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<b>Missile Defense Agency (MDA) Exhibit R-2 RDT&amp;E Item Justification</b>	Date <b>February 2006</b>
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<b>APPROPRIATION/BUDGET ACTIVITY</b> <b>RDT&amp;E, DW/06 RDT&amp;E Management Support</b>	<b>R-1 NOMENCLATURE</b> <b>0901598C Management Headquarters - MDA</b>
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COST (\$ in Thousands)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total Program Element (PE) Cost	110,662	99,327	87,389	86,471	85,894	70,250	70,364
0601 Management Headquarters	110,662	99,327	87,389	86,471	85,894	70,250	70,364

*Note: FY06 funds appropriated within this PE pay for a portion of the Agency's expenditures to manage the Small Business Innovative Research program, and the costs to perform technical assessments of missile defense programs, architectures, and technologies, both of which are funded in FY07 - FY11 within Project 0602 (Program-Wide Support).*

*Technical Security and Security Operations efforts, at a total of approximately \$19 million per year, were transferred beginning in FY06 to Project 0602 (Program Wide Support). In FY05, two-thirds of the effort is funded within this PE, with the balance funded under Project 0102 in the BMDS Core PE.*

*In concert with the ongoing efforts to reduce Agency infrastructure, the funding amounts within this PE for FY07 through FY09 are based on MDA moving to a consolidated location as part of the planned expansion of Arlington National Cemetery, with FY10 and FY11 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 and administrative support functions, specialized headquarters contract support, and international support.

**Accomplishments/Planned Program**

	FY 2005	FY 2006	FY 2007
Civilian Salaries	25,743	26,918	29,387

Funds the basic costs for government civilian salaries, payroll, and benefit costs for all personnel within this Program Element. Civilian staff functions funded from this project include the Command Group and Chief of Staff, the Small and Disadvantage Business Utilization Office (SADBU), Workforce Management, General Counsel, Legislative Affairs, centralized oversight of classified programs, and civilian management of

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all MDA facility, maintenance, and housekeeping activities. Total staff funded by these dollars is approximately 180 civilians, with historical costs forming a firm basis for estimating future costs for this function.			
	FY 2005	FY 2006	FY 2007
Training, Professional Development and Travel	2,888	3,234	3,257
This effort provides funding required for training and professional development required to maintain mandatory Acquisition Certifications for the MDA workforce, essential mission travel, and relocation costs for new government civilian employees hired from outside the NCR. Historical cost trends, an emphasis on enhanced use of video teleconferencing in lieu of travel, and known requirements for civilian workforce acquisition certification and training are all used to allow for accurate budgeting of costs for this function.			
	FY 2005	FY 2006	FY 2007
Rents, Supplies and Services	20,301	21,104	19,480
This effort provides funds required to operate the MDA plant and related operational costs. This includes leases for commercial office space, as well as utilities and communications expenses at both the leased facilities and Federal Office Building 2 (FOB-2). The expansion of the MDA mission and associated growth of the Agency during the last several years has the Agency currently residing in FOB-2, Crystal Square II, Sequoia Plaza, and the Suffolk Building, and the Agency has warehousing space for storage of items needed for daily operations. Given the current size of the agency, virtually all of the costs within this project remain fixed: costs for utilities, commercial building leases, backup generator and HVAC maintenance and operations, and alarm systems and minor carpentry, electrical, and painting work requests consume 80% of the funding, with the remaining represented by fixed costs related to Metro transit subsidies, operational requirements to transport key leadership personnel, the costs of postage and express mail, and copier service/maintenance contracts. Rent costs for the MDA use of FOB-2 are included in Program Element 0901585C, Pentagon Reservation Maintenance Reserve Fund.			
	FY 2005	FY 2006	FY 2007
Facility and Administrative Support	27,577	16,420	18,729
A large and fixed base of costs are required to perform Logistics and Administrative support of Agency operations - the transportation, janitorial and maintenance services, travel office staffing, mail room operations, and contract secretarial support that allow the civilian staff of the Agency to perform their operational mission.			

