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EXHIBIT R-2, RDT&E Budget Item Justification						DATE: February 2005		
APPROPRIATION/BUDGET ACTIVITY RESEARCH DEVELOPMENT TEST & EVALUATION, NAV Engineering & Manufacturing				R-1 ITEM NOMENCLATURE 0604910N Navy IT DEV / MOD				
COST (\$ in Millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total PE0604910N Cost	0.532	0.677	0.715	0.732	0.299	0.000	0.000	0.000
Smart Card Program	0.532	0.677	0.715	0.732	0.299	0.000	0.000	0.000
Quantity of RDT&E Articles	Not Applicable							
(U) A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:								
(U)B. JUSTIFICATION OF BUDGET ACTIVITY: Smart Card funding was realigned from AAUSN to NAVSUP during the FY 03 Don Budget Review.								

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EXHIBIT R-2a, RDT&E Project Justification						DATE: February 2005		
APPROPRIATION/BUDGET ACTIVITY RDT&E, N / BA-5		PROJECT NUMBER AND NAME T2902 Smart Card Program						
COST (\$ in Millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Project Cost	0.532	0.677	0.715	0.732	0.299	0.000	0.000	0.000
RDT&E Articles Qty	Not Applicable							
<p>A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION: The Department of the Navy e-Business Operations Office is chartered to provide leading edge enabling technologies to Sailors and Marines through the use of a single multi-functional Smart Card, now referred to as the Common Access Card (CAC). Investigation of new technologies will be accomplished through interface proofs of concept demonstrating new Smart Card related technologies associated with the wireless industry, other industry standard operating systems, and biometric technology. Pilot demonstrations will also be conducted to identify and provide seed money for the development of software applications supporting functional requirements across the DoN. The goal of these projects will be to apply Smart Card Technology to streamlined processes enhancing cost effectiveness and improving operational readiness and quality of life.</p>								

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APPROPRIATION/BUDGET ACTIVITY RDT&E, N / BA-5	PROGRAM ELEMENT NUMBER AND NAME 0604910N Navy IT DevMod	PROJECT NUMBER AND NAME T2902 Smart Card Program		
B. Accomplishments/Planned Program				
	FY 04	FY 05	FY 06	FY 07
Accomplishments/Effort/Subtotal Cost	0.532			
RDT&E Articles Quantity				
FY04 RDTE funding was used to support the Visitor Security Process (VSP) CAC Pilot. VSP demonstrated the integration of the CAC, NMCI and PKI to make the critical visit request process more efficient and effective.				
	FY 04	FY 05	FY 06	FY 07
Accomplishments/Effort/Subtotal Cost		0.677		
RDT&E Articles Quantity				
For FY05, pilot candidate submission and evaluation is not completed, but CAC pilot funding could be used in 3 principal areas: 1) To support the Contractor Verification System (CVS)--Phase 2, which automates the DD Form 1172 process to better control and validate the issuance of CACs to contractor personnel. 2) To support DON efforts to implement the CAC and Biometrics Roadmap document (DMDC, April 2004). 3) Take next steps beyond our previous CAC access control pilots to prototype solutions to piggybacking and personnel accountability issues, in support of the contactless module expected to be added to the next-generation CAC.				
	FY 04	FY 05	FY 06	FY 07
Accomplishments/Effort/Subtotal Cost			0.715	
RDT&E Articles Quantity				
FY 06 funding will be used to initiate 2-3 pilot projects to add functionality and utility to the CAC to enhance cost effectiveness and improve operational readiness and quality of life.				
	FY 04	FY 05	FY 06	FY 07
Accomplishments/Effort/Subtotal Cost				0.732
RDT&E Articles Quantity				
FY 07 funding will be used to initiate 2-3 pilot projects to add functionality and utility to the CAC to enhance cost effectiveness and improve operational readiness and quality of life.				

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<p>C. PROGRAM CHANGE SUMMARY:</p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width:40%;"></th> <th style="text-align: right; width:10%;">FY 2004</th> <th style="text-align: right; width:10%;">FY 2005</th> <th style="text-align: right; width:10%;">FY 2006</th> <th style="text-align: right; width:10%;">FY 2007</th> </tr> </thead> <tbody> <tr> <td>Funding:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Last President's Budget:</td> <td style="text-align: right;">0.546</td> <td style="text-align: right;">0.695</td> <td style="text-align: right;">0.710</td> <td style="text-align: right;">0.725</td> </tr> <tr> <td>Adjustments since the last President's Budget:</td> <td style="text-align: right;">-0.014</td> <td style="text-align: right;">-0.018</td> <td style="text-align: right;">0.005</td> <td style="text-align: right;">0.007</td> </tr> <tr> <td>Current Baseline</td> <td style="text-align: right;">0.532</td> <td style="text-align: right;">0.677</td> <td style="text-align: right;">0.715</td> <td style="text-align: right;">0.732</td> </tr> <tr> <td colspan="5" style="padding-top: 10px;">Summary of Adjustments</td> </tr> <tr> <td> Congressional program reductions</td> <td></td> <td style="text-align: right;">-0.018</td> <td style="text-align: right;">-0.005</td> <td style="text-align: right;">-0.007</td> </tr> <tr> <td> Congressional undistributed reductions</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Congressional rescissions</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> SBIR Tax Assessment</td> <td style="text-align: right;">-0.014</td> <td></td> <td></td> <td></td> </tr> <tr> <td> FY 2003 Update</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Sec 8126 Efficiencies/ Rev</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Sec 8909 Management Imp.</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Economic Assumptions</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Inflation</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Reprogrammings</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Congressional increases</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Subtotal</td> <td style="text-align: right; border-top: 1px solid black;">-0.014</td> <td style="text-align: right; border-top: 1px solid black;">-0.018</td> <td style="text-align: right; border-top: 1px solid black;">-0.005</td> <td style="text-align: right; border-top: 1px solid black;">-0.007</td> </tr> </tbody> </table> <p style="margin-top: 20px;">Schedule:</p> <p style="margin-left: 20px;">Not Applicable</p> <p>Technical:</p> <p style="margin-left: 20px;">Not Applicable</p>						FY 2004	FY 2005	FY 2006	FY 2007	Funding:					Last President's Budget:	0.546	0.695	0.710	0.725	Adjustments since the last President's Budget:	-0.014	-0.018	0.005	0.007	Current Baseline	0.532	0.677	0.715	0.732	Summary of Adjustments					Congressional program reductions		-0.018	-0.005	-0.007	Congressional undistributed reductions					Congressional rescissions					SBIR Tax Assessment	-0.014				FY 2003 Update					Sec 8126 Efficiencies/ Rev					Sec 8909 Management Imp.					Economic Assumptions					Inflation					Reprogrammings					Congressional increases					Subtotal	-0.014	-0.018	-0.005	-0.007
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APPROPRIATION/BUDGET ACTIVITY RDT&E, N / BA-5		PROGRAM ELEMENT NUMBER AND NAME 0604910N Navy IT DevMod			PROJECT NUMBER AND NAME T2902 Smart Card Program																										
<p>D. OTHER PROGRAM FUNDING SUMMARY:</p> <table> <thead> <tr> <th><u>Line Item No. & Name</u></th> <th><u>FY 2004</u></th> <th><u>FY 2005</u></th> <th><u>FY 2006</u></th> <th><u>FY 2007</u></th> <th><u>FY 2008</u></th> <th><u>FY 2009</u></th> <th><u>FY 2010</u></th> <th><u>FY 2011</u></th> <th>To Complete</th> <th>Total Cost</th> </tr> </thead> <tbody> <tr> <td>Not Applicable</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>E. ACQUISITION STRATEGY: *</p> <p>The milestone for all years is the completion of proof of concept initiatives for the benefit of the Department of Navy. In each of the fiscal years approximately 2-3 projects will be executed.</p> <p>F. MAJOR PERFORMERS: **</p> <p>Not Applicable</p> <p>* Not required for Budget Activities 1,2,3, and 6 ** Required for DON and OSD submit only.</p>										<u>Line Item No. & Name</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	To Complete	Total Cost	Not Applicable										
<u>Line Item No. & Name</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	To Complete	Total Cost																					
Not Applicable																															

