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EXHIBIT R-2, RDT&E Budget Item Justification						PROJECT NUMBER AND NAME				DATE: February 2007
APPROPRIATION/BUDGET ACTIVITY		PROGRAM ELEMENT NUMBER AND NAME				113 Defense Integrated Military Human Resources System				
RDT&E, DW / BA-05		PE 0605018BTA DIMHRS								
COST (\$ in Millions)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
0605018BTA		0.000	0.000	79.300	37.400	0.000	0.000	0.000	0.000	
A. Mission Description and Budget Item Justification										
On October 7, 2005, the Deputy Secretary of Defense announced his decision to functionally transfer various DoD programs, systems, projects and associated resources including the Defense Integrated Military Human Resources System (DIMHRS) to the Defense Business Transformation Agency (BTA). This transfer was effective October 2006. In FY 2007, the Program Element (PE) for DIMHRS was PE 0605020BTA. Beginning in FY 2008, the program transitions to a new PE number, 0605018BTA. Prior to FY 2007, the DIMHRS program was a separately identified item in the budget for the Defense Human Resources Agency (DHRA).										
DoD has embarked on an initiative to transform military personnel and pay management, which resided on multiple systems in multiple architecture environments, into a single integrated system that would provide common human resources and pay capabilities. DIMHRS will support that initiative by utilizing common business processes to generate common data in a common operating environment.										
As the largest personnel and pay management system in the world, DIMHRS will:										
- Collect, process and report appropriate data on approximately 3.1 million military personnel across the Services and the Components - Support DoD-sponsored civilians and designated foreign military personnel - Incorporate a 33% surge capability in the number of records maintained - Integrate Active, Guard and Reserve databases - Streamline and improve automated support to the mobilization and deployment processes - Implement uniform data standards and fields that reflect core requirements of the Combat Commanders as established in the Commander-In-Chief – 129 (CINC 129) Global Combat Support System Category One Requirements Document dated 29 November 1999, the Military Departments, the Office of the Secretary of Defense, and other Federal agencies.										
By eliminating or reducing data collection redundancy burdens, resolving operational problems, conserving resources, improving delivery of services, and enhancing readiness, the DIMHRS program will enable the Department to transform military personnel and pay management.										
As a collaborative effort within the DoD components, Defense Agencies and other Federal organizations, DIMHRS will follow a Single-Step-to-Full-Capability model that is consistent with Commercial Off-The-Shelf (COTS) implementations. Initial development will consist of a joint core or "purple" DIMHRS functionality that will then be deployed in separate Service Releases. In developing the Service Releases, the Developer and Integrator (D&I) contractor will focus on Service-specific data and interfaces. For example, Release 1 will contain "purple" or joint functionality, as well as Army specific data and interfaces; Release 2 will add Air Force-specific data and interfaces to the existing "purple" or joint functionality.										
DIMHRS is aligned with the following President's Management Agenda (PMA) initiatives:										
- Human Capital Management will be provided through integrated personnel and pay functionality - Expanded E-Government will result from its web-based functions, self-service, electronic routing, and approval capabilities - Financial Performance will be supported by integrating personnel and pay functions, which will reduce the occurrence of pay errors and their correction and result in more cost-effective and accurate compensation - Competitive Sourcing in DIMHRS is supported by awarding the development and integration contract under a full and open competitive sourcing initiative; and, by utilizing a commercially available product as the core software development application - Budget Performance Integration is achieved by using Earned Value Management and other metrics to measure contractor performance against the system's key performance parameters										

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RDT&E, DW / BA-05	PE 0605018BTA DIMHRS	113 Defense Integrated Military Human Resources System	

B. Accomplishments/Planned Program

	FY 2007	FY 2008	FY 2009
Accomplishments/Effort/Subtotal Cost	0.000	79.300	37.400
RDT&E Articles Quantity			

FY 2007 Accomplishments-DIMHRS FY 2007 accomplishments are separately reported in PE 0605020BTA.

FY 2008 Plan -

- Perform SAT for the Air Force
 - Validate ORD requirements, high-risk SIT scenarios, CTP's and COI's
 - Verify Operational Capabilities such as Help Desk and Training
- Complete operational training for the Army
- Obtain Fielding Decision for the Army
- Initiate deployment to the Army
- Conduct Operational Testing (OT) (Test Agencies for the Air Force)
- Complete OT for the Air Force
- Obtain Fielding Decision for the Air Force
- Initiate deployment to the Air Force
- Fund any required hosting of the system and necessary program support costs

FY 2009 Plan -

- Complete deployment to the Army and Air Force and fund any required hosting of the system
- Achieve FOC for both Army and Air Force
- Initiate Sustainment Activities to include full operation of help desk activities
- Start development of new release to incorporate mandated and legislative changes as well as deferred and new requirements to enhance Service functionality
- Continue to fund any required hosting of the system and necessary program support costs

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RDT&E, DW / BA-05	PE 0605018BTA DIMHRS	113 Defense Integrated Military Human Resources System		

B. Program Change Summary:

Funding:
 Previous President's Budget: (FY 2007 Pres Controls)
 Current President's Budget (FY 2008/2009)
 Total Adjustments

FY 2006	FY 2007	FY 2008	FY 2009
0.000	0.000	0.000	0.000
0.000	0.000	79.300	37.400
0.000	0.000	79.300	37.400

Summary of Adjustments

Reprogramming
 Congressional Rescissions

0.000	0.000	79.300	37.400
0.000	0.000	0.000	0.000

Program Change Summary Explanation

FY 2008 and FY 2009 funding were added to the DIMHRS program in accordance with the Deputy Secretary of Defense's memorandum dated 13 April 2006 stating that DIMHRS was an important program to the Department of Defense and requested that the program be fully funded through FY 2009. In FY 2008, the program transitions from the design and development stage to the testing stage. In FY 2009, the program completes deployment.

NOTE: In FY 2008, the Program Element (PE) number for DIMHRS transitions from PE 0605020BTA to PE 0605018BTA.

D. Other Program Funding Summary: N/A**E. Acquisition Strategy:**

The DIMHRS Program acquisition strategy follows the Single-Step-to-Full-Capability acquisition model consistent with COTS implementations. It consists of development of the joint core or "purple" DIMHRS functionality that will then be deployed in separate Service Releases. In developing the Service Releases, the D&I contractor will focus on Service-specific data and interfaces. For example, Release 1 will contain "purple" or joint functionality, as well as Army specific data and interfaces; Release 2 will add Air Force specific data and interfaces to the existing purple or joint functionality.

The updated DIMHRS Acquisition Strategy dated 5 December 2006 and prepared in accordance with DoD 500.2-R is awaiting signature by the Milestone Decision Authority.

F. Performance Metrics

Each delivery order has set forth performance based payments upon achievement of specific events or accomplishments that are defined and valued in advance by the Government and the contractor.

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Exhibit R-3, Project Cost Analysis

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EXHIBIT R4, Schedule Profile																												DATE:				February 2007			
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RDT&E, DW / BA-05												PE 0605018BTA DIMHRS												113 Defense Integrated Military Human Resources System											
Fiscal Year				2006				2007				2008				2009				2010				2011				2012				2013			
				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																																			
Milestone C																																			
Fielding Decision - Army																																			
Fielding Decision - Air Force																																			
Test & Evaluation Milestones																																			
System Integration Test - Army																																			
System Integration Test - AF																																			
System Acceptance Test - Army																																			
System Acceptance Test - AF																																			
Operational Test - Army																																			
Operational Test - AF																																			
Contract Milestones																																			
Oracle Maintenance																																			
Northrop Grumman																																			

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