commercial Operations and Support Savings Initiative (COSSI) projects will be performed in two stages. In Stage I, each competitively selected, flexible cost-share proposal will provide the Non-Recurring Engineering (NRE) required to create a kit that can be used in a fielded military system and perform the testing needed to verify that inserted kits will produce O&S cost savings while at least maintaining the current system level of performance of the fielded system. Based on the results of a Stage I project, the Air Force will decide whether to proceed to Stage II. The goal in Stage II is to purchase a reasonable production quantity of kits based on a fair and reasonable price (i.e., the value of the kits vice the cost of the kits to the Air Force under a Federal Acquisition Regulation (FAR) vehicle). COSSI is a valuable tool for reducing total ownership cost of fielded weapon systems and offers an opportunity for the Air Force to leverage the commercial sector's much faster product development and technology refresh cycle times. The program is designed to be attractive to non-traditional defense suppliers as well through the use of flexible Other Transaction (OT) contracts.

(U) **FY 2000 (\$ in Thousands)**

(U) \$10,192 Leveraged commercial electronics and software to swap existing military processors with form, fit, and function replacements to increase reliability, obsolescence avoidance, and software commonality. Progressed toward replacing array processors in fighter aircraft radar to improve reliability and reduce maintenance costs and aircraft down time.

(U) \$5,810 Reduced inventory requirements, maintenance turn times, and mobility deployment footprints through insertion of reliable commercial items. Replaced pyrotechnic-activated weapon release system with pneumatic-based one to decrease maintenance hours, hazardous waste, and airlift of explosive devices.

(U) \$1,270 Reduced test, technical manual, and training costs through automation and use of commercial hardware and software. Replaced two boxes of avionics test station with one that is commercially-based, more reliable, and able to test a greater number of subsystems.

