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**Department of Defense
Fiscal Year (FY) 2017 Request for Additional Appropriations**

March 2017



Missile Defense Agency

Defense-Wide Justification Book Volume 2b of 2

Procurement, Defense-Wide
(Includes O&M)

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Missile Defense Agency • Request for Additional Appropriations FY 2017 • Procurement

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Defense-Wide

March Budget Amendment to the FY 2017 President's Budget Request for BASE + Overseas Contingency Operations (OCO)
 Exhibit P-1 March Budget Amendment to the FY 2017 President's Budget Request for BASE + Overseas Contingency Operations (OCO)
 Total Obligational Authority 13 Mar 2017
 (Dollars in Thousands)

Appropriation: 0300D Procurement, Defense-Wide

Line No	Item Nomenclature	Ident Code	FY 2017 PB Request Base Quantity	Cost	FY 2017 Mar Amended Request Base Quantity	Cost	FY 2017 Revised PB Request Base Quantity	Cost	S e c
Budget Activity 01: Major Equipment									
Major Equipment, Missile Defense Agency									
22	THAAD	B	24	369,608	12	151,000	36	520,608	U
23	Aegis BMD	B	35	463,801			35	463,801	U
24	BMDS AN/TPY-2 Radars	A		5,503				5,503	U
25	Aegis Ashore Phase III	B		57,493				57,493	U
26	Iron Dome	A		42,000				42,000	U
27	Aegis BMD Hardware and Software	A	6	50,098			6	50,098	U
Total Major Equipment				988,503		151,000		1,139,503	
Total Procurement, Defense-Wide				988,503		151,000		1,139,503	

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Line Item Table of Contents (by Appropriation then Line Number)

Appropriation 0300D: Procurement, Defense-Wide

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Line Item Title	Line Item Number	Line #	BA	BSA	Page
THAAD	MD07	22	01	17.....	Volume 2b - 1

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Missile Defense Agency
Fiscal Year (FY) 2017 Request for Additional Appropriations
Operation and Maintenance, Defense Wide
O&M FUNDING BY BUDGET ACTIVITY/ACTIVITY GROUP/SUBACTIVITY GROUP

	<u>BA01</u>	<u>BA02</u>	<u>BA03</u>	<u>BA04</u>	<u>TOTAL</u>
FY 2017 President's Budget	0	0	0	446,975	446,975
1. Program Increases Total	0	0	0	20,300	20,300
a) Amended Budget Submission Increases					
(1) Cobra Dane Sustainment	0	0	0	10,600	10,600
(2) AN/TPY-2 Maintenance	0	0	0	9,700	9,700
2. Program Decreases Total	0	0	0	0	0
a) Amended Budget Submission Decreases					
3. Functional Transfers Total	0	0	0	0	0
a) Functional Transfer Increases					
b) Functional Transfer Decreases					
FY 2017 Request for Additional Appropriations	0	0	0	0	0
FY 2017 Total Request	0	0	0	467,275	467,275

Exhibit O-1 O&M Funding by Budget Activity/Activity Group/Subactivity Group

Missile Defense Agency
Fiscal Year (FY) 2017 Request for Additional Appropriations
Operation and Maintenance, Defense-Wide
Budget Activity: Administration and Servicewide Activities
Activity Group: Administration and Servicewide Activities
Detail by Subactivity Group: Missile Defense Agency

FY 2017 President's Budget	\$ 446,975
FY 2017 Amended Budget Submission	\$ 467,275
 1. Functional Transfers	 \$0
 2. Program Increases.....	 \$ 20,300
a) ABS Increases.....	\$ 20,300
i) Cobra Dane	\$ 10,600
Keep the radar continuously fully mission capable (24 hours a day/7 days a week/365 days a year) to defend the Homeland against limited intermediate and long range ballistic missile threats.	
OP-32 Lines Affected	
987 – Other Intra-Governmental Purchases	
ii) AN/TPY-2.....	\$ 9,700
Assess and perform deep maintenance, reliability upgrades, generator/alternator refurbishments, replacement of failing and damaged components, and perform corrosion mitigation.	
OP-32 Lines Affected	
922 – Equipment Maintenance by Contract	
 3. Program Decreases.....	 \$0
 FY17 Total Request	 \$ 467,275