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The FY07 budgeted amount of \$19 million represents the fixed, steady-state costs required to pay for these vital services, as the historical FY05 and FY06 cost trends are not reflective of the fixed cost basis for these services. Two-thirds of the costs within this category represent fixed costs for transit services to shuttle MDA employees between the various Agency buildings, monthly purchasing, logistics, and telecommunications costs, fitness, cleaning, and maintenance contractual costs, and the costs to perform detailed planning and design associated with the relocation of Agency functions. The remaining costs represent contractor staffing costs to operate MDA supply and mailroom operations at multiple MDA facilities in the National Capital region, to provide contract secretarial support within various two-letter MDA offices, and to provide management analysis in the areas of management headquarters account processes and assess facilities, logistics, and administrative operations to identify opportunities to improve performance and customer service, and to introduce capability for enhancing effectiveness and efficiency.

	FY 2005	FY 2006	FY 2007
Specialized HQ Contract Support	22,258	16,807	14,551

This effort provides specialized, critical contractual services required to augment the government civilian staff performing Agency-wide Management Headquarters functions within a host of offices within the Missile Defense Agency:

**Workforce Management** - responsible for providing organization development consultation on corporate workforce management systems and issues. In addition, provides support for directing and managing the development, coordination, and execution of workforce management goals, objectives, policies, plans and programs for the Missile Defense Agency.

**Financial Management** - provides Ballistic Missile Defense Program accounting and fiscal policy support for the Missile Defense Agency and Missile Defense Agency Executing Agents. In coordination with the Defense Finance and Accounting Service, the DoD Comptroller, and the DoD Inspector General, develop, improve, and enhance the MDA financial process leading to a clean opinion on the audited MDA financial statement.

**Office of the Chief of Staff Support** - provides for direct costs and an augmentation to government staffing associated with MDA-wide protocol, major events and offsite meetings and their planning and management, the execution of Occupational Safety and Health programs to include staff training and purchase of emergency escape masks, and contractual staff to respond to congressional and interdepartmental requests for information, to include researching background information for use in answering Freedom of Information Act requests.

**Legislative Affairs/Communications/General Counsel Support** provides for purchases of outside services critical to the implementation of staff actions for these three areas. This includes the purchases and use of databases, publications, and proprietary information critical to these highly

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<p>specialized headquarters functions, the use of an MDA Booth, as well as augmented contractor staff to compile research information and to develop archiving systems and databases for use by civilian staff.</p> <p>Small and Disadvantaged Business Utilization - while the majority of funding for Small Business efforts are funded within Project 0602 (Program-Wide Support), a small amount of funding from this project pays for the continuing development of policy initiatives for use in implementing the Agency's Small Business goals.</p>			
	FY 2005	FY 2006	FY 2007
International Support	0	2,497	1,985
<p>This effort provides specialized, critical contractual services required to augment the government civilian staff performing Agency-wide International Management Headquarters support functions within the Missile Defense Agency, with particular emphasis on Israeli and Japanese cooperative efforts. Specifically, support is provided for developing the strategy, analysis, planning and implementation for all strategic (international and interagency) programs which requires program specialists with unique skills and experience in these key cooperative areas.</p>			
	FY 2005	FY 2006	FY 2007
Technical Security/Security Operations	11,895	0	0
<p>Technical Security and Security Operations efforts, at a total of \$19 million per year, were transferred beginning in FY06 to Project 0602 (Program Wide Support). In FY05, two-thirds of the effort is funded within this PE, with the balance funded under Project 0102 in the BMDS Core PE.</p> <p>These efforts serve to protect life, property, and program information at MDA facilities. Develops integrated security policy, overseeing security applications across the Agency's broad mission areas. Designs security countermeasures where appropriate and implements procedures that minimize the risk of loss or compromise of critical MDA information, programs, personnel and infrastructure, including the round the clock manning of all security operations centers within MDA that allow building access to both visitors and MDA staff. Serves as the principal advisor to the Agency on all security and program protection issues.</p>			

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	FY 2005	FY 2006	FY 2007
Technical Assessments	0	7,887	0

FY06 funds appropriated within this PE also pay for the costs to perform technical assessments of missile defense programs, architectures, and technologies, efforts which are funded in fiscal years 2007 - 2011 within Project 0602 (Program-Wide Support).

