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EXHIBIT R-2, RDT&E Budget Item Justification

DATE:

February 2007

APPROPRIATION/BUDGET ACTIVITY						R-1 ITEM NOMENCLATURE		
RESEARCH DEVELOPMENT TEST & EVALUATION, NAVY / BA-7						0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM		
COST (\$ in Millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total PE Cost		1.370	1.635	1.892	2.905	3.916	3.990	4.065
3170 AVIONICS COMPONENT IMPROVEMENT PROGRAM		1.370	1.635	1.892	2.905	3.916	3.990	4.065

(U) A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:

The Avionics Component Improvement Program (AvCIP) develops, integrates and tests solutions to address critical readiness and reliability deficiencies, obsolescence, loss of sustainability, and top repair cost drivers in Navy in-service avionics systems. Project candidates are collected from across all platforms, reviewed, competed and selected in the year prior to funding allocation. AvCIP was a new start in FY06 as documented in PE 0604215N, Standards Development, Project Unit 0572. Transfer in FY 2007 and out as documented in PE 0604215N, Standards Development, Project Unit 0572.

B. PROGRAM CHANGE SUMMARY

Funding:	FY 2006	FY 2007	FY 2008	FY 2009
Previous President's Budget:	0.000	1.375	1.625	1.877
Current BES:	0.000	1.370	1.635	1.892
Total Adjustments	0.000	-0.005	0.010	0.015

Summary of Adjustments

Congressional Reductions				
Congressional Rescissions				
Congressional Undistributed Reductions		-0.005		
Congressional Increases				
Economic Assumptions			0.010	0.015
Miscellaneous Adjustments				
Subtotal	0.000	-0.005	0.010	0.015

Schedule: Not Applicable.

Technical: Not Applicable.

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UNCLASSIFIED						EXHIBIT R-2a, RDT&E Project Justification				DATE: February 2007	
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-7			PROGRAM ELEMENT NUMBER AND NAME 0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM			PROJECT NUMBER AND NAME 3170, AVIONICS COMPONENT IMPROVEMENT PROGRAM					
COST (\$ in Millions)			FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
3170 AVIONICS COMPONENT IMPROVEMENT PROGRAM				1.370	1.635	1.892	2.905	3.916	3.990	4.065	
RDT&E Articles Qty											

A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:

The Avionics Component Improvement Program (AvCIP) provides design and development, test and evaluation, and integration support to resolve critical readiness and reliability deficiencies, obsolescence, loss of sustainability and top repair cost drivers of in-service Navy avionics systems. Funds are competitively allocated across multi-platform commodity and platform-specific projects with the objective of maintaining Avionics systems effectiveness at levels required to ensure mission success. AvCIP has been endorsed by the OSD Business Initiatives Council (BIC) as a cooperative tri-service program that adopts the better business practices and proven resourcing models of the Engine CIP. Resources are directed just prior to the execution year, allowing funds to address the most current fleet issues and accelerate solution fielding. Lack of out-year deliverable specificity is mitigated through definition of Avionics capability evolution in the Core Avionics Master Plan. Although Avionics association to digital technology brings challenges to keep pace with Moore's Law and stay ahead of obsolescence, it also affords significant opportunity to reap benefits of emerging advancements. Conversion of legacy systems from analog to digital components has consistently resulted in reliability gains that significantly reduce maintenance/repair activity/costs, save weight and space, and increase operational availability. Modern open system architecture technology insertion improves system upgradeability, by reducing integration time and cost. Avionics systems are the vehicles that enable platform connectivity and interoperability. AvCIP will help platforms integrate the modern technology that will allow them to keep pace with the rapid evolution of transformational network centric operations development. AvCIP also provides sponsors a vehicle to address unanticipated performance issues or critical changes in threat, tactics or operational demands revealed during deployment without disrupting program budget profiles designed for other purposes. AvCIP is designed to support manned and unmanned, common and unique, fixed and rotary wing aircraft electronics systems, including communications, navigation, surveillance, sensors, combat identification, civil interoperability, safety, mission data processing and display, and network connectivity equipment. Initiative selection is based upon analysis of operational priority, performance improvement, capability benefit, scope of applicability across fleet platform or weapon system inventory, technical risk, delivery time, cost and life cycle return on investment. AvCIP was a new start in FY06 as documented in PE 0604215N, Standards Development, Project Unit 0572. Transfer in FY 2007 and out as documented in PE 0604215N, Standards Development, Project Unit 0572.

B. ACCOMPLISHMENTS / PLANNED PROGRAM:

Addresses avionic critical readiness	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost		1.370	1.635	1.892
RDT&E Articles Qty				

Investigate High Value Return on Investment Candidates, addressing avionics critical readiness and reliability deficiencies, obsolescence, loss of sustainability and top repair cost drivers. Prioritize critical avionics performance, capability and obsolescence problems that require immediate attention. Pursue solutions to these problems based upon urgency, warfighting contribution and return on investment. Develop and test system solutions based on priority. Resources will cover program management, engineering, contracting and logistics efforts; design and development, logistics elements such as technical data, support equipment, provisioning, and training; prototypes; platform integration; and developmental/ operational testing.

