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<b>Exhibit R-2, RDT&amp;E Budget Item Justification:</b> PB 2013 Navy	<b>DATE:</b> February 2012
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<b>APPROPRIATION/BUDGET ACTIVITY</b>				<b>R-1 ITEM NOMENCLATURE</b>							
1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 6: <i>RDT&amp;E Management Support</i>				PE 0605861N: <i>RDT&amp;E Science &amp; Tech Mgmt</i>							
<b>COST (\$ in Millions)</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013 Base</b>	<b>FY 2013 OCO</b>	<b>FY 2013 Total</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
Total Program Element	72.161	73.917	70.302	-	70.302	69.816	69.725	70.451	71.616	Continuing	Continuing
0135: <i>ONR Science &amp; Technology Mgmt</i>	68.045	66.712	66.625	-	66.625	66.147	66.120	66.809	67.899	Continuing	Continuing
2353: <i>DFAS Billings</i>	1.815	2.549	2.406	-	2.406	2.423	2.418	2.441	2.490	Continuing	Continuing
3234: <i>Office of Naval Research - N-ERP</i>	2.301	4.656	1.271	-	1.271	1.246	1.187	1.201	1.227	Continuing	Continuing

**A. Mission Description and Budget Item Justification**

This program element (PE) covers Office of Naval Research (ONR) corporate expenses including salaries, Information Technology (IT), and some of the day-to-day logistical costs. The vast majority of these items represent fixed costs associated with Scientists and Engineers supporting the Navy's Science and Technology (S&T) Programs.

The Defense Finance and Accounting Service (DFAS) Billings project 2353 funds accounting services provided to ONR and Navy Research and Development (R&D) activities.

The decrease in the Office of Naval Research Navy ERP project 3234 is due to reduced costs associated with the initial stand-up of N-ERP.

<b>B. Program Change Summary (\$ in Millions)</b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013 Base</u></b>	<b><u>FY 2013 OCO</u></b>	<b><u>FY 2013 Total</u></b>
Previous President's Budget	72.094	73.917	68.389	-	68.389
Current President's Budget	72.161	73.917	70.302	-	70.302
Total Adjustments	0.067	-	1.913	-	1.913
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	1.032	-			
• SBIR/STTR Transfer	-	-			
• Program Adjustments	-	-	2.819	-	2.819
• Rate/Misc Adjustments	-	-	-0.906	-	-0.906
• Congressional General Reductions	-0.965	-	-	-	-
Adjustments					

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<b>APPROPRIATION/BUDGET ACTIVITY</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 6: <i>RDT&amp;E Management Support</i>	<b>R-1 ITEM NOMENCLATURE</b> PE 0605861N: <i>RDT&amp;E Science &amp; Tech Mgmt</i>	
<b><u>Change Summary Explanation</u></b> Technical: Not applicable.  Schedule: Not applicable.		

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Exhibit R-2A, RDT&E Project Justification: PB 2013 Navy									DATE: February 2012		
APPROPRIATION/BUDGET ACTIVITY 1319: Research, Development, Test & Evaluation, Navy BA 6: RDT&E Management Support				R-1 ITEM NOMENCLATURE PE 0605861N: RDT&E Science & Tech Mgmt				PROJECT 0135: ONR Science & Technology Mgmt			
COST (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
0135: ONR Science & Technology Mgmt	68.045	66.712	66.625	-	66.625	66.147	66.120	66.809	67.899	Continuing	Continuing
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		

**A. Mission Description and Budget Item Justification**

This project supports ONR leadership, management and direction for the Naval S&T program. This project funds ONR Corporate salaries, communications, and other fixed costs at ONR Headquarters and field offices. ONR sponsors scientific advances, which lead to Future Naval Capabilities (FNC's), supporting the Fleet's ability to operate from a position of technological superiority. Functions performed include (1) scientific and technical direction of the nationwide 6.1 basic research program with colleges, universities, non-profit organizations and Naval Laboratories and Warfare Centers; (2) scientific and technical direction of the 6.2 applied research program through the Naval R&D laboratories and Warfare Centers and industry; (3) scientific and technical direction of the Naval 6.3 advanced technology development program through the Navy's R&D laboratories, Warfare Centers and industry; (4) management, resource formulation, program assessment, and contract negotiation/administration of the Navy basic research, applied research and advanced technology development program; and (5) coordination of the Navy's Technology Base program within the context of total DoD/Government (e.g., National Science Foundation, National Academy of Sciences) R&D initiatives in order to maximize scientific advances. This project also supports ONR management and direction for the following Navy-wide programs: Small Business Innovation Research, Naval Research Advisory Committee, Navy Patent Program, Historically Black Colleges and Universities/Minority Institutions Program, Navy Manufacturing Technology Program and the Ballistic Missile Submarine Nuclear (SSBN) Security Technology Program. In addition, this project supports ONR's Navy-wide responsibilities in the negotiation and establishment of indirect cost rates for DoD-assigned universities and performance of contract administration for all DoD contracts/grants at all colleges and universities.

