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RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)								DATE February 2002		
BUDGET ACTIVITY 07 - Operational System Development				PE NUMBER AND TITLE 0207325F Joint Air-to-Surface Standoff Missile (JASSM)				PROJECT 4515		
COST (\$ in Thousands)		FY 2001 Actual	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	Cost to Complete	Total Cost
4515	Joint Air-to-Surface Standoff Missile (JASSM)	110,611	79,197	42,097	8,822	5,658	172	0	0	874,702
	Quantity of RDT&E Articles	21	0	0	0	0	0	0	0	82
<p>(U) <u>A. Mission Description</u> JASSM is a joint Air Force/Navy program with the Air Force as the lead Service. Designated ACAT 1C by the Defense Acquisition Board (DAB) during the Low Rate Initial Production (LRIP) decision, this program provides an affordable long range, conventional air-to-surface, autonomous, precision guided, standoff cruise missile compatible with fighter and bomber aircraft able to attack a variety of fixed or relocatable targets. Initial integration efforts are for the B-52H and F-16 (Block 50). Objective aircraft include the B-1, B-2, F-15E, F-16 (Block 40), F-117, and F/A-18E/F.</p> <p>(U) <u>FY 2001 (\$ in Thousands)</u> (U) \$72,849 Continue EMD. (U) \$20,845 Continue flight test support, test aircraft modifications, live fire test support, target construction/rehab. (U) \$10,699 Continue aircraft integration. (U) \$1,033 Continue mission planning and intelligence systems integration. (U) \$4,612 Continue program office support . (U) \$573 Continue mission support. (U) \$110,611 Total</p> <p>(U) <u>FY 2002 (\$ in Thousands)</u> (U) \$51,772 Continue EMD. (U) \$16,498 Continue flight test support, live fire test support, target construction/rehab. (U) \$6,626 Continue aircraft integration. (U) \$510 Continue mission planning and intelligence systems integration. (U) \$3,233 Continue program office support . (U) \$558 Continue mission support.</p>										
Project 4515				Page 1 of 6 Pages				Exhibit R-2 (PE 0207325F)		

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<p>(U) <u>A. Mission Description Continued</u></p> <p>(U) <u>FY 2002 (\$ in Thousands) Continued</u></p> <p>(U) \$79,197 Total</p> <p>(U) <u>FY 2003 (\$ in Thousands)</u></p> <p>(U) \$22,442 Continue EMD</p> <p>(U) \$10,732 Continue flight test support, live fire test support, target construction/rehab.</p> <p>(U) \$2,249 Continue aircraft integration.</p> <p>(U) \$1,531 Continue mission planning and intelligence systems integration.</p> <p>(U) \$4,559 Continue program office support.</p> <p>(U) \$584 Continue mission support</p> <p>(U) \$42,097 Total</p> <p>(U) <u>B. Budget Activity Justification</u></p> <p>This program is reflected in Budget Activity 7, Operational System Development, because production (Low Rate Initial Production) began in FY02.</p> <p>(U) <u>C. Program Change Summary (\$ in Thousands)</u></p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 10%; text-align: center;"><u>FY 2001</u></th> <th style="width: 10%; text-align: center;"><u>FY 2002</u></th> <th style="width: 10%; text-align: center;"><u>FY 2003</u></th> <th style="width: 20%; text-align: center;"><u>Total Cost</u></th> </tr> </thead> <tbody> <tr> <td>(U) Previous President's Budget</td> <td style="text-align: right;">115,214</td> <td style="text-align: right;">79,197</td> <td style="text-align: right;">42,367</td> <td style="text-align: right;">880,117</td> </tr> <tr> <td>(U) Appropriated Value</td> <td style="text-align: right;">116,281</td> <td style="text-align: right;">79,197</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 style="text-align: right;">-814</td> <td></td> <td></td> <td></td> </tr> <tr> <td> b. Small Business Innovative Research</td> <td style="text-align: right;">-4,437</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: