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EXHIBIT R-2, RDT&E Budget Item Justification							DATE:	
APPROPRIATION/BUDGET ACTIVITY							February 2008	
RESEARCH DEVELOPMENT TEST & EVALUATION, NAVY / BA-7						R-1 ITEM NOMENCLATURE		
						0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM		
COST (\$ in Millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Total PE Cost	1.336	1.600	1.877	2.755	3.776	3.875	3.975	
3170 AVIONICS COMPONENT IMPROVEMENT PROGRAM	1.336	1.600	1.877	2.755	3.776	3.875	3.975	

(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.

B. PROGRAM CHANGE SUMMARY

Funding:	FY 2007	FY 2008	FY 2009
FY 2008 President's Budget:	1.370	1.635	1.892
FY 2009 President's Budget:	1.336	1.600	1.877
Total Adjustments	-0.034	-0.035	-0.015

Summary of Adjustments

Congressional Reductions			
Congressional Rescissions			
Congressional Undistributed Reductions	-0.034	-0.035	
Congressional Increases			
Economic Assumptions			
Miscellaneous Adjustments			-0.015
Subtotal	-0.034	-0.035	-0.015

Schedule: FY07 project execution schedule portrayed for EA-6B TACAN Mod and F/A-18 Radar Altimeter Mod. Candidate Endorsement and Candidate Prioritization and Selection changed from 4Q/07 to 3Q/07 to allow for additional time for contract preparation based on lessons learned. FY08-FY13 AVCIP Cycle (Candidate Collection, Evaluation, Prioritization & Selection, Endorsement and Project Contract Establishment) entries represent future activities. These entries have been adjusted to reflect a revised process that implements lessons learned from FY07 activity.

Technical: Not Applicable.

EXHIBIT R-2a, RDT&E Project Justification						DATE:		
APPROPRIATION/BUDGET ACTIVITY						February 2008		
RDT&E,N / BA-7		PROGRAM ELEMENT NUMBER AND NAME			PROJECT NUMBER AND NAME			
		0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM			3170, AVIONICS COMPONENT IMPROVEMENT PROGRAM			
COST (\$ in Millions)		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
3170 AVIONICS COMPONENT IMPROVEMENT PROGRAM		1.336	1.600	1.877	2.755	3.776	3.875	3.975
RDT&E Articles Qty Not Applicable								

**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 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. In FY 2007, AvCIP transferred from Standards Development, PE 0604215N, Project Unit 0572.

**B. ACCOMPLISHMENTS / PLANNED PROGRAM:**

Addresses Avionics Critical Readiness	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	1.336	1.600	1.877
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 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total Cost
Common Avionics, APN Line Item 057700, AvCIP			2.000	2.000	2.000	2.916	3.830	0.350	13.096
0702239A (Avionics Component Improvement Program, Army)									
0702239F (Avionics Component Improvement Program, Air Force)									

**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 Fleet supply and component performance tracking systems (Snapshot, NALCOMIS, NALDA, LMDS/Deckplate, VAMOSOC). Demonstrated Fleet operation/sustainment cost avoidances will be coordinated with N43 Flying Hour Program. 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 2008		
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 PY's 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												
Integrated Logistics Sup	WX	NAWCWD, PT MUGU CA		.020	Nov 2006						.020	
Studies & Analyses	WX	NAVAIR, PAXTUXENT RIVER MD		.081	Jan 2007	.100	Nov 2007	.117	Nov 2008	Continuing	Continuing	
Studies & Analyses	TBD	TBD		.539	Aug 2007	1.500	Jan 2008	1.760	Jan 2009	Continuing	Continuing	
SUBTOTAL SUPPORT				.640		1.600		1.877		Continuing	Continuing	

Remarks:

TEST & EVALUATION												
SUBTOTAL TEST & EVALUATION												

Remarks:

MANAGEMENT												
Contractor Eng Sup	C/CPFF	PRECISE, LEXINGTON PARK, MD		.166	Apr 2007						.166	.166
Government Eng Sup	WX	NAWCWD, PT MUGU CA		.500	Nov 2006						.500	
Program Mgmt Sup	WX	NAWCWD, PT MUGU CA		.030	Nov 2006						.030	
SUBTOTAL MANAGEMENT				.696							.696	

Remarks:

Total Cost				1.336		1.600		1.877		Continuing	Continuing	
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Remarks:

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EXHIBIT R4, Schedule Profile																				DATE: February 2008								
APPROPRIATION/BUDGET ACTIVITY					PROGRAM ELEMENT NUMBER AND NAME										PROJECT NUMBER AND NAME													
RDT&E,N / BA-7					0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM										3170, AVIONICS COMPONENT IMPROVEMENT PROGRAM													
Fiscal Year	FY 2007				FY 2008				FY 2009				FY 2010				FY 2011				FY 2012				FY 2013			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Management Milestones	FY08 AvCIP CYCLE				FY09 AvCIP CYCLE				FY10 AvCIP CYCLE				FY11 AvCIP CYCLE				FY12 AvCIP CYCLE				FY13 AvCIP CYCLE				FY14 AvCIP CYCLE			
Funding Allocation	▲				▲				△				△				△				△				△			
Candidate Collection		■	■		■	■				■	■			■	■			■	■			■	■			■	■	
Candidate Evaluation			■				□				□				□				□				□				□	
Candidate Prioritization & Selection		▲					△				△				△				△				△				△	
Candidate Endorsement			■				□				□				□				□				□				□	
Project Contract Establishment			■				■				■				■				■				■				■	
07A EA-6B TACAN Mod		▲	Design			▼	Test																					
07B F/A-18 Radar Altimeter Mod		▲	Design			▼	Test																					

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Exhibit R-4a, Schedule Detail						DATE: February 2008		
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-7	PROGRAM ELEMENT 0702239N, AVIONICS COMPONENT IMPROVEMENT PROGRAM				PROJECT NUMBER AND NAME 3170, AVIONICS COMPONENT IMPROVEMENT PROGRAM			
Schedule Profile	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
FY07 AvCIP Funding Allocation	1Q							
FY08 AvCIP Candidate Collection	2Q-3Q							
FY08 AvCIP Candidate Evaluation	3Q							
FY08 AvCIP Candidate Prioritization & Selection	3Q							
FY08 AvCIP Candidate Endorsement	3Q							
FY08 AvCIP Project Contract Establishment	3Q-4Q							
FY08 AvCIP Funding Allocation		1Q						
FY09 AvCIP Candidate Collection		1Q-2Q						
FY09 AvCIP Candidate Evaluation		2Q-3Q						
FY09 AvCIP Candidate Prioritization & Selection		3Q						
FY09 AvCIP Candidate Endorsement		3Q						
FY09 AvCIP Project Contract Establishment		3Q-4Q						
FY09 AvCIP Funding Allocation			1Q					
FY10 AvCIP Candidate Collection			1Q-2Q					
FY10 AvCIP Candidate Evaluation			2Q-3Q					
FY10 AvCIP Candidate Prioritization & Selection			3Q					
FY10 AvCIP Candidate Endorsement			3Q					
FY10 AvCIP Project Contract Establishment			3Q-4Q					
FY10 AvCIP Funding Allocation				1Q				
FY11 AvCIP Candidate Collection				1Q-2Q				
FY11 AvCIP Candidate Evaluation				2Q-3Q				
FY11 AvCIP Candidate Prioritization & Selection				3Q				
FY11 AvCIP Candidate Endorsement				3Q				
FY11 AvCIP Project Contract Establishment				3Q-4Q				
FY11 AvCIP Funding Allocation					1Q			
FY12 AvCIP Candidate Collection					1Q-2Q			
FY12 AvCIP Candidate Evaluation					2Q-3Q			
FY12 AvCIP Candidate Prioritization & Selection					3Q			
FY12 AvCIP Candidate Endorsement					3Q			
FY12 AvCIP Project Contract Establishment					3Q-4Q			
FY12 AvCIP Funding Allocation						1Q		
FY13 AvCIP Candidate Collection						1Q-2Q		
FY13 AvCIP Candidate Evaluation						2Q-3Q		
FY13 AvCIP Candidate Prioritization & Selection						3Q		
FY13 AvCIP Candidate Endorsement						3Q		
FY13 AvCIP Project Contract Establishment						3Q-4Q		
FY13 AvCIP Funding Allocation							1Q	
07A EA-6B TACAN Mod								
Contract Award (CA)	2Q							
Design/Test	2Q-4Q	1Q						
Field		1Q						
07B F/A-18 Radar Altimeter Mod								
Contract Award (CA)	3Q							
Design/Test	3Q-4Q	1Q-2Q						
Field		2Q						