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| Exhibit R-2, RDT&E Budget Item Justification: FY 2018 Defense Logistics Agency | Date: May 2017 |
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| Appropriation/Budget Activity | R-1 Program Element (Number/Name) | | | | | | | | | | | |
|--|--|----------------|----------------|---------------------|--------------------|----------------------|----------------|----------------|----------------|----------------|-------------------------|-------------------|
| 0400: <i>Research, Development, Test & Evaluation, Defense-Wide / BA 5: System Development & Demonstration (SDD)</i> | PE 0605070S / DoD Enterprise Systems Development and Demonstration | | | | | | | | | | | |
| 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 | 76.178 | 11.501 | 5.660 | 6.266 | - | 6.266 | 3.200 | 2.400 | 1.500 | 0.750 | Continuing | Continuing |
| 4: <i>Defense Information System for Security (DISS)</i> | 62.020 | 8.299 | 0.000 | 0.000 | - | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 70.319 |
| 9: <i>Enterprise Funds Distribution (EFD)</i> | 14.158 | 3.202 | 5.660 | 6.266 | - | 6.266 | 3.200 | 2.400 | 1.500 | 0.750 | Continuing | Continuing |
| 11: <i>Next Generation Resource Management System (NGRMS)</i> | 0.000 | 0.000 | 0.000 | 0.000 | - | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |

A. Mission Description and Budget Item Justification

The mission of the DoD Enterprise Business Systems (DEBS) is to coordinate and enable business transformation efforts across the Department of Defense (DoD). The DLA recognizes that DoD's business enterprise must be closer to its warfighting customers than ever before. Joint military requirements drive the need for greater commonality and integration of business and financial operations.

| B. Program Change Summary (\$ in Millions) | FY 2016 | FY 2017 | FY 2018 Base | FY 2018 OCO | FY 2018 Total |
|---|----------------|----------------|---------------------|--------------------|----------------------|
| Previous President's Budget | 11.912 | 12.631 | 12.639 | - | 12.639 |
| Current President's Budget | 11.501 | 5.660 | 6.266 | - | 6.266 |
| Total Adjustments | -0.411 | -6.971 | -6.373 | - | -6.373 |
| • Congressional General Reductions | - | - | | | |
| • Congressional Directed Reductions | - | - | | | |
| • Congressional Rescissions | - | - | | | |
| • Congressional Adds | - | - | | | |
| • Congressional Directed Transfers | - | - | | | |
| • Reprogrammings | - | - | | | |
| • SBIR/STTR Transfer | -0.411 | - | | | |
| • EFD Phase II Development & Deployment | - | - | 0.620 | - | 0.620 |
| • PB17 Amended Program Increase | - | 1.860 | - | - | - |
| • NGRMS Sunset | - | -8.831 | -8.853 | - | -8.853 |
| • PB18 Program Increase - EFD | - | - | 1.860 | - | 1.860 |

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| Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide / BA 5: System Development & Demonstration (SDD)</i> | | R-1 Program Element (Number/Name) PE 0605070S / <i>DoD Enterprise Systems Development and Demonstration</i> |
| <p><u>Change Summary Explanation</u></p> <p>A full-year FY 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.</p> <p>EFD Base: FY17PB (\$3.800M) + Request for Additional Appropriations (\$1.860M required to address emergency warfighter readiness. Funds are in support of the RDT&E Project Enterprise Funds Distribution (EFD) Phase 2 Design, Development, and Deployment. These funds are needed to ensure continued on time development and software upgrades for EFD capability, specifically the SFIS/GL requirements required by 30 September 2017 to support DOD Audit compliance mandate. Additionally, these funds are needed to ensure remaining Phase 2 requirements are designed/deployed on time to eliminate on going excessive parallel data entry operations required from the DOD EFD user community. Such operations jeopardize data integrity and negatively impact audit readiness preparation efforts.)</p> <p>NGRMS Base: FY17PB (\$8.831M) + Request for Additional Appropriations (-\$8.831M realigned for NGRMS from the Defense Logistics Agency to OSD to align funding with the program office for more efficient execution.)</p> <p>PB18 NGRMS was removed across the FYDP as the program has been fully sunsetted. Some of the NGRMS was omnibus reprogrammed to Enterprise Funds Distribution (EFD).</p> | | |

