

**UNCLASSIFIED**

<b>Exhibit R-2, RDT&amp;E Budget Item Justification:</b> FY 2018 Office of the Secretary Of Defense	<b>Date:</b> May 2017
---	-----------------------

<b>Appropriation/Budget Activity</b> 0400: <i>Research, Development, Test &amp; Evaluation, Defense-Wide / BA 3: Advanced Technology Development (ATD)</i>					<b>R-1 Program Element (Number/Name)</b> PE 0603291D8Z / <i>Advanced Innovative Analysis &amp; Concepts - MHA</i>							
COST (\$ in Millions)	Prior Years	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
Total Program Element	0.000	0.000	0.000	15.000	0.000	15.000	15.000	15.000	15.000	15.000	Continuing	Continuing
1: <i>SCO Operational Costs</i>	-	0.000	0.000	15.000	0.000	15.000	15.000	15.000	15.000	15.000	Continuing	Continuing

**Note**

This is not a new start program. Program was established in FY 2018 and funds transferred from PE 0603289D8Z / Advanced Innovative Analysis and Concepts to identify Management Headquarters Activities (MHA).

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

The Strategic Capabilities Office (SCO) conducts analysis to identify and accelerate the development, demonstration, and transition of potentially game-changing capabilities to shape and counter emerging threats and improve U.S. security posture. This funding line was established in FY 2018 from transferred funds from PE 0603289D8Z / Advanced Innovative Analysis and Concepts, to be used for MHA related endeavors.

<b><u>B. Program Change Summary (\$ in Millions)</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018 Base</u></b>	<b><u>FY 2018 OCO</u></b>	<b><u>FY 2018 Total</u></b>
Previous President's Budget	0.000	0.000	0.000	0.000	0.000
Current President's Budget	0.000	0.000	15.000	0.000	15.000
Total Adjustments	0.000	0.000	15.000	0.000	15.000
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Transferred funds from PE 0603289D8Z / Advanced Innovative Analysis and Concepts	0.000	0.000	15.000	0.000	15.000

**Change Summary Explanation**

PE 0603291D8Z Advanced Innovative Analysis & Concepts - MHA, was established in FY 2018 from transferred funds from PE 0603289D8Z / Advanced Innovative Analysis and Concepts and is not a new program.

**UNCLASSIFIED**

Exhibit R-2A, RDT&E Project Justification: FY 2018 Office of the Secretary Of Defense										Date: May 2017		
Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603291D8Z / Advanced Innovative Analysis & Concepts - MHA				Project (Number/Name) 1 / SCO Operational Costs			
COST (\$ in Millions)	Prior Years	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
1: SCO Operational Costs	-	0.000	0.000	15.000	0.000	15.000	15.000	15.000	15.000	15.000	Continuing	Continuing
<b>Note</b> PE 0603291D8Z Advanced Innovative Analysis & Concepts - MHA, which is not a new program was established in FY 2018 from transferred funds from PE 0603289D8Z / Advanced Innovative Analysis and Concepts.												
<b>A. Mission Description and Budget Item Justification</b> The Strategic Capabilities Office (SCO) conducts analysis to identify and accelerate the development, demonstration, and transition of potentially game-changing capabilities to shape and counter emerging threats and improve U.S. security posture. This funding line was established in FY 2018 from transferred funds from PE 0603289D8Z / Advanced Innovative Analysis and Concepts for MHA endeavors.												
<b>B. Accomplishments/Planned Programs (\$ in Millions)</b>							FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	
<b>Title:</b> SCO Operational Costs - MHA							0.000	0.000	15.000	0.000	15.000	
<b>Description:</b> The Strategic Capabilities Office (SCO) conducts analysis to identify and accelerate the development, demonstration, and transition of potentially game-changing capabilities to shape and counter emerging threats and improve U.S. security posture. This funding line which is not a new program was established in FY 2018 from transferred funds from PE 0603289D8Z / Advanced Innovative Analysis and Concepts for MHA related endeavors.												
<b>FY 2016 Accomplishments:</b> N/A												
<b>FY 2017 Plans:</b> N/A												
<b>FY 2018 Base Plans:</b> The Strategic Capabilities Office will utilize this funding for MHA related endeavors which will enable continued analysis, development, demonstration, and transition of capabilities to counter emerging threats and improve U.S. security posture.												
<b>FY 2018 OCO Plans:</b> N/A												
Accomplishments/Planned Programs Subtotals							0.000	0.000	15.000	0.000	15.000	

**UNCLASSIFIED**

Exhibit R-2A, RDT&E Project Justification: FY 2018 Office of the Secretary Of Defense										Date: May 2017	
Appropriation/Budget Activity 0400 / 3				R-1 Program Element (Number/Name) PE 0603291D8Z / Advanced Innovative Analysis & Concepts - MHA				Project (Number/Name) 1 / SCO Operational Costs			
C. Other Program Funding Summary (\$ in Millions)											
Line Item	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
• 39: 0603291D8Z / Advanced Innovative Analysis & Concepts - MHA	0.000	0.000	15.000	0.000	15.000	15.000	15.000	15.000	15.000	Continuing	Continuing
• 95: PE 0604250D8Z / Advanced Innovative Technologies	459.966	844.870	1,168.832	0.000	1,168.832	947.802	612.173	89.365	103.000	Continuing	Continuing
• 4GTN: PE 0903289D8Z / Operation & Maintenance /	0.000	0.000	4.144	0.000	4.144	14.200	18.060	16.499	16.883	Continuing	Continuing
• 40: PE 0603289D8Z / Advanced Innovative Analysis and Concepts	48.873	57.020	37.674	0.000	37.674	37.513	37.925	38.762	39.892	Continuing	Continuing
Remarks											
PE 0603291D8Z Advanced Innovative Analysis & Concepts - MHA was established in FY 2018 from transferred funds from PE 0603289D8Z / Advanced Innovative Analysis and Concepts. This is not a new program element.											
D. Acquisition Strategy											
N/A											
E. Performance Metrics											
Performance metrics will be specific to each of the MHA's that are funded. All of which include measures identified in the management approach, Statement of Work (SOW), and Period of Performance (POP). In addition, completions and successes are monitored against schedules and deliverables stated in the initiative's management approach.											

**UNCLASSIFIED**

<b>Exhibit R-3, RDT&amp;E Project Cost Analysis:</b> FY 2018 Office of the Secretary Of Defense		<b>Date:</b> May 2017
<b>Appropriation/Budget Activity</b> 0400 / 3	<b>R-1 Program Element (Number/Name)</b> PE 0603291D8Z / <i>Advanced Innovative Analysis &amp; Concepts - MHA</i>	<b>Project (Number/Name)</b> 1 / <i>SCO Operational Costs</i>
<b><u>Remarks</u></b> Management Headquarters Activities - MHA's that are funded under the Advanced Innovative Analysis & Concepts.		