(U) \$17,272 Total

Project 4771

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<p>(U) <u>A. Mission Description Continued</u></p> <p>(U) <u>FY 2001 (\$ in Thousands)</u></p> <p>(U) \$11,669 Leverage commercial electronics and software to swap existing military processors with form, fit, and function replacements to increase reliability, obsolescence avoidance, and software commonality. Likely demonstration platforms include fighter aircraft avionics components.</p> <p>(U) \$5,000 Reduce inventory requirements, maintenance turn times, and mobility deployment footprints through insertion of reliable commercial items. Aircraft engine parts, particularly for fighter and cargo planes, represent possible improvement areas.</p> <p>(U) \$3,000 Reduce test, technical manual, and training costs through automation and use of commercial hardware and software. Common or adaptable test stands may be emphasized.</p> <p>(U) \$19,669 Total</p> <p>(U) <u>FY 2002 (\$ in Thousands)</u></p> <p>(U) \$0 No Activity</p> <p>(U) \$0 Total</p> <p>(U) <u>B. Budget Activity Justification</u></p> <p>This program is in Budget Activity 4, Demonstration and Validation, since it includes efforts necessary to evaluate integrated technologies in as realistic an operating environment as possible to assess performance or cost reduction potential.</p> <p>(U) <u>C. Program Change Summary (\$ in Thousands)</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;"><u>FY 2000</u></th> <th style="text-align: center;"><u>FY 2001</u></th> <th style="text-align: center;"><u>FY 2002</u></th> <th style="text-align: center;"><u>Total Cost</u></th> </tr> </thead> <tbody> <tr> <td>(U) Previous President's Budget (FY 2001 PBR)</td> <td style="text-align: center;">19,904</td> <td style="text-align: center;">19,851</td> <td style="text-align: center;">19,833</td> <td></td> </tr> <tr> <td>(U) Appropriated Value</td> <td style="text-align: center;">20,485</td> <td style="text-align: center;">19,851</td> <td></td> <td></td> </tr> <tr> <td>(U) Adjustments to Appropriated Value</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> a. Congressional/General Reductions</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> b. Small Business Innovative Research</td> <td style="text-align: center;">-1,054</td> <td></td> <td></td> <td></td> </tr> <tr> <td> c. Omnibus or Other Above Threshold Reprogram</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> d. Below Threshold Reprogram</td> <td style="text-align: center;">-1,633</td> <td></td> <td></td> <td></td> </tr> <tr> <td> e. Rescissions</td> <td style="text-align: center;">-526</td> <td style="text-align: center;">-182</td> <td></td> <td></td> </tr> <tr> <td>(U) Adjustments to Budget Years Since FY 2001 PBR</td> <td></td> <td></td> <td style="text-align: center;">-19,833</td> <td></td> </tr> <tr> <td>(U) Current Budget Submit/FY 2002 PBR</td> <td style="text-align: center;">17,272</td> <td style="text-align: center;">19,669</td> <td style="text-align: center;">0</td> <td style="text-align: center;">TBD</td> </tr> </tbody> </table>				<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>Total Cost</u>	(U) Previous President's Budget (FY 2001 PBR)	19,904	19,851	19,833		(U) Appropriated Value	20,485	19,851			(U) Adjustments to Appropriated Value					a. Congressional/General Reductions					b. Small Business Innovative Research	-1,054				c. Omnibus or Other Above Threshold Reprogram					d. Below Threshold Reprogram	-1,633				e. Rescissions	-526	-182			(U) Adjustments to Budget Years Since FY 2001 PBR			-19,833		(U) Current Budget Submit/FY 2002 PBR	17,272	19,669	0	TBD
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<p>(U) <u>C. Program Change Summary (\$ in Thousands) Continued</u></p> <p>(U) <u>Significant Program Changes:</u> Program terminated in FY 2002.</p> <p>(U) <u>D. Other Program Funding Summary (\$ in Thousands)</u></p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:15%;"></th> <th style="width:10%;"><u>FY 2000</u></th> <th style="width:10%;"><u>FY 2001</u></th> <th style="width:10%;"><u>FY 2002</u></th> <th style="width:10%;"><u>FY 2003</u></th> <th style="width:10%;"><u>FY 2004</u></th> <th style="width:10%;"><u>FY 2005</u></th> <th style="width:10%;"><u>FY 2006</u></th> <th style="width:10%;"><u>FY 2007</u></th> <th style="width:10%;"><u>Cost to</u></th> <th style="width:10%;"><u>Total Cost</u></th> </tr> <tr> <td></td> <td style="text-align: center;"><u>Actual</u></td> <td style="text-align: center;"><u>Estimate</u></td> <td style="text-align: center;"><u>Complete</u></td> <td></td> </tr> </thead> <tbody> <tr> <td>(U) AF RDT&E</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>(U) Other APPN</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>(U) Related Activities:</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>(U) PE 0602805F, Dual Use Science and Technology (DUST).</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </tbody> </table> <p>(U) <u>E. Acquisition Strategy</u> As authorized by Congress, Other Transactions (OTs) for prototypes will be used during Stage I. Project selections will be made using full and open competition.</p> <p>(U) <u>F. Schedule Profile</u></p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:40%;"></th> <th colspan="4" style="text-align: center;"><u>FY 2000</u></th> <th colspan="4" style="text-align: center;"><u>FY 2001</u></th> <th colspan="4" style="text-align: center;"><u>FY 2002</u></th> </tr> <tr> <td></td> <td style="text-align: center;">1</td><td style="text-align: center;">2</td><td style="text-align: center;">3</td><td style="text-align: center;">4</td> <td style="text-align: center;">1</td><td style="text-align: center;">2</td><td style="text-align: center;">3</td><td style="text-align: center;">4</td> <td style="text-align: center;">1</td><td style="text-align: center;">2</td><td style="text-align: center;">3</td><td style="text-align: center;">4</td> </tr> </thead> <tbody> <tr> <td>(U) Request For Release (RFP) Release</td> <td></td><td style="text-align: center;">X</td><td></td><td></td> <td></td><td></td><td style="text-align: center;">X</td><td></td> <td></td><td></td><td></td><td></td> </tr> <tr> <td>(U) Contract Awards</td> <td></td><td style="text-align: center;">X</td><td style="text-align: center;">X</td><td></td> <td></td><td style="text-align: center;">X</td><td style="text-align: center;">X</td><td style="text-align: center;">X</td> <td></td><td></td><td></td><td></td> </tr> </tbody> </table>											<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Cost to</u>	<u>Total Cost</u>		<u>Actual</u>	<u>Estimate</u>	<u>Complete</u>		(U) AF RDT&E											(U) Other APPN											(U) Related Activities:											(U) PE 0602805F, Dual Use Science and Technology (DUST).												<u>FY 2000</u>				<u>FY 2001</u>				<u>FY 2002</u>					1	2	3	4	1	2	3	4	1	2	3	4	(U) Request For Release (RFP) Release		X					X						(U) Contract Awards		X	X			X	X	X										
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RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)							DATE June 2001			
BUDGET ACTIVITY 05 - Engineering and Manufacturing Development					PE NUMBER AND TITLE 0604805F Commercial Operations and Support Savings Initiative			PROJECT 4771		
(U) A. Project Cost Breakdown (\$ in Thousands)										
						FY 2000		FY 2001		FY 2002
(U)	Leverage commercial electronics and software to swap existing military processors with form, fit, and function replacements					10,192		11,669		0
(U)	Reduce inventory requirements, maintenance turn times, and mobility deployment footprints through insertion of reliable commercial items					5,810		5,000		0
(U)	Reduce test, technical manual, and training costs through automation and use of commercial hardware and software					1,270		3,000		
(U)	Total					17,272		19,669		0
(U) B. Budget Acquisition History and Planning Information (\$ in Thousands)										
(U) Performing Organizations:										
<u>Contractor or Government Performing Activity</u>	<u>Contract Method/Type or Funding Vehicle</u>	<u>Award or Obligation Date</u>	<u>Performing Activity EAC</u>	<u>Project Office EAC</u>	<u>Total Prior to FY 2000</u>	<u>Budget FY 2000</u>	<u>Budget FY 2001</u>	<u>Budget FY 2002</u>	<u>Budget to Complete</u>	<u>Total Program</u>
<u>Product Development Organizations</u>										
L-3 Communications	OTA	Jun 99	N/A	N/A	0	0	0	0	0	0
Marconi Avionics	OTA	Aug 99	N/A	N/A	0	0	0	0	0	0
Telephonics	OTA	Sep 99	N/A	N/A	0	0	0	0	0	0
Lockheed-Martin	OTA	Jul 99	N/A	N/A	0	0	0	0	0	0
AIL Systems	OTA	Sep 99	N/A	N/A	0	0	0	0	0	0
CPU Technologies	OTA	TBD	N/A	N/A	0	6,000	0	0	0	6,000
Marconi Integrated	OTA	TBD	N/A	N/A	0	1,270	0	0	0	1,270
Boeing St Louis	OTA	TBD	N/A	N/A	0	7,581	0	0	0	7,581
Numerous	OTA	TBD	N/A	N/A	0	2,421	19,669	0	Continuing	TBD
<u>Support and Management Organizations</u>										
<u>Test and Evaluation Organizations</u>										