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| Exhibit R-2A, RDT&E Project Justification: FY 2018 Defense Logistics Agency | | | | | | | | | | Date: May 2017 | | |
|---|----------------|---------|---------|-----------------|--|------------------|---------|---------|--|----------------|---------------------|---------------|
| Appropriation/Budget Activity 0400 / 5 | | | | | R-1 Program Element (Number/Name) PE 0605070S / DoD Enterprise Systems Development and Demonstration | | | | Project (Number/Name) 4 / Defense Information System for Security (DISS) | | | |
| 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 |
| 4: Defense Information System for Security (DISS) | 62.020 | 8.299 | 0.000 | 0.000 | - | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 70.319 |
| Quantity of RDT&E Articles | - | - | - | - | - | - | - | - | - | - | | |

A. Mission Description and Budget Item Justification

The Defense Information System for Security (DISS) is a systems solution that specifically addresses the security clearance and suitability adjudicative requirements of Section 3001 of Public Law 108-458, the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) and the Joint Reform Team's Security and Suitability Process Reform Strategic Framework as published in February 2010 which requires 90% of all clearances - whether Top Secret, Secret, or Confidential - to be completed within 60 days. The first 40 days is to complete the investigative phase and the remaining 20 days is to complete the adjudicative phase of the clearance review. In addition to national security clearance determinations, DISS supports Suitability and Homeland Security Presidential Directive 12 (HSPD-12) credentialing eligibility compliance across the Department of Defense (DoD). The DISS will electronically collect, review, and share relevant data, government-wide, as mandated by the IRTPA and, guided by relevant Executive Orders, Congress, and Government Accountability Office (GAO) recommendations, deliver and maintain an appropriately vetted world-class workforce.

The DISS is comprised of two key application components: the Case Adjudication Tracking System (CATS) and the Joint Verification System (JVS). Currently, CATS is deployed in multiple versions (V1-V3) at the DoD Central Adjudication Facility (CAF); whereas the CATS component of DISS will upgrade CATS (V1-V3) technology stack and consolidate capabilities into a single baseline in FY2017. CATS (V1-V3) are operational fulfilling the requirements to receive background investigations and adjudicate national security, suitability and HSPD12 credentialing eligibility determinations via electronic and human adjudication processes. Historically, CATS electronically rendered favorable adjudicative decisions for approximately 24% of Secret-level cases. New Tier 3 e-Adjudication business rules for access to Secret information were approved in September 2016. JVS will be used by the security management community to manage subject's access to information based on eligibility, communicate with the CAF, manage subject incidents, and additional subject details such as reporting, travel, and relationships. The DISS will incrementally deploy additional capabilities to address functionality gaps between DISS and the Joint Personnel Adjudication System (JPAS). DISS will enable consistent standards throughout the collateral DoD Personnel Security, Suitability and HSPD12 mission areas. CATS (V1-V3) instances and JPAS, once fully replaced by DISS, will be decommissioned. JPAS is projected to be decommissioned in FY2019 but this may be adjusted based upon DISS deployments.

B. Accomplishments/Planned Programs (\$ in Millions)

| | FY 2016 | FY 2017 | FY 2018 |
|---|----------------|----------------|----------------|
| Title: Defense Information System for Security (DISS) | 8.299 | - | - |
| Description: The DISS CATS has been designated as the DoD non-Intelligence Community IT system for case management and adjudications by the 10 April 2009 USD(I) memo "Designation of the DoD Case Management and Adjudication Systems." Currently, CATS processes over 500,000 cases annually; electronically producing favorable adjudicative decisions for approximately 24% of Secret level cases. | | | |