Exhibit OP-5, Subactivity Group 11A

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Exhibit P-40, Budget Line Item Justification: Request for Additional Appropriations 2017 Missile Defense Agency										Date: March 2017		
Appropriation / Budget Activity / Budget Sub Activity: 0300D: Procurement, Defense-Wide / BA 01: Major Equipment / BSA 17: Major Equipment, Missile Defense Agency							P-1 Line Item Number / Title: MD07 / THAAD					
ID Code (A=Service Ready, B=Not Service Ready): B				Program Elements for Code B Items: 0603881C, 0603884C				Other Related Program Elements: 0603881C, 0603884C				
Line Item MDAP/MAIS Code: 362												
Resource Summary	Prior Years	FY 2015	FY 2016	FY 2017 Base	FY 2017 OCO	FY 2017 Total	FY 2018	FY 2019	FY 2020	FY 2021	To Complete	Total
Procurement Quantity (<i>Units in Each</i>)	155	38	34	36	-	36	35	32	30	28	77	465
Gross/Weapon System Cost (<i>\$ in Millions</i>)	2,700.662	449.478	447.971	520.608	-	520.608	451.592	440.883	405.015	420.829	1,427.710	7,264.748
Less PY Advance Procurement (<i>\$ in Millions</i>)	-	-	-	-	-	-	-	-	-	-	-	-
Net Procurement (P-1) (<i>\$ in Millions</i>)	2,700.662	449.478	447.971	520.608	-	520.608	451.592	440.883	405.015	420.829	1,427.710	7,264.748
Plus CY Advance Procurement (<i>\$ in Millions</i>)	-	-	-	-	-	-	-	-	-	-	-	-
Total Obligation Authority (<i>\$ in Millions</i>)	2,700.662	449.478	447.971	520.608	-	520.608	451.592	440.883	405.015	420.829	1,427.710	7,264.748
<i>(The following Resource Summary rows are for informational purposes only. The corresponding budget requests are documented elsewhere.)</i>												
Initial Spares (<i>\$ in Millions</i>)	-	-	-	-	-	-	-	-	-	-	-	-
Flyaway Unit Cost (<i>\$ in Millions</i>)	11.378	10.100	10.100	12.052	-	12.052	11.765	12.031	12.031	13.713	17.037	14.337
Gross/Weapon System Unit Cost (<i>\$ in Millions</i>)	17.424	11.828	13.176	14.461	-	14.461	12.903	13.778	13.501	15.030	18.542	15.623
Description: Terminal High Altitude Area Defense (THAAD) is an element of the Terminal Defense Segment (TDS) of the Ballistic Missile Defense System (BMDS). THAAD enhances the TDS by deepening, complementing, and extending the BMDS battlespace and capability to engage ballistic targets in the late mid-course and terminal phases of their trajectory. THAAD Army Navy / Transportable Radar Surveillance - Model 2 (AN/TPY-2) is a surveillance sensor providing data to cue other elements of the BMDS. The THAAD system, in conjunction with the fielded PATRIOT system, provides the TDS for the Missile Defense Agency (MDA) objective of enhancing the BMDS capability. Five major components (Interceptors, Launchers, AN/TPY-2 Radar, THAAD Fire Control and Communication (TFCC) Tactical Station Groups (TSG), and Peculiar Support Equipment) comprise the THAAD system.												
Justification: The FY 2017 budget request decrease from FY 2016 is driven primarily by a decrease in THAAD interceptor procurement quantity from 30 to 24. The FY 2017 budget request funds 24 THAAD Interceptors, and includes the THAAD Stockpile Reliability Program, obsolescence mitigation efforts, battery modernization, Missile Round Pallet modifications, and training efforts such as one Radar Training Device (RTD), RTD spares, and non-recurring New Equipment Training (NET) for Battery 7 being delivered in FY 2017. Funding for the FY 2017 Battery 7 sustainment requirement is included as part of THAAD's 2017 Operations and Maintenance request. The Radar Training Device provides THAAD soldiers with hands-on radar and fire control training that cannot be achieved through simulation. The procurement of an RTD is considerably more cost effective than the alternative of procuring a tactical AN/TPY-2 radar with which to train. Beginning in FY 2015, the THAAD Project Office pursued a "synergy" lot buy approach to Interceptor purchases. This approach entails awarding a contract that includes an option for the following fiscal year, by utilizing this approach the THAAD Project Office will achieve savings in material costs in multiple fiscal years. This will result in a higher Interceptor quantity buy at a lower average unit price. Such a Lot 9 Interceptor procurement approach in FY2017 is planned as a synergy buy with the FY2018 Lot 10. However, potential future Foreign Military Sales of Interceptors may be combined with a Lot 9 and 10 synergy buy or with USG annual Lot procurements to further reduce the average unit price and enable the procurement of additional Interceptors. The PB 2017 interceptor quantity procurement plan supports the Army's deployment plan for seven (7) THAAD batteries. The first two (2) THAAD Batteries were RDT&E funded in PE 0603881C, thus not included in the costs above.												

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Exhibit P-40, Budget Line Item Justification: Request for Additional Appropriations 2017 Missile Defense Agency		Date: March 2017
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ID Code (A=Service Ready, B=Not Service Ready): B	Program Elements for Code B Items: 0603881C, 0603884C	Other Related Program Elements: 0603881C, 0603884C
Line Item MDAP/MAIS Code: 362		
<p>"Procurement Quantity" and "Flyaway Unit Cost" above represent interceptors only, but the "Net Procurement" cost above includes the costs of all hardware. Prior FYs funding included procurement of ground components, which affected the "Gross Weapon System Unit Cost".</p> <p>FY 2017 Amended Budget Request Justification: \$+151.0M is required to address emergency warfighting readiness requirements to ensure readiness of the BMDS. \$+151.0M Project MD07 – THAAD to procure an additional 12 THAAD interceptors to address warfighter readiness.</p>		