

Exhibit R-2, RDT&E Budget Item Justification						Date: February 2003		
Appropriation/Budget Activity RDT&E: Defense-Wide/BA 6				R-1 Item Nomenclature: Force Transformation PE: 0605799D8Z				
COST (\$ in Millions)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Total PE Cost	0	9.654	19.675	19.638	19.535	19.531	19.692	20.120

(U) A. Mission Description and Budget Item Justification:

The Office of Force Transformation was established in Nov 01 with the backing from Congress to be the principal advisor to the Secretary of Defense on Transformation within the DoD. In that role, the office serves as the advocate, focal point, and catalyst for transformation by evaluating the transformation efforts of the Department, recommending steps needed to integrate the work of the Military Departments into other ongoing transformation activities, and monitoring ongoing experimentation programs encompassing activities involving risk management and associated metrics. The foremost goal of the Office is to ensure that transformation efforts directly link to the broad elements of national and military strategy. This funding reflects the increasing importance DoD is placing on transforming the Department and is centered on two principal areas: rapid operational prototyping; and future architectures. These areas are designed to create an immediate impact on fledgling technologies and concepts that have transformational potential and to investigate and to develop the architectures necessary to implement these transformational technologies and concepts. Within these activities the Office will sponsor groundbreaking research, prototyping, and education and training in selected areas that are considered vital to the advancement of transformation within the Department.

(U) PROGRAM PLANS

(U) Funding will be used to catalyze transformational activities such as experimentation and exploration of the ramifications of new concepts and technologies. Activities will include; research, testing, studies, analysis and development of transformation articles (“prototype-like” system surrogates), which will enable advanced experimentation for co-evolution of concepts and technologies. Examples of such activities include 1) the development of sensors, scalable algorithms and modeling and simulation tools to use in the analysis of a deployable distributed networked sensor grid for detecting and engaging targets and 2) the conduct of a technology exploration initiative that will represent the first realization of innovative distributed and collaborative countermeasures capabilities. The Office will seek to guide the U.S. military transformation efforts through the following objectives:

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<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Description</u>
N/A	\$484K	\$985K	\$988K	Objective 1: To make force transformation an integral element of DoD corporate and national defense strategy effectively supporting the four strategic pillars of national military strategy.
N/A	\$2.89M	\$5.9M	\$5.89M	Objective 2: To change the force and its culture from the bottom up through the use of experimentation, operational prototyping and the creation of new knowledge.
N/A	\$1.93M	\$3.94M	\$3.93M	Objective 3: To implement Network Centric Warfare (NCW) as the theory of war for the information age and the organizing principle for joints concepts, capabilities, and systems.
N/A	\$970M	\$1.96M	\$1.96M	Objective 4: To get the decision rules and metrics right and cause them to be applied enterprise wide.
N/A	\$3.38M	\$6.89M	\$6.87M	Objective 5: To discover, create or cause to be created new military capabilities to broaden the capabilities base and to mitigate risk.
N/A	\$9.654M	\$19.675M	\$19.638M	Total

(U) B. Program Change Summary:

	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
Previous President's Budget	0.0	20.000	20.000	20.000
Current BES	0.0	9.654	19.675	19.638
Total Adjustments	0.0	(10.346)	(.325)	(.362)
a. Congressional program reductions	0.0	(10.000)	0.0	0.0
b. Congressional rescissions	0.0	0.0	0.0	0.0
c. Congressional increases	0.0	0.0	0.0	0.0
d. Reprogrammings	0.0	(.096)	(.325)	(.362)
e. SBIR/STTR Transfer	0.0	(.250)	0.0	0.0

(U) Change Summary Explanation:

(U) Funding: FY 2004 resources are necessary to sustain Office of Force Transformation support to the SecDef and DoD Transformation Goals.

(U) Schedule: N/A

(U) Technical:

(U) C. Other Program Funding Summary: N/A

(U) D. Acquisition Strategy. N/A

(U) E. Schedule Profile. N/A