right;">-166</td> <td></td> <td></td> <td></td> </tr> <tr> <td> e. Rescissions</td> <td style="text-align: right;">-253</td> <td></td> <td></td> <td></td> </tr> <tr> <td>(U) Adjustments to Budget Years Since FY 2002 PBR</td> <td></td> <td></td> <td style="text-align: right;">-270</td> <td style="text-align: right;">-5,415</td> </tr> <tr> <td>(U) Current Budget Submit/FY 2003 PBR</td> <td style="text-align: right;">110,611</td> <td style="text-align: right;">79,197</td> <td style="text-align: right;">42,097</td> <td style="text-align: right;">874,702</td> </tr> </tbody> </table>				<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Total Cost</u>	(U) Previous President's Budget	115,214	79,197	42,367	880,117	(U) Appropriated Value	116,281	79,197			(U) Adjustments to Appropriated Value					a. Congressional/General Reductions	-814				b. Small Business Innovative Research	-4,437				c. Omnibus or Other Above Threshold Reprogram					d. Below Threshold Reprogram	-166				e. Rescissions	-253				(U) Adjustments to Budget Years Since FY 2002 PBR			-270	-5,415	(U) Current Budget Submit/FY 2003 PBR	110,611	79,197	42,097	874,702
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Project 4515	Page 2 of 6 Pages	Exhibit R-2 (PE 0207325F)																																																							

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BUDGET ACTIVITY 07 - Operational System Development				PE NUMBER AND TITLE 0207325F Joint Air-to-Surface Standoff Missile (JASSM)			PROJECT 4515		
(U) C. Program Change Summary (\$ in Thousands) Continued									
(U) Significant Program Changes:									
Funding: FY03 reduction of \$270 due to the two following actions: Inflation Adjustment of \$102.									
Schedule: None.									
Technical: None.									
(U) D. Other Program Funding Summary (\$ in Thousands)									
	<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>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Complete</u>	
(U) Missile Procurement (AF) JASSM	150	43,965	50,505	101,801	145,494	148,578	197,633	1,438,684	2,126,810
(U) SEEK EAGLE	0	744	3,735	1,485	2,966	0	2,939	0	11,869
(U) E. Acquisition Strategy									
All major contracts within this Program Element were awarded through full and open competition. The EMD phase option for JASSM is Cost Plus Award Fee (CPAF). This contract type provides the government the flexibility to periodically evaluate contractor performance while motivating the contractor to execute a successful program with emphasis on EMD schedule, system performance, and management effectiveness.									
JASSM is an OSD flagship program under Cost as An Independent Variable (CAIV). This allows the contractor to have maximum trade space to develop an affordable missile that meets the four key performance parameters. Under CAIV, the program maintains a threshold AUPP of \$700,000 (BY95\$) and an objective AUPP of \$400,000 (BY95\$).									
The government is buying the JASSM system based on a contractor-developed, government-approved System Performance Specification (SPS) which became contractually binding at downselect. The contractor assumes Total System Performance Responsibility (TSPR) as defined in the SPS and warrants system performance for 15 years. Accordingly, the contractor is responsible not only for the design of the missile system, but also for planning and executing the Development Test and Evaluation (DT&E) program to verify the missile system performance. In its role as facilitator and advisor to the contractor, the government formally arranges and funds the use of government flight test support for DT&E. Although funded by the government, flight test support funds are part of the negotiated commitment between the contractor and the government ensuring the contractor is able to execute the DT&E program according to the scope of the EMD contract.									
