| Exhibit R-2, RDT&E Budget Item Justification: PB 2015 Operational Test and Evaluation, Defense | | | | | | | | | | | **Date:** March 2014 | |

Appropriation/Budget Activity	R-1 Program Element (Number/Name)
0460: *Operational Test and Evaluation, Defense I* BA 6: *RDT&E Management Support*	PE 0605118OTE *I Operational Test and Evaluation (OT&E)*

COST ($ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
Total Program Element	62.215	87.406	75.720	74.583	-	74.583	77.351	79.066	80.830	82.646	Continuing	Continuing
0605118OTE: *OT&E*	62.215	87.406	75.720	74.583	-	74.583	77.351	79.066	80.830	82.646	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

The FY 2015 OCO Request will be submitted at a later date.

A. Mission Description and Budget Item Justification

The Director of Operational Test and Evaluation (DOT&E) was created by Congress in 1983. The Director is responsible under Title 10 for policy and procedures for all aspects of Operational Test and Evaluation (OT&E) within the Department of Defense (DoD). Particular focus is given to OT&E that supports major weapon system production decisions for acquisition programs included on the Office of Secretary of Defense Test and Evaluation Oversight List that is prepared and approved annually. Generally, there are about 300 programs on the oversight list including all Major Defense Acquisition Programs (MDAP) and Major Automated Information Systems (MAIS). MDAPs may not proceed beyond low-rate initial production (BLRIP) until OT&E of the program is complete. DOT&E is involved early in the planning phase of each program to ensure adequate testing is planned and executed. Key elements of DOT&E's oversight authority include:

- The approval of component Test and Evaluation Master Plans (TEMPS).
- The approval of component OT&E Test Plans (TPs).
- Oversight of Military Department preparation and conduct of field operational tests; analysis and evaluation of the resultant test data; the assessment of the adequacy of the executed test and evaluation programs; and assessment of the operational effectiveness and suitability of the weapon systems.
- Reporting results of OT&E that supports BLRIP decisions to the Secretary of Defense and Congress, as well as providing an annual report summarizing all OT&E activities and the adequacy of test resources within DoD during the previous fiscal year.
- The review and make recommendations to the Secretary of Defense on all budgetary and financial matters related to OT&E, including operational test facilities, resources and ranges.

DOT&E also oversees and resources OT&E community efforts to plan and execute joint operational evaluations of information assurance and interoperability (IA and IOP) of fielded systems and networks during major Combatant Command (CCMD) and Service exercises, and reports the trends and findings in the annual report.

DOT&E is also involved in increasing the capacity to access realistically advanced cyber warfighting capabilities to keep pace with heightened demand for those capabilities, advancing technologies and the growing cyber threat.

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This Program Element includes funds to obtain Federally Funded Research and Development Center (FFRDC) support in performing the described tasks, travel funds to carry out oversight of the OT&E and IA and IOP programs, funds for Service teams performing information assurance and interoperability assessments during exercises, administrative support services, and engineering and technical support services related to the conduct of operational test and evaluation and exercise assessments.

B. Program Change Summary ($ in Millions)

	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO	FY 2015 Total
Previous President's Budget	72.501	75.720	78.743	-	78.743
Current President's Budget	87.406	75.720	74.583	-	74.583
Total Adjustments	14.905	-	-4.160	-	-4.160
• Congressional General Reductions	-0.121	-			
• Congressional Directed Reductions	-4.110	-			
• Congressional Rescissions	-	-			
• Congressional Adds	19.000	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	0.136	-			
• SBIR/STTR Transfer	-	-			
• Budget Control Act	-	-	-4.160	-	-4.160

Congressional Add Details ($ in Millions, and Includes General Reductions)

	FY 2013	FY 2014
Project: 0605118OTE: *OT&E*		
Congressional Add: *Cyber Testing Shortfall*	15.000	-
Congressional Add: *National Cyber Range Shortfall*	4.000	-
Congressional Add Subtotals for Project: 0605118OTE	19.000	-
Congressional Add Totals for all Projects	19.000	-

C. Accomplishments/Planned Programs ($ in Millions)

	FY 2013	FY 2014	FY 2015
Title: Operational Test and Evaluation	68.406	75.720	74.583

FY 2013 Accomplishments:
Operational Test and Evaluation Oversight

This effort is in direct support of the Director's Title 10 responsibilities and is a continuing effort. Funding for FY 2013 provided Operational Test and Evaluation inputs for Test and Evaluation Master Plans, Test Plans, System Acquisition Reports, Defense Acquisition Executive Summary Reports for those programs designated for oversight by DOT&E and OUSD(AT&L). Key elements