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| Exhibit R-2A, RDT&E Project Justification: FY 2018 Defense Logistics Agency | | Date: May 2017 | |
| Appropriation/Budget Activity 0400 / 5 | R-1 Program Element (Number/Name) PE 0605070S / DoD Enterprise Systems Development and Demonstration | Project (Number/Name) 4 / Defense Information System for Security (DISS) | |
| B. Accomplishments/Planned Programs (\$ in Millions) | | FY 2016 | FY 2017 |
| <p>Further, the 3 May 2012 Deputy Secretary of Defense Memo "DoD Central Adjudication Facilities (CAF) Consolidation" consolidated all DoD CAF into one consolidated DoD CAF responsible for personnel security adjudicative functions as well as favorable Suitability and HSPD-12 adjudications. The DISS (CATS) is the DOD CAF's designated IT case management system.</p> <p>Achieving the above goals will significantly enhance the operational readiness of the national security community and the Federal government. It will decrease the time required to get an individual through the investigation process. It will strengthen and reinforce reciprocity throughout the federal community by eliminating redundant or incomplete investigations by standardizing adjudicative decisions and by making available to all agencies adjudicative determinations of the Federal government.</p> <p>FY 2016 Accomplishments:</p> <ul style="list-style-type: none"> • Completed Seaside, CA Phase I infrastructure build in preparation for Washington Headquarter Services (WHS) Go-Live • OPM tiered case ingest successfully tested across all Legacy CATS versions • Developed DISS Portal training artifacts • Received final draft DISS hierarchy structures for the Components and WHS • Completed End User Evaluation (EUE) • System categorized and security controls identified • The DISS System of Record Notice (SoRN) was promulgated | | | |
| Accomplishments/Planned Programs Subtotals | | 8.299 | - |
| C. Other Program Funding Summary (\$ in Millions) | | | |
| N/A | | | |
| Remarks | | | |
| D. Acquisition Strategy | | | |
| <p>On May 09, 2013, the DISS CATS received a Full Deployment (FD) Acquisition Decision Memorandum (ADM) which acknowledged that CATS was operationally fielded at the five adjudication facilities and authorized the DISS PMO to enhance and field a consolidated CATS (CATS v4) and its associated portal in order to improve the lifecycle management of the CATS by consolidating the existing CATS applications into a consolidated CATS application that uses a single database. The July 11, 2014 "DISS Acquisition Strategy Revision Acquisition Decision Memorandum" revised the DISS acquisition strategy to field the remaining JVS capability not contained in the CATS. The JVS Milestone B Acquisition Decision Memorandum (ADM) was signed in FY15 Q2 and this initiated the Engineering Development phase in which the program will refine system requirements, configure the software, build functionality, conduct developmental testing, and plan for operational testing. These activities will continue until a Full Deployment Decision (FDD) is made.</p> | | | |

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| Appropriation/Budget Activity 0400 / 5 | R-1 Program Element (Number/Name) PE 0605070S / <i>DoD Enterprise Systems Development and Demonstration</i> | Project (Number/Name) 4 / <i>Defense Information System for Security (DISS)</i> |
| <p>The DISS PMO is responsible for program execution and will employ contract types as directed by the agency contracts policies in order to support the delivery and sustainment of the DISS Capabilities. DISS development contractors employ an agile development methodology to allow for a flexible approach that incorporates user requirements and feedback throughout the development lifecycle while meeting delivery requirements as prescribed by the associated development contract. The Agile development methodology allows for the fielding of incremental capabilities IAW the program's acquisition approach.</p> <p><u>E. Performance Metrics</u> N / A</p> | | |

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|---|----------------|---------|---------|-----------------|--|------------------|---------|---------|--|----------------|---------------------|---------------|
| Appropriation/Budget Activity 0400 / 5 | | | | | R-1 Program Element (Number/Name) PE 0605070S / DoD Enterprise Systems Development and Demonstration | | | | Project (Number/Name) 9 / Enterprise Funds Distribution (EFD) | | | |
| 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 |
| 9: Enterprise Funds Distribution (EFD) | 14.158 | 3.202 | 5.660 | 6.266 | - | 6.266 | 3.200 | 2.400 | 1.500 | 0.750 | Continuing | Continuing |
| Quantity of RDT&E Articles | - | - | - | - | - | - | - | - | - | - | | |

A. Mission Description and Budget Item Justification

Enterprise Funds Distribution (EFD) is a multi-service/multi-agency solution established as a key initiative to provide full visibility of funds distributed through echelon I and II for the Military Departments and at all levels for the Defense Agencies to improve and modernize the OUSD(C) funds distribution process. Funds distribution by its nature is a key enabler of financial visibility within DoD enterprise systems. The concept of a fully visible enterprise funds distribution process serves as a reference where planned and coordinated funds development and execution takes place.