	FY 2005	FY 2006	FY 2007
Small Business Innovative Research	0	4,460	0

FY06 funds appropriated within this PE pay for two-thirds of the Agency's expenditures to manage the Small Business Innovative Research program, efforts which are funded in fiscal years 2007 - 2011 within Project 0602 (Program-Wide Support).

<b>B. Program Change Summary Table</b>	FY 2005	FY 2006	FY 2007
Previous President's Budget (FY 2006 PB)	113,777	99,327	95,443
Current President's Budget (FY 2007 PB)	110,662	99,327	87,389
Total Adjustments	-3,115	0	-8,054
Congressional Specific Program Adjustments	0	0	0
Congressional Undistributed Adjustments	0	0	0
Reprogrammings	-3,115	0	0
SBIR/STTR Transfer	0	0	0
Adjustments to Budget Years	0	0	-8,054

FY05 reduction of \$3.115 million includes MDA reprogrammings.

FY07 reduction of \$8.054 million includes adjustments to achieve overhead/infrastructure reductions.

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<b>C. Other Program Funding Summary</b>								
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total Cost
PE 0603175C Ballistic Missile Defense Technology	224016	162297	197707	192034	203946	212106	218002	1410108
PE 0603879C Advanced Concepts, Evaluations and Systems	166996	0	0	0	0	0	0	166996
PE 0603881C Ballistic Missile Defense Terminal Defense Segment	914063	1198860	1037203	878540	615005	731692	482362	5857725
PE 0603882C Ballistic Missile Defense Midcourse Defense Segment	4487253	2489257	2605567	2444109	2065344	1979612	1617059	17688201
PE 0603883C Ballistic Missile Defense Boost Defense Segment	472543	490863	632028	567493	493842	615859	988731	4261359
PE 0603884C Ballistic Missile Defense Sensors	567193	294283	536428	554012	623089	306965	217590	3099560
PE 0603886C Ballistic Missile Defense System Interceptors	272064	215952	438287	634709	1138597	1391301	1499204	5590114
PE 0603888C Ballistic Missile Defense Test and Targets	700570	632107	692209	614174	649766	668624	678105	4635555
PE 0603889C Ballistic Missile Defense Products	384935	394652	521640	517507	534429	530893	531219	3415275
PE 0603890C Ballistic Missile Defense System Core	398852	420151	558231	557880	561003	548354	554731	3599202
PE 0603891C Special Programs - MDA	0	324522	421303	836168	1110695	1027677	1260497	4980862
PE 0603892C Ballistic Missile Defense Aegis	0	939066	990565	857832	900265	933815	816206	5437749
PE 0603893C Space Tracking & Surveillance System	0	239998	361515	429679	640367	787008	818606	3277173
PE 0603894C Multiple Kill Vehicle	0	83000	220370	273805	307566	309284	115119	1309144
PE 0603895C BMD System Space Program	0	0	0	45000	150000	166000	206100	567100
PE 0605502C Small Business Innovative Research - MDA	138907	0	0	0	0	0	0	138907
PE 0901585C Pentagon Reservation	11001	17386	15586	6058	6376	4490	4725	65622
PE Air Force Military Personnel	0	3628	7640	8332	8535	8826	9129	46090
PE Air Force Operations and Maintenance	17600	7964	11712	33830	33080	34119	35398	173703
PE Air Force Other Procurement	0	2400	1453	11279	386	17710	25709	58937
PE Army Operations and Maintenance	49597	66974	68246	69809	71472	73325	75230	474653
PE Army Natl Guard Military Personnel	21000	17648	24432	24952	25591	25591	25591	164805
PE Army Natl Guard Operations and Maintenance	0	155	151	150	154	164	167	941
PE Navy Operations and Maintenance	11300	12900	24100	24400	24600	23300	23700	144300
PE PAC-3/MEADS Missile Procurement	574972	581924	578579	660584	616020	509032	738679	4259790
PE PAC-3/MEADS RDT&E	344978	304973	336959	465395	521791	522418	502961	2999475