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

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Title:</b> S&T MANAGEMENT SUPPORT	68.045	66.712	66.625
<b>Articles:</b>	0	0	0
<b>Description:</b> This project provides for basic costs and support of ONR Headquarters and its field activities in support of the entire Navy S&T program. Most all the funds in this project are fixed costs, such as salaries, and communications. Specifically, it pays the salaries of Scientific and Engineering and corporate business personnel who direct the execution of the Navy's basic research, applied research, and advanced technology development programs at the nation's universities/colleges, Navy laboratories, Warfare Centers, and private industry.			
<b>FY 2011 Accomplishments:</b> -This project provided for all basic costs and support of ONR Headquarters and its field activities in support of the entire Navy S&T program. Most all the funds in this project are fixed costs, such as salaries, and communications. Specifically, it pays the salaries of Scientific and Engineering and corporate business personnel who direct the execution of the Navy's basic research, applied			

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<b>APPROPRIATION/BUDGET ACTIVITY</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 6: <i>RDT&amp;E Management Support</i>	<b>R-1 ITEM NOMENCLATURE</b> PE 0605861N: <i>RDT&amp;E Science &amp; Tech Mgmt</i>	<b>PROJECT</b> 0135: <i>ONR Science &amp; Technology Mgmt</i>	
<b>B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)</b>		<b>FY 2011</b>	<b>FY 2012</b>
research, and advanced technology development programs at the nation's universities/colleges, Navy laboratories, Warfare Centers, and private industry.  <b>FY 2012 Plans:</b> - Continue all efforts of FY 2011.  <b>FY 2013 Plans:</b> - Continue all efforts of FY 2012.			
<b>Accomplishments/Planned Programs Subtotals</b>		68.045	66.712
<b>C. Other Program Funding Summary (\$ in Millions)</b> N/A			
<b>D. Acquisition Strategy</b> Not applicable.			
<b>E. Performance Metrics</b> This PE funds operating costs for ONR's mission. Program performance is measured by attaining financial benchmarks for planned obligations vs. actual obligations and planned expenditures vs. actual expenditures.			

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<b>COST (\$ in Millions)</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013 Base</b>	<b>FY 2013 OCO</b>	<b>FY 2013 Total</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
2353: <i>DFAS Billings</i>	1.815	2.549	2.406	-	2.406	2.423	2.418	2.441	2.490	Continuing	Continuing
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		

**A. Mission Description and Budget Item Justification**  
 This project provides funding for accounting services provided to the Office of Naval Research and other Navy research and development activities by the Defense Finance and Accounting Service (DFAS).

<b>B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Title:</b> TRANSACTIONS PROCESSED IN SUPPORT OF DON R&D  <div style="text-align: right;"><b>Articles:</b></div> <b>Description:</b> This project funds the DFAS bill for transactions processed in support of Department of the Navy R&D activities. Specific services include payroll, transportation, commercial invoices, travel, maintenance of trial balances, associated accounting and reporting.  <b>FY 2011 Accomplishments:</b> This project funded the DFAS bill for transactions processed in support of Department of the Navy R&D activities. Specific services include payroll, transportation, commercial invoices, travel, maintenance of trial balances, associated accounting and reporting.  <b>FY 2012 Plans:</b> - Continue all efforts of FY 2011.  <b>FY 2013 Plans:</b> - Continue all efforts of FY 2012.	1.815  0	2.549  0	2.406  0
<b>Accomplishments/Planned Programs Subtotals</b>	1.815	2.549	2.406

**C. Other Program Funding Summary (\$ in Millions)**  
 N/A

**D. Acquisition Strategy**  
 Not applicable.

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2013 Navy		<b>DATE:</b> February 2012
<b>APPROPRIATION/BUDGET ACTIVITY</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 6: <i>RDT&amp;E Management Support</i>	<b>R-1 ITEM NOMENCLATURE</b> PE 0605861N: <i>RDT&amp;E Science &amp; Tech Mgmt</i>	<b>PROJECT</b> 2353: <i>DFAS Billings</i>

**E. Performance Metrics**

This PE funds operating costs for ONR's mission. Program performance is measured by attaining financial benchmarks for planned obligations vs. actual obligations and planned expenditures vs. actual expenditures.

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<b>APPROPRIATION/BUDGET ACTIVITY</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 6: <i>RDT&amp;E Management Support</i>				<b>R-1 ITEM NOMENCLATURE</b> PE 0605861N: <i>RDT&amp;E Science &amp; Tech Mgmt</i>				<b>PROJECT</b> 3234: <i>Office of Naval Research - N-ERP</i>			
<b>COST (\$ in Millions)</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013 Base</b>	<b>FY 2013 OCO</b>	<b>FY 2013 Total</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
3234: <i>Office of Naval Research - N-ERP</i>	2.301	4.656	1.271	-	1.271	1.246	1.187	1.201	1.227	Continuing	Continuing
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		

**A. Mission Description and Budget Item Justification**

This project provides funding to support the site implementation costs for the Office of Naval Research transition to Navy's Enterprise Resource Planning (ERP) and to administratively track this continuing effort.

The decrease in the Office of Naval Research Navy ERP project 3234 is due to reduced costs associated with the initial stand-up of N-ERP.

<b>B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Title:</b> OFFICE OF NAVAL RESEARCH NAVY ERP  <div style="text-align: right;"><b>Articles:</b></div> <b>Description:</b> N-ERP implementation completes in FY2012.  <b>FY 2011 Accomplishments:</b> - This project funded expenses associated with ERP implementation at ONR.  <b>FY 2012 Plans:</b> - Continue N-ERP implementation.  <b>FY 2013 Plans:</b> - Continue N-ERP implementation and sustainment.	2.301 0	4.656 0	1.271 0
<b>Accomplishments/Planned Programs Subtotals</b>	2.301	4.656	1.271

**C. Other Program Funding Summary (\$ in Millions)**  
N/A

**D. Acquisition Strategy**  
Not applicable.

**E. Performance Metrics**  
This PE funds operating costs for ONR's mission. Program performance is measured by attaining financial benchmarks for planned obligations vs. actual obligations and planned expenditures vs. actual expenditures.