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Exhibit R-3 Cost Analysis													DATE: February 2005	
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT		PROJECT NUMBER AND NAME									
RDT&E, N / BA-5			0604910N Navy IT DevMod		T2902 Smart Card Program									
Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PY s Cost	FY 04 Cost	FY 04 Award Date	FY 05 Cost	FY 05 Award Date	FY 06 Cost	FY 06 Award Date	FY 07 Cost	FY 07 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Developmental Test & Evaluation				0.532	03/04	0.677	TBD	0.715	TBD	0.732	TBD	TBD	2.656	
Operational Test & Evaluation														
Tooling														
GFE														
Subtotal T&E			0.000	0.532		0.677		0.715	0.000	0.732	0.000		2.656	
Remarks:														
Contractor Engineering Support														
Government Engineering Support														
Program Management Support														
Travel														
Labor (Research Personnel)														
Overhead														
Subtotal Management			0.000	0.000		0.000		0.000		0.000		0.000	0.000	
Remarks:														
Total Cost			0.000	0.532		0.677		0.715		0.732		0.000	2.656	
Remarks:														

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EXHIBIT R4, Schedule Profile																			DATE: February 2005														
APPROPRIATION/BUDGET ACTIVITY RDT&E, N / BA-5					PROGRAM ELEMENT NUMBER AND NAME 0604910N Navy IT DevMod										PROJECT NUMBER AND NAME T2902 Smart Card Program																		
Fiscal Year	2004				2005				2006				2007				2008				2009				2010				2011				
	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					
Acquisition Milestones																																	
Pilot Execution																																	
Test & Evaluation Milestones																																	
Development Test																																	
Operational Test																																	
Production Milestones																																	
LRIP I FY 05																																	
LRIPII FY 06																																	
FRP FY 07																																	
Deliveries																																	

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* Not required for Budget Activities 1, 2, 3, and 6

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Exhibit R-4a, Schedule Detail					DATE: February 2005			
APPROPRIATION/BUDGET ACTIVITY	PROGRAM ELEMENT			PROJECT NUMBER AND NAME				
RDT&E, N / BA-5	0604910N Navy IT Dev\Mod			T2902 Smart Card Program				
Schedule Profile	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Prototype Phase	1Q-4Q	1Q-4Q	1Q-4Q	1Q-4Q	1Q-4Q			
System Design Review (SDR)								
Milestone II (MSII)								
Contract Preparation								
Software Specification Review (SSR)								
Preliminary Design Review (PDR)								
System Development								
Critical Design Review (CDR)								
Quality Design and Build								
Test Readiness Review (TRR)								
Developmental Testing (DT-IIA)								
Eng Dev Model (EDM) Radar Delivery - Lab								
Software Delivery 1XXSW								
Preproduction Readiness Review (PRR)								
EDM Radar Delivery - Flt Related								
Milestone C (MS C)								
Operational Testing (OT-IIA)								
Start Low-Rate Initial Production I (LRIP I)								
Software Delivery 2XXSW								
Developmental Testing (DT-IIB1)								
Developmental Testing (DT-IIB2)								
Start Low-Rate Initial Production II								
Operational Testing (OT-IIB)								
Developmental Testing (DT-IIC)								
Functional Configuration Audit (FCA)								
Low-Rate Initial Production I Delivery								
Technical Evaluation (TECHEVAL)								
Physical Configuration Audit								
Operational Evaluation (OT-IIC) (OPEVAL)								
Low-Rate Initail Production II Delivery								
IOC								
Full Rate Production (FRP) Decision								
Full Rate Production Start								
First Deployment								

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