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RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)				DATE		
BUDGET ACTIVITY				PROJECT		
05 - Engineering and Manufacturing Development				0604805F Commercial Operations and Support		
				4771		
				Savings Initiative		
(U) Government Furnished Property:						
	<u>Contract</u>	<u>Award or</u>				
	<u>Method/Type</u>	<u>Obligation</u>	<u>Delivery</u>	<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>
<u>Item</u>	<u>or Funding</u>	<u>Date</u>	<u>Date</u>	<u>to FY 2000</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>Description</u>	<u>Vehicle</u>					<u>Budget</u>
						<u>FY 2002</u>
						<u>Budget to</u>
						<u>Complete</u>
						<u>Total</u>
						<u>Program</u>
<u>Product Development Property</u>						
None						
<u>Support and Management Property</u>						
None						
<u>Test and Evaluation Property</u>						
None						
				<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>
				<u>to FY 2000</u>	<u>FY 2000</u>	<u>FY 2001</u>
						<u>Budget</u>
						<u>FY 2002</u>
						<u>Budget to</u>
						<u>Complete</u>
						<u>Total</u>
						<u>Program</u>
<u>Subtotals</u>						
Subtotal Product Development				0	17,272	19,669
Subtotal Support and Management						0
Subtotal Test and Evaluation						TBD
Total Project				0	17,272	19,669
						0
						TBD
						TBD