C. OTHER PROGRAM FUNDING SUMMARY:

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total Cost
0604215N, Standards Development, PU 0572	0.940									0.940
0702239A (Avionics Component Improvement Program, Army)										
0702239F (Avionics Component Improvement Program, Air Force)										

Transfer in FY 2007 and out as documented in PE 0604215N, Standards Development, Project Unit 0572

EXHIBIT R-2a, RDT&E Project Justification		DATE: February 2007
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-7	PROGRAM ELEMENT NUMBER AND NAME 0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM	PROJECT NUMBER AND NAME 3170, AVIONICS COMPONENT IMPROVEMENT PROGRAM

D. ACQUISITION STRATEGY: The Avionics Component Improvement Program (AvCIP) will annually compete candidate solutions according to criticality of operational contribution, technical risk, return on investment, and breadth of application. OPNAV N88 & N43, NAVAIR, NAVICP and the Fleet will participate in project selection for execution year allocation. The AvCIP IPT will monitor project execution and track return on investment using N43 Flying Hour Program metrics. Modification solutions include modular hardware, software and material upgrades. Resources will cover program management, engineering, contracting and logistics efforts; design and development, logistics elements such as technical data, support equipment, provisioning, and training; prototypes; platform integration; and developmental/ operational testing.

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Exhibit R-3 Cost Analysis (page 1)										DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-7		PROGRAM ELEMENT 0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM				PROJECT NUMBER AND NAME 3170, AVIONICS COMPONENT IMPROVEMENT PROGRAM						
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 2007 Cost	FY 2007 Award Date	FY 2008 Cost	FY 2008 Award Date	FY 2009 Cost	FY 2009 Award Date	Cost to Complete	Total Cost	Target Value of Contract
PRODUCT DEVELOPMENT												
SUBTOTAL PRODUCT DEVELOPMENT												

Remarks:

SUPPORT												
Studies & Analyses	WX	NAVAIR, PAXTUXENT RIVER MD		.081	Nov 2006	.102	Nov 2007	.117	Nov 2008	Continuing	Continuing	
Studies & Analyses	TBD	TBD		1.289	Jan 2007	1.533	Jan 2008	1.775	Jan 2009	Continuing	Continuing	
SUBTOTAL SUPPORT				1.370		1.635		1.892		Continuing	Continuing	

Remarks:

TEST & EVALUATION												
SUBTOTAL TEST & EVALUATION												

Remarks:

MANAGEMENT												
SUBTOTAL MANAGEMENT												

Remarks:

Total Cost				1.370		1.635		1.892		Continuing	Continuing	
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Remarks:

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Exhibit R-4a, Schedule Detail						DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY	PROGRAM ELEMENT				PROJECT NUMBER AND NAME			
RDT&E,N / BA-7	0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM				3170, AVIONICS COMPONENT IMPROVEMENT PROGRAM			
Schedule Profile	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FY07 AvCIP Candidate Collection	2Q-3Q							
FY07 AvCIP Candidate Evaluation	3Q							
FY07 AvCIP Candidate Prioritization	3Q							
FY07 AvCIP Candidate Endorsement	4Q							
FY07 AvCIP Project Selection	4Q							
FY07 AvCIP Funding Allocation		1Q						
FY08 AvCIP Candidate Collection		2Q-3Q						
FY08 AvCIP Candidate Evaluation		3Q						
FY08 AvCIP Candidate Prioritization		3Q						
FY08 AvCIP Candidate Endorsement		4Q						
FY08 AvCIP Project Selection		4Q						
FY08 AvCIP Funding Allocation			1Q					
FY09 AvCIP Candidate Collection			2Q-3Q					
FY09 AvCIP Candidate Evaluation			3Q					
FY09 AvCIP Candidate Prioritization			3Q					
FY09 AvCIP Candidate Endorsement			4Q					
FY09 AvCIP Project Selection			4Q					
FY09 AvCIP Funding Allocation				1Q				
FY10 AvCIP Candidate Collection				2Q-3Q				
FY10 AvCIP Candidate Evaluation				3Q				
FY10 AvCIP Candidate Prioritization				3Q				
FY10 AvCIP Candidate Endorsement				4Q				
FY10 AvCIP Project Selection				4Q				
FY10 AvCIP Funding Allocation					1Q			
FY11 AvCIP Candidate Collection					2Q-3Q			
FY11 AvCIP Candidate Evaluation					3Q			
FY11 AvCIP Candidate Prioritization					3Q			
FY11 AvCIP Candidate Endorsement					4Q			
FY11 AvCIP Project Selection					4Q			
FY11 AvCIP Funding Allocation						1Q		
FY12 AvCIP Candidate Collection						2Q-3Q		
FY12 AvCIP Candidate Evaluation						3Q		
FY12 AvCIP Candidate Prioritization						3Q		
FY12 AvCIP Candidate Endorsement						4Q		
FY12 AvCIP Project Selection						4Q		
FY12 AvCIP Funding Allocation							1Q	
FY13 AvCIP Candidate Collection							2Q-3Q	
FY13 AvCIP Candidate Evaluation							3Q	
FY13 AvCIP Candidate Prioritization							3Q	
FY13 AvCIP Candidate Endorsement							4Q	
FY13 AvCIP Project Selection							4Q	
FY13 AvCIP Funding Allocation								1Q
PROGRAM EXECUTION	1Q-4Q	1Q-4Q	1Q-4Q	1Q-4Q	1Q-4Q	1Q-4Q	1Q-4Q	1Q-4Q