

**UNCLASSIFIED**

RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)								DATE June 2001		
APPROPRIATION/BUDGET ACTIVITY RDT&E, Defense-wide BA6 Management Support					R-1 ITEM NOMENCLATURE Management Headquarters (Research and Development) PE 0605898E, R-1 #126					
COST (In Millions)	FY 2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	Cost To Complete	Total Cost
Total Program Element (PE) Cost	32.163	32.379	36.937	38.414	40.600	40.900	41.000	41.200	Continuing	Continuing
Management Headquarters (R&D) MH-01	32.163	32.379	36.937	38.414	40.600	40.900	41.000	41.200	Continuing	Continuing

**(U)     Mission Description:**

(U)       This program element is budgeted in the Management Support Budget Activity because it provides funding for the administrative support costs of the Defense Advanced Research Projects Agency. The funds provide personnel compensation for civilians as well as costs for building rent, physical and information security, travel, supplies and equipment, communications, printing and reproduction.

(U)       The FY 2001 Defense Authorization Act approved hiring 20 additional Section 1101 experimental hires whose salary, benefits and bonuses (totaling approximately \$150,000 per employee) is now included in the Management Headquarters PE. Those employees will replace departing Intergovernmental Personnel Act employees whose salary costs were reimbursed to their respective host organizations using program (Budget Activity 1 - 3) funds.

**(U)     Program Accomplishments and Plans:**

**(U)     FY 2000 Accomplishments:**

- Management Headquarters. (\$ 32.163 Million)
  - DARPA continued to fund civilian direct-hires and administrative support service costs. Salary reimbursement for IPAs was funded with program funds in keeping with OMB policy. Reductions associated with this change were substantially offset by the additional costs of the Section 1101 experimental hiring program.

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(U) **FY 2001 Plans:**

- Management Headquarters. (\$ 32.379 Million)
  - DARPA will continue to fund civilian direct-hires, both career and Section 1101 employees, and administrative support costs. Expanded Departmental and Federal physical and information security requirements and pay raise requirements are also funded.

(U) **FY 2002 Plans:**

- Management Headquarters. (\$ 36.937 Million)
  - DARPA will continue to fund civilian direct-hires, employees and administrative support costs. Anticipated pay raise requirements are also funded. Salary, benefits and bonus requirements for an additional 20 Section 1101 employees (\$3 million) authorized by the FY 2001 Defense Authorization Act are included. Finally, the costs associated with statutory financial statement preparation and audit, a requirement arising from the Chief Financial Officer Act, are also included.

(U) <b><u>Program Change Summary:</u></b> <i>(In Millions)</i>	<b><u>FY2000</u></b>	<b><u>FY 2001</u></b>	<b><u>FY2002</u></b>
Previous President's Budget	32.103	34.679	35.954
Current Budget	32.163	32.379	36.937

(U) **Change Summary Explanation:**

FY 2000	Increase reflects mandated pay raise requirements.
FY 2001	Decrease reflects congressional program reduction, Section 8086 reduction and the government-wide rescission.
FY 2002	Increase reflects the addition of 20 Section 1101 experimental hires, pay raises and the costs associated with CFO Act compliance. The experimental hires replace Intergovernmental Personnel Act employees funded outside the Management Headquarters PE.

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(U)     **Other Program Funding Summary Cost:**

- Not Applicable.

(U)     **Schedule Profile:**

- Not Applicable.

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