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Exhibit R-2, RDT&E Budget Item Justification: PB 2012 Missile Defense Agency **DATE:** February 2011

| | |
|--|---|
| APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 6: <i>RDT&E Management Support</i> | R-1 ITEM NOMENCLATURE PE 0901598C: <i>Management Headquarters-MDA</i> |
|--|---|

| COST (\$ in Millions) | FY 2010 | FY 2011 | FY 2012 Base | FY 2012 OCO | FY 2012 Total | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Cost To Complete | Total Cost |
|--------------------------------------|---------|---------|-----------------|----------------|------------------|---------|---------|---------|---------|---------------------|------------|
| Total Program Element | 62.294 | 29.754 | 28.908 | - | 28.908 | 29.112 | 27.728 | 27.827 | 29.949 | Continuing | Continuing |
| ZX38: <i>Management Headquarters</i> | 62.294 | - | - | - | - | - | - | - | - | 0.000 | 62.294 |
| MD38: <i>Management Headquarters</i> | - | 29.754 | 28.908 | - | 28.908 | 29.112 | 27.728 | 27.827 | 29.949 | Continuing | Continuing |

Note

In concert with the ongoing efforts to reduce Agency infrastructure and with the mandate of the Base Re-Alignment and Closure Commission, the funding amounts within this PE for FY10 and out are based on MDA reducing its presence in the National Capital region in preparation for the move to a consolidated campus on Redstone Arsenal in Huntsville, Alabama, with costs decreasing to reflect anticipated savings as a result of the consolidation.

A. Mission Description and Budget Item Justification

As prescribed by DoD Directive 5100.73, Major Headquarters Activities, signed by the Deputy Secretary of Defense on 13 May 1999, this Program Element funds costs associated with the operation of the headquarters and headquarters activities of the Missile Defense Agency. This project funds the following basic areas: Salaries and benefits for government civilian personnel assigned to the Agency headquarters, training, professional development, and travel for Agency personnel, rents, supplies and services for Agency facilities, facility support functions, and specialized headquarters contract support.

This PE also funds personnel that implement the initiatives and processes that have been introduced in the Weapon Systems Acquisition Reform Act of 2009. This Act notes the key to successful acquisition programs is getting things right from the start with sound systems engineering, cost-estimating, and developmental testing early in the program cycle.

Personnel funded from the PE will successfully implement these Acquisition Reform initiatives and processes that will minimize future cost overruns, schedule delays, and performance problems in MDA acquisition programs by focusing acquisition and procurement program management on emphasizing systems engineering; more effective upfront planning and management of technology risk, make trade-offs between cost, schedule and performance early in the program cycle.

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| B. Program Change Summary (\$ in Millions) | FY 2010 | FY 2011 | FY 2012 Base | FY 2012 OCO | FY 2012 Total |
|---|----------------|----------------|---------------------|--------------------|----------------------|
| Previous President's Budget | 52.403 | 29.754 | 29.421 | - | 29.421 |
| Current President's Budget | 62.294 | 29.754 | 28.908 | - | 28.908 |
| Total Adjustments | 9.891 | - | -0.513 | - | -0.513 |
| • Congressional General Reductions | | - | | | |
| • Congressional Directed Reductions | | - | | | |
| • Congressional Rescissions | - | - | | | |
| • Congressional Adds | | - | | | |
| • Congressional Directed Transfers | | - | | | |
| • Reprogrammings | 9.970 | - | | | |
| • SBIR/STTR Transfer | - | - | | | |
| • Other Adjustment Detail | -0.079 | - | -0.513 | - | -0.513 |

Change Summary Explanation

The FY 2012 \$0.513 million dollar decrease in this program element is the result of efficiency savings estimates.

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| APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 6: <i>RDT&E Management Support</i> | R-1 ITEM NOMENCLATURE PE 0901598C: <i>Management Headquarters-MDA</i> | PROJECT ZX38: <i>Management Headquarters</i> |
|--|---|--|

| COST (\$ in Millions) | FY 2010 | FY 2011 | FY 2012 Base | FY 2012 OCO | FY 2012 Total | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Cost To Complete | Total Cost |
|--------------------------------------|---------|---------|--------------|-------------|---------------|---------|---------|---------|---------|------------------|------------|
| ZX38: <i>Management Headquarters</i> | 62.294 | - | - | - | - | - | - | - | - | 0.000 | 62.294 |
| Quantity of RDT&E Articles | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | |

A. Mission Description and Budget Item Justification

Project ZX38 has been transferred to Project MD38.