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C. Accomplishments/Planned Programs ($ in Millions)	FY 2013	FY 2014	FY 2015
of DOT&E oversight authority are identified in Calendar Year 2013 Office of the Secretary of Defense Test and Evaluation Oversight List. Information Assurance (IA) and Interoperability (IOP) Evaluations DOT&E oversaw and resourced 9 Combatant Command (CCMD) level and 3 Service level assessments in FY 2013. Of these, 4 were full IA and IOP, 6 were IA only assessments, and 2 were IOP only assessments. Eight other approved assessments were cancelled due to the down-scoping or cancellation of the CCMD/Service exercise. The operational impact against specific critical mission threads was assessed in the 10 IA assessments conducted in FY 2013. A more rigorous process to incorporate advanced cyber threats and the use of validated cyber TTP's by the supporting Red Teams was initiated in FY 2013 and is expected to continue as a primary objective of the assessment program. Fiscal year 2013 IA and IOP evaluations included trend analyses across prior year results, both within and across CCMDs. Critical findings were transmitted to Service and DoD leadership for their awareness and remediation actions, as appropriate. DOT&E continued efforts to support the full implementation on the CJCS EXORD as part of the assessment planning process, including development of threat assessments of the advanced cyber adversary and alignment Red Teams with these threat assessments. *FY 2014 Plans:* Operational Test and Evaluation Oversight This effort is in direct support of the Director's Title 10 responsibilities and is a continuing effort. Funding for FY 2014 provides Operational Test and Evaluation inputs for Test and Evaluation Master Plans, Test Plans, System Acquisition Reports, Defense Acquisition Executive Summary Reports for those programs designated for oversight by DOT&E and OUSD(AT&L). Key elements of DOT&E oversight authority are identified in Calendar Year 2014 Office of the Secretary of Defense Test and Evaluation Oversight List. Information Assurance (IA) and Interoperability (IOP) Evaluations DOT&E will oversee and resource 12 CCMD level and 5 Service level IA and IOP assessments in FY 2014 and conduct one assessment of a unit deployed to warfighting theater of operations. Additionally in FY 2014, DOT&E will resource the observation of 3 CCMD/Service exercises as potential future assessment venues. The portrayal of advanced-cyber threats and executing focused assessments of critical mission accomplishment in representative threat environments is a primary objective for all approved FY14 assessments. Fiscal year 2014 evaluations will include trend analyses across prior year results, both within and across CCMDs. Critical findings will be transmitted to Service and DoD leadership for their awareness and remediation actions,			

PE 0605118OTE: *Operational Test and Evaluation (OT&E)*
Operational Test and Evaluation, Defense

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C. Accomplishments/Planned Programs ($ in Millions)	FY 2013	FY 2014	FY 2015
as appropriate. The Joint Information Operations Range (JIOR) will support events across multiple CCMDs for added threat realism and required security during exercise assessments. New resources and emphasis will be added in FY 2014 to include expanded threat assessments of the advanced cyber adversary, more representative portrayal of the cyber adversary by Red Teams, and improvements to the JIOR that will support more operationally realistic and threat representative assessment and training events. ***FY 2015 Plans:*** Operational Test and Evaluation Oversight This effort is in direct support of the Director's Title 10 responsibilities and is a continuing effort. Funding for FY 2015 provides Operational Test and Evaluation inputs for Test and Evaluation Master Plans, Test Plans, System Acquisition Reports, Defense Acquisition Executive Summary Reports for those programs designated for oversight by DOT&E and OUSD(AT&L). Key elements of DOT&E oversight authority are identified in Calendar Year 2015 Office of the Secretary of Defense Test and Evaluation Oversight List. Information Assurance (IA) and Interoperability (IOP) Evaluations DOT&E will oversee and resource approximately 14 CCMD level and 5 Service level IA and IOP assessments in FY 2015. The ability of the assessed CCMD/Service to execute selected critical missions in a denied and/or degraded cyber environment is the primary objective for all FY 2015 assessments as it the portrayal of advanced-cyber threats. In partnership with US Cyber Command, DoD Red Team capabilities will be enhanced to reflect DIA cyber threat assessments, and application of these teams will be synchronized across Cyber Command and DOT&E priorities. Assessment support to units deploying to theaters of operation will continue as needed. Fiscal year 2015 IA and IOP evaluations will include trend analyses across prior year results, both within and across CCMDs. Critical findings will be transmitted to Service and DoD leadership for their awareness and remediation actions, as appropriate. The Joint Information Operations Range and other cyber range assets with Red Teams portraying advanced cyber adversaries will support the majority of CCMD exercises for added threat realism and required security.			
Accomplishments/Planned Programs Subtotals	68.406	75.720	74.583

	FY 2013	FY 2014
Congressional Add: Cyber Testing Shortfall	15.000	-
FY 2013 Accomplishments: $15M was provided and has been applied towards enhanced threat assessments of the advanced cyber adversary, development of Red Team capabilities to portray the advanced cyber		

	FY 2013	**FY 2014**
adversary, and creating a persistent cyber OPFOR to develop accesses and set initial conditions for exercise assessments and tests in a more cost-effective and threat-representative fashion.		
Congressional Add: National Cyber Range Shortfall	4.000	-
FY 2013 Accomplishments: $4M was provided and has been applied towards continued testing of the National Cyber Range to understand its current capabilities and develop future requirements. These funds have also been applied towards the development and employment of cyber environments to demonstrate cyber effects which are not appropriate for operational networks.		
Congressional Adds Subtotals	19.000	-

D. Other Program Funding Summary ($ in Millions)
 N/A
Remarks

E. Acquisition Strategy
 N/A

F. Performance Metrics
 Performance Measure: Percentage of required operational test planning documents, assessments, and reports applicable to acquisition programs on the OSD Test and Evaluation Oversight List and other special interest programs/legacy systems that are completed and delivered to the appropriate decision makers on time.

 Actual Performance and Goals:

Operational Test and Evaluation	FY 2013 (Actual)	FY 2014 (Goal)	FY 2015 (Goal)
On-Time Completion Rate	94%	95%	96%

 The on-time completion rate was computed on the basis of the number of required products that were submitted within established time standards relative to the total number of such products that fell due during the fiscal year. Products included in the measure include beyond low-rate initial production reports, Test Plans, and Test and Evaluation Master Plans for operational test and evaluation oversight as well as assessment plans, "quick look" reports, and final reports for the information assurance and interoperability testing associated with scheduled test events. DOT&E plans to maintain its on-time completion rates for FY 2014 and FY 2015 through continued management emphasis on timely delivery of required products to customer activities.