Project 4515			Page 3 of 6 Pages			Exhibit R-2 (PE 0207325F)			

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RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)							DATE February 2002			
BUDGET ACTIVITY				PE NUMBER AND TITLE				PROJECT		
07 - Operational System Development				0207325F Joint Air-to-Surface Standoff Missile (JASSM)				4515		
(U) A. Project Cost Breakdown (\$ in Thousands)										
						<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>
(U)	Major Contracts					72,616		51,420		22,442
(U)	Associated Contracts					10,699		6,626		2,249
(U)	Support Contracts					5,878		4,095		6,090
(U)	In-House					573		558		584
(U)	Test Support					20,845		16,498		10,732
(U)	Total					110,611		79,197		42,097
(U) B. Budget Acquisition History and Planning Information (\$ in Thousands)										
(U) Performing Organizations:										
<u>Contractor or</u>	<u>Contract</u>									
<u>Government</u>	<u>Method/Type</u>	<u>Award or</u>	<u>Performing</u>	<u>Project</u>						
<u>Performing</u>	<u>or Funding</u>	<u>Obligation</u>	<u>Activity</u>	<u>Office</u>	<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget to</u>	<u>Total</u>
<u>Activity</u>	<u>Vehicle</u>	<u>Date</u>	<u>EAC</u>	<u>EAC</u>	<u>to FY 2001</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Complete</u>	<u>Program</u>
<u>Product Development Organizations</u>										
MDA - PDRR I	C/CPFF	Jun 96	120,570	120,570	120,570	0	0	0	0	120,570
LM - PDRR I& II	C/CPFF	Jun 96	151,107	151,107	151,107	0	0	0	0	151,107
LM - EMD	C/CPAF	Nov 98	388,589	388,589	228,711	72,616	51,420	22,442	0	375,189
NOTE: Contractors are MDA										
- McDonnell Douglas										
Aircraft; LM - Lockheed										
Martin										
Project 4515				Page 5 of 6 Pages				Exhibit R-3 (PE 0207325F)		

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BUDGET ACTIVITY					PE NUMBER AND TITLE					PROJECT	
07 - Operational System Development					0207325F Joint Air-to-Surface Standoff Missile (JASSM)					4515	
(U) <u>Performing Organizations Continued:</u>											
The performing activity and project office EAC include \$13.4M unfunded requirement due to cost growth and overrun.											
<u>Support and Management Organizations</u>											
F-16 SPO	PO	Apr 96	N/A	N/A	15,825	5,535	5,013	2,249	1,667	30,289	
B-52 SPO	PO	Sep 96	N/A	N/A	24,935	5,163	1,613	0	0	31,711	
Other Acft Integ	PO	Various	N/A	N/A	3,462	1	0	0	0	3,463	
Sverdrup Inc.	C/CPAF	Jan 96	N/A	N/A	12,097	2,321	2,099	2,490	1,023	20,030	
Navy	MIPR	Jan 96	N/A	N/A	2,248	0	0	0	0	2,248	
JASSM SPO/Other	Misc	Various	N/A	N/A	24,079	4,130	2,554	4,184	6,549	41,496	
<u>Test and Evaluation Organizations</u>											
46TW	PO	Jan 96	N/A	N/A	45,111	20,845	16,498	10,732	5,413	98,599	
(U) <u>Government Furnished Property:</u>											
<u>Contract</u>											
<u>Method/Type</u>											
<u>Award or</u>											
<u>Item</u>											
<u>or Funding</u>											
<u>Obligation</u>											
<u>Delivery</u>											
<u>Description</u>											
<u>Vehicle</u>											
<u>Date</u>											
<u>Date</u>											
<u>Total Prior</u>											
<u>Budget</u>											
<u>Budget</u>											
<u>Budget</u>											
<u>Budget to</u>											
<u>Total</u>											
<u>Product Development Property</u>											
Not Applicable											
<u>Support and Management Property</u>											
Not Applicable											
<u>Test and Evaluation Property</u>											
Not Applicable											
					<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget to</u>	<u>Total</u>	
<u>Subtotals</u>					<u>to FY 2001</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Complete</u>	<u>Program</u>	
Subtotal Product Development					500,388	72,616	51,420	22,442	0	646,866	
Subtotal Support and Management					82,646	17,150	11,279	8,923	9,239	129,237	
Subtotal Test and Evaluation					45,111	20,845	16,498	10,732	5,413	98,599	
Total Project					628,145	110,611	79,197	42,097	14,652	874,702	