B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)

| | FY 2010 | FY 2011 | FY 2012 |
|---|---------|---------|---------|
| Title: See Project MD38 for FY 2010 Accomplishments. | 62.294 | - | - |
| Description: See Description Below | | | |
| FY 2010 Accomplishments: NA | 0 | | |
| Accomplishments/Planned Programs Subtotals | 62.294 | - | - |

C. Other Program Funding Summary (\$ in Millions)

N/A

D. Acquisition Strategy

NA

E. Performance Metrics

NA

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|--|---|--|

| COST (\$ in Millions) | FY 2010 | FY 2011 | FY 2012 Base | FY 2012 OCO | FY 2012 Total | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Cost To Complete | Total Cost |
|--------------------------------------|---------|---------|--------------|-------------|---------------|---------|---------|---------|---------|------------------|------------|
| MD38: <i>Management Headquarters</i> | - | 29.754 | 28.908 | - | 28.908 | 29.112 | 27.728 | 27.827 | 29.949 | Continuing | Continuing |
| Quantity of RDT&E Articles | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | |

A. Mission Description and Budget Item Justification

This program element (0901598C) funds costs associated with the HQ activities of the Missile Defense Agency, including the following areas: Government and Contract Support Services HQ staff within the Director's Office, General Counsel, Legislative Affairs, Public Affairs, Internal Review, NCR facilities (other than FOB 2) and Agency Operations.

At the time MDA submitted the FY2011 Congressional Justification materials it was anticipated that MDA would reduce its presence in the National Capital Region (NCR) by completing its consolidated campus on Redstone Arsenal in Huntsville, Alabama and the Headquarters Command Center (HQCC) at Ft. Belvoir, Virginia. Due to construction delays of Von Braun III and HQCC, the MDA will continue to maintain its headquarters facility within Federal Office Building #2 (FOB2) through FY2011. Project ZX38 was transferred to MD38. FY 2010 accomplishments were (\$62.294M).

B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)

| | FY 2010 | FY 2011 | FY 2012 |
|---|-------------------|------------------------|------------------------|
| <p>Title: Civilian Salaries</p> <p style="text-align: right;">Articles:</p> <p>Description: See Description Below</p> <p>FY 2010 Accomplishments:</p> <p>FY 2011 Plans: See paragraph A. Mission description and Budget Item Justification.</p> <p>FY 2012 Plans: See paragraph A. Mission description and Budget Item Justification.</p> | <p>-</p> <p>0</p> | <p>23.583</p> <p>0</p> | <p>23.583</p> <p>0</p> |
| <p>Title: HQ Travel</p> <p style="text-align: right;">Articles:</p> <p>Description: See Description Below</p> <p>FY 2010 Accomplishments:</p> <p>FY 2011 Plans: See paragraph A. Mission description and Budget Item Justification.</p> <p>FY 2012 Plans:</p> | <p>-</p> <p>0</p> | <p>1.729</p> <p>0</p> | <p>1.894</p> <p>0</p> |

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| B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each) | | FY 2010 | FY 2011 | FY 2012 |
| See paragraph A. Mission description and Budget Item Justification. | | | | |
| Title: Specialized HQ Contract Support | | - | 3.444 | 2.931 |
| | | 0 | 0 | 0 |
| Articles: | | | | |
| Description: See Description Below | | | | |
| FY 2010 Accomplishments: | | | | |
| FY 2011 Plans: | | | | |
| See paragraph A. Mission description and Budget Item Justification. | | | | |
| FY 2012 Plans: | | | | |
| See paragraph A. Mission description and Budget Item Justification. | | | | |
| Title: HQCC Rents, Utilities, Facilities | | - | 0.998 | 0.500 |
| | | 0 | 0 | 0 |
| Articles: | | | | |
| Description: See Description Below | | | | |
| FY 2010 Accomplishments: | | | | |
| NA | | | | |
| FY 2011 Plans: | | | | |
| See paragraph A. Mission description and Budget Item Justification. | | | | |
| FY 2012 Plans: | | | | |
| See paragraph A. Mission description and Budget Item Justification. | | | | |
| Accomplishments/Planned Programs Subtotals | | - | 29.754 | 28.908 |
| C. Other Program Funding Summary (\$ in Millions) | | | | |
| N/A | | | | |
| D. Acquisition Strategy | | | | |
| MDA is consolidating over 300 individual support services contracts to an enterprise-wide Advisory and Assistance Services (A&AS) approach to support the Ballistic Missile Defense System (BMDS) mission which will result in approximately 59 task orders total and provide for over 34% scope as Small Business opportunities. The objectives are to implement national engineering and support services for the BMDS mission across the enterprise, enhance the sharing of ballistic missile defense | | | | |

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| APPROPRIATION/BUDGET ACTIVITY | R-1 ITEM NOMENCLATURE | PROJECT |
|--|---|--------------------------------------|
| 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 6: <i>RDT&E Management Support</i> | PE 0901598C: <i>Management Headquarters-MDA</i> | MD38: <i>Management Headquarters</i> |

expertise and knowledge across the agency, centralize the acquisition of support services manpower in a more efficient manner and reduce agency overhead costs enterprise-wide. A&AS support includes engineering and technical services; studies, analyses, and evaluation; and management and professional services.

E. Performance Metrics

NA