Within the current DoD environment, progress has been made streamlining a diverse set of stove-piped budget execution and funds distribution processes and systems. Efforts continue to improve the visibility of funding information, eliminate manual efforts and undue complexities to the management of budget authority, and to eliminate impediments in the flow of funding documents. The current environment relies heavily on manual processing and on disconnected standalone systems for the processing of Funding Authorization Documents (FADs) and reprogramming actions. This environment made the implementation of internal controls difficult, negatively impacted the accuracy and timeliness of information while making the processes of integrating and obtaining management information arduous.

The envisioned operational environment solves these problems by enabling lifecycle program value management in a web-based application utilizing an authoritative database with single-source data entry and automated workflow. Capabilities within this integrated environment will enable the automation of all funds distribution and funds control processes within OUSD(C) using authoritative and highly visible data. Specifically, capabilities include managing apportionments, distributing budget authority to the Military Departments and Defense Agencies, managing rescissions and continuing resolutions, creating and tracking reprogramming actions, and establishing program baselines and budget authority needed to support changes in funding priorities throughout the year.

The operational environment includes organizational elements down to the echelon II level responsible for managing DoD and Component appropriations operating in an unclassified environment. The web-based application provides pre-planning, apportionment, reprogramming, rescission, continuing resolution, reporting of enterprise-level funds control and distribution of appropriated funding.

B. Accomplishments/Planned Programs (\$ in Millions)

| | FY 2016 | FY 2017 | FY 2018 |
|---|----------------|----------------|----------------|
| Title: Enterprise Funds Distribution (EFD) | 3.202 | 5.660 | 6.266 |
| Description: EFD will distribute funds to the Military Departments and the Defense Agencies. | | | |
| FY 2016 Accomplishments: | | | |

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| Appropriation/Budget Activity 0400 / 5 | R-1 Program Element (Number/Name) PE 0605070S / DoD Enterprise Systems Development and Demonstration | Project (Number/Name) 9 / Enterprise Funds Distribution (EFD) | |
| B. Accomplishments/Planned Programs (\$ in Millions) | | FY 2016 | FY 2017 |
| <ul style="list-style-type: none"> Implemented onto EFD the BRAC and non-general fund accounts (such as Special, Trust, Revolving, and Deposit funds). The efforts for implementation include requirements review, functional and technical analysis, system configuration/development, data conversion, and testing. Provided training to the end users who are responsible for the BRAC and non-general funds accounts. Conducted transition activities in preparation for DFAS to sustain the system. Converted the funding data for years prior to FY16 for the Defense Organizations that were implemented onto EFD as part of the Phase 2 efforts. Deployed Software upgrade Momentum 7.3 to current user base. <p>FY 2017 Plans:</p> <ul style="list-style-type: none"> Begin implementation of core EFD Phase 2 functionality and determine user group migration strategy. Determine strategy for development and deployment of remainder of requirements aligned with user group migration. . <p>FY 2018 Plans:</p> <ul style="list-style-type: none"> Continue development and deployment of EFD Phase 2 requirements based on user group migration strategy. | | | |
| Accomplishments/Planned Programs Subtotals | | 3.202 | 5.660 |
| C. Other Program Funding Summary (\$ in Millions) | | | |
| N/A | | | |
| Remarks | | | |
| D. Acquisition Strategy | | | |
| The EFD strategy is to use a "single acquisition to full capability," commercial-off-the-shelf (COTS) solution (Momentum software). The effort needed to ensure EFD is fully implemented for all appropriation data for the Military Services and Defense Organizations has led to a full deployment date of September 2016. | | | |
| E. Performance Metrics | | | |
| <ul style="list-style-type: none"> For performance, the objective is that 100% of the SFIS elements are SFIS compliant at FD. | | | |

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|---|-------------|---------|---------|--------------|---|---------------|---------|---------|--|----------------|------------------|------------|
| Appropriation/Budget Activity 0400 / 5 | | | | | R-1 Program Element (Number/Name) PE 0605070S / DoD Enterprise Systems Development and Demonstration | | | | Project (Number/Name) 11 / Next Generation Resource Management System (NGRMS) | | | |
| 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 |
| 11: Next Generation Resource Management System (NGRMS) | 0.000 | 0.000 | 0.000 | 0.000 | - | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Quantity of RDT&E Articles | - | - | - | - | - | - | - | - | - | - | | |

A. Mission Description and Budget Item Justification

The Department's budget focuses on institutionalizing and financing our capabilities to fight the wars we are in today and the scenarios we are most likely to face in the years ahead, while at the same time mitigating risk and providing for contingency operations. It also includes a fundamental overhaul of the DoD's approach to procurement, acquisition, and contracting. As such, the complex details of budgeting and tracking of funds become increasingly critical to senior leader decision making and to provide accountability to the taxpayer. Incorporating information technology toward current and emerging business processes manifesting into a state-of-the art system of systems will result in increasing efficiencies, timely diagnostics, and reducing lifecycle costs to maintain, sustain and repair.

