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Exhibit R-2, RDT&E Budget Item Justification: PB 2012 Navy **DATE:** February 2011

APPROPRIATION/BUDGET ACTIVITY				R-1 ITEM NOMENCLATURE							
1319: <i>Research, Development, Test & Evaluation, Navy</i> BA 6: <i>RDT&E Management Support</i>				PE 0605154N: <i>Center For Naval Analyses</i>							
COST (\$ in Millions)	FY 2010	FY 2011	FY 2012 Base	FY 2012 OCO	FY 2012 Total	FY 2013	FY 2014	FY 2015	FY 2016	Cost To Complete	Total Cost
Total Program Element	45.712	49.165	47.127	-	47.127	49.364	49.988	51.463	51.587	Continuing	Continuing
0000: <i>UNDIST</i>	-	-	-	-	-	0.455	0.227	0.227	0.227	Continuing	Continuing
0031: <i>MCOAG</i>	7.168	7.742	7.847	-	7.847	8.073	8.241	8.411	8.549	Continuing	Continuing
0148: <i>Center For Naval Analyses (CNA)</i>	38.544	41.423	39.280	-	39.280	40.836	41.520	42.825	42.811	Continuing	Continuing

A. Mission Description and Budget Item Justification

The Center for Naval Analyses (CNA) is the Department of the Navy's (DoN) only Federally Funded Research and Development Center (FFRDC). CNA provides independent, objective, and expert analyses based on its unique access to sensitive data and hands-on exposure to fleet operations gained through its world-wide field program. CNA's research program is centrally funded by this program element and is primarily concentrated along one Marine Corps category and thirteen Navy categories of study called product areas. These product areas are structured to enhance CNA's focus of research and analysis upon the major present and future needs and issues of the Navy and the Marine Corps. Because of rapid advances in technology, changes in the fleet, the increasing complexity of weapon systems, and reductions in manpower, force structure, budgets, the current security environment, and Department of Defense (DoD) transformation, the Navy and Marine Corps have a greater need for analyses that are sophisticated, relevant, and timely. CNA is highly qualified to meet that need.

B. Program Change Summary (\$ in Millions)	FY 2010	FY 2011	FY 2012 Base	FY 2012 OCO	FY 2012 Total
Previous President's Budget	44.399	49.165	49.761	-	49.761
Current President's Budget	45.712	49.165	47.127	-	47.127
Total Adjustments	1.313	-	-2.634	-	-2.634
• Congressional General Reductions		-			
• Congressional Directed Reductions		-			
• Congressional Rescissions	-	-			
• Congressional Adds		-			
• Congressional Directed Transfers		-			
• Reprogrammings	0.012	-			
• SBIR/STTR Transfer	-1.151	-			
• Program Adjustments	-	-	-2.522	-	-2.522
• Rate/Misc Adjustments	-	-	-0.112	-	-0.112
• Congressional General Reductions Adjustments	2.452	-	-	-	-

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Change Summary Explanation

Technical: N/A

Schedule: N/A

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COST (\$ in Millions)	FY 2010	FY 2011	FY 2012 Base	FY 2012 OCO	FY 2012 Total	FY 2013	FY 2014	FY 2015	FY 2016	Cost To Complete	Total Cost
0000: <i>UNDIST</i>	-	-	-	-	-	0.455	0.227	0.227	0.227	Continuing	Continuing
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		

A. Mission Description and Budget Item Justification

Funding budgeted in this project supports the same efforts as Project 0148.

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

N/A

C. Other Program Funding Summary (\$ in Millions)

N/A

D. Acquisition Strategy

N/A

E. Performance Metrics

Issue 50435 POM12 endgame offset

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COST (\$ in Millions)	FY 2010	FY 2011	FY 2012 Base	FY 2012 OCO	FY 2012 Total	FY 2013	FY 2014	FY 2015	FY 2016	Cost To Complete	Total Cost
0031: <i>MCOAG</i>	7.168	7.742	7.847	-	7.847	8.073	8.241	8.411	8.549	Continuing	Continuing
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		

A. Mission Description and Budget Item Justification

This project supports the Marine Corps portion of the DoN CNA Research Program, and is managed as an element of the Marine Corps Studies System. This program provides the Marine Corps with independent and objective research and analysis of specific issues/topics appropriately performed by a FFRDC. As a result of the findings and recommendations of the Fiscal Year 1997 Defense Science Board, the Marine Corps refocused the type of support CNA provides. The CNA maintains a varied number of field representatives for the Operational Forces Commanders and eight (8) program areas for CNA to establish and maintain. The program areas are linked to the Marine Corps Advocacy (prepotency), which are: (1) Policy and Operations; (2) Systems and Tactics; (3) Research, Development and Acquisition; (4) Infrastructure and Readiness; (5) Manpower, Medical and Training; (6) Resources, Planning and Assessments; (7) Capabilities, Force Structure and Systems and (8) Intelligence, Surveillance and Reconnaissance. Scientific Analyst support provides six scientific analysts for the following six focus areas: Deputy Commandant (DC), Plans, Policies and Operations; DC Aviation; DC Installation and Logistics; DC Programs and Resources; DC Manpower Reserve Affairs; and Director, Manpower Plans (MP) - Manpower and Reserve Affairs (M&RA). The program continues analytical support for field exercises, Ad Hoc and Quick Response study requirements.

B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)

	FY 2010	FY 2011	FY 2012
Title: MARINE CORPS OPERATIONS AND ANALYSIS GROUP	7.168	7.742	7.847
Articles:	0	0	0
FY 2010 Accomplishments:			
<ul style="list-style-type: none"> - Continued the following efforts from the FY09 Marine Corps Studies System Master Plan (MCSSMP): Setting and Building a Balanced Force; Marine Air Ground Task Force (MAGTF) Combat Airspace Management and Training; Ground Force Training Utilizