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**Exhibit R-2, PB 2010 Defense Logistics Agency RDT&E Budget Item Justification** **DATE:** May 2009

<b>APPROPRIATION/BUDGET ACTIVITY</b> 0400 - Research, Development, Test & Evaluation, Defense-Wide/BA 6 - RDT&E Management Support	<b>R-1 ITEM NOMENCLATURE</b> PE 0605502S Small Business Innovative Research
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COST (\$ in Millions)	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	Cost To Complete	Total Cost
Total Program Element	2.547	0.000	0.000						Continuing	Continuing
1: DLA	2.547	0.000	0.000						Continuing	Continuing

**A. Mission Description and Budget Item Justification**

DLA's ability to deliver Americans the right logistics solution in every transaction requires more than successful management of the Department's wholesale supplies and suppliers. It requires supply chain excellence. Our military's ability to generate and sustain combat readiness indefinitely, anywhere on the globe requires that DLA-managed materiel flow seamlessly and as needed from the nation's industrial base to where it is ultimately used.

DLA's SBIR program seeks to solicit high-risk research and development proposals from the small business community. All selections shall demonstrate and involve a degree of technical risk where the technical feasibility of the proposed work has not been fully established. Phase I proposals should demonstrate the feasibility of the proposed technology and the merit of a Phase II for a prototype or at least a proof-of-concept demonstration. Phase II selections will be strongly influenced on future market possibilities and commercialization potential demonstrated.

**B. Program Change Summary (\$ in Millions)**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Previous President's Budget	0.000	0.000	0.000	
Current BES/President's Budget	2.547	0.000	0.000	
Total Adjustments	2.547	0.000		
Congressional Program Reductions				
Congressional Rescissions				
Total Congressional Increases				
Total Reprogrammings				
SBIR/STTR Transfer	2.547	0.000		

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<b>Exhibit R-2a, PB 2010 Defense Logistics Agency RDT&amp;E Project Justification</b>								<b>DATE:</b> May 2009		
<b>APPROPRIATION/BUDGET ACTIVITY</b> 0400 - Research, Development, Test & Evaluation, Defense-Wide/BA 6 - RDT&E Management Support				<b>R-1 ITEM NOMENCLATURE</b> PE 0605502S Small Business Innovative Research					<b>PROJECT NUMBER</b> 1	
<b>COST (\$ in Millions)</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Estimate</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>	<b>FY 2013 Estimate</b>	<b>FY 2014 Estimate</b>	<b>FY 2015 Estimate</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
1: DLA	2.547	0.000	0.000						Continuing	Continuing

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**B. Accomplishments/Planned Program (\$ in Millions)**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
SBIR Accomplishments/Plans	2.547	0.000	0.000	
<p><i>FY 2008 Accomplishments:</i> In FY 2008, eleven Phase I awards and one Phase II award were made from DLA Topic 07-01 Advanced Technologies for Discrete Parts Manufacturing which seeks drastically lower unit costs of support through manufacturing revolutions that also have applicability to low and high volume production from commercial sales. This will result in an improvement in the affordability of these innovations to DLA and its customers and the development of cost effective methods to sustain existing defense systems while potentially impacting the next generation of defense systems.</p> <p><i>FY 2009 Plans:</i> DLA Topic 08-01 Advanced Technologies for Discrete Parts Manufacturing seeks drastically lower unit costs of support through manufacturing revolutions that also have applicability to low and high volume production from commercial sales. This will result in an improvement in the affordability of these innovations to DLA and its customers and the development of cost effective methods to sustain existing defense systems while potentially impacting the next generation of defense systems. Phase II awards</p>				

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<b>B. Accomplishments/Planned Program (\$ in Millions)</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<p>resulting from some of the completed Phase I contracts from DLA Topic 07-01 Technologies for Discrete Parts Manufacturing are planned.</p> <p><i>FY 2010 Plans:</i> For FY 2010 we plan to execute using DoD SBIR solicitation 9.3 with the same topic that we used in FY 2007- FY 2008. Phase II awards will be generated upon completion of the 8.3 Phase I contracts from DLA topic 08-01 . New topics in the out-years are may be planned depending on availability of funds and responses to 9.3.</p>				
<b>C. Other Program Funding Summary (\$ in Millions)</b>				
N/A				
<b>D. Acquisition Strategy</b>				
DLA was part of DoD SBIR solicitation 8.3. Seventy proposals were evaluated in FY 2009 and nine were selected for Phase I award. Seven have been awarded as of 23 March 2009. Four Phase II proposals were selected from DoD SBIR solicitation 7.2 and 2 have been awarded as of 23 March 2009. DLA obtains contracting support from the Army Space and Missile Defense Agency on a fee-for-service basis paid from another RDT&E budget line.				
<b>E. Performance Metrics</b>				
SBIR awards from DOD SBIR solicitations 7.2 and 8.3 will be made to 19 different small businesses that perform R&D. There are no major or dominant performers.				

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