Today, the Office of the Under Secretary of Defense Comptroller OUSD(C) and the Cost Analysis and Program Evaluation (CAPE) use various distinct automated systems (Comptroller Information System (CIS), Program Resource Collection Process (PRCP), Supplemental Resource Collection Process (SRCP), Budget Exhibits Generator and Standard Data Collection System (SDCS)) to formulate, justify, and execute DoD budgets. These six or more systems interact with at least several computer-based systems controlled by external organizations and agencies. These systems manage very similar financial information, yet each uses its own scheme for representing information. Much of the information managed by these systems is redundant. Cross-system data representations and redundancies make it difficult to exchange and to reconcile information. The capabilities provided by Comptroller systems, in some cases, fail to deliver services needed by its users, or fail to operate in ways that complement current and emerging business practices. They fail to give executives information in a comprehensible form, making it difficult to draw conclusions. Data disparities and functional redundancy make these systems more costly to maintain than they need to be.

There is a critical need for the development of a state-of-the-art information technology system to modernize and replace multiple, antiquated legacy systems and processes used to formulate, justify, present and defend the entire Department of Defense Budget in the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) to meet Title 10 and Title 31 mission and reporting requirements. The Comptroller's plan for mitigating the deficiencies and capability gaps associated with current systems is development of the Next Generation Resource Management System.

This initiative exploits emerging technology, processes, trends, capabilities, and techniques to incorporate state-of-the-art information technology enabling the ability, agility, and level of fidelity to collect, process, administer and report resource management data and to automate business processes within a more robust analytical environment within the Office of the Under Secretary of Defense (Comptroller) OUSD(C). Funded efforts will improve the timeliness of resource management reviews and decisions for senior leaders and Congress.

| | | | |
|---|----------------|----------------|----------------|
| B. Accomplishments/Planned Programs (\$ in Millions) | FY 2016 | FY 2017 | FY 2018 |
| Title: Next Generation Resource Management Service (NGRMS) | 0.000 | 0.000 | 0.000 |

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| Exhibit R-2A, RDT&E Project Justification: FY 2018 Defense Logistics Agency | | Date: May 2017 | |
| Appropriation/Budget Activity 0400 / 5 | R-1 Program Element (Number/Name) PE 0605070S / <i>DoD Enterprise Systems Development and Demonstration</i> | Project (Number/Name) 11 / <i>Next Generation Resource Management System (NGRMS)</i> | |
| B. Accomplishments/Planned Programs (\$ in Millions) | | FY 2016 | FY 2017 |
| <i>FY 2016 Accomplishments:</i> N/A. This program is currently being managed by OSD(C) and will be transferred to DLA in FY 2017. | | | |
| <i>FY 2017 Plans:</i> AMENDED BUDGET REQUEST JUSTIFICATION: FY17 OMNIBUS Reprogramming: -\$8.831 million is realigned for NGRMS from the Defense Logistics Agency to OSD to align funding with the program office for more efficient execution. | | | |
| <i>FY 2018 Plans:</i> Historical data migration from the legacy systems, development and deployment of integrated program budget submission capability (increment 2.0), and requirements development for increment 3.0 | | | |
| Accomplishments/Planned Programs Subtotals | | 0.000 | 0.000 |
| C. Other Program Funding Summary (\$ in Millions) | | | |
| N/A | | | |
| Remarks | | | |
| D. Acquisition Strategy | | | |
| Milestone C for Increment 2.0 3Q FY2017 | | | |
| Full Deployment Decision (FDD) for Increment 2.0 3Q FY2017 | | | |
| Increment 3.0 development and acceptance 3Q FY 2017 - 3Q FY 2018 | | | |
| Increment 4.0 development and acceptance 3Q FY 2018 – 2Q FY 2020 | | | |
| E. Performance Metrics | | | |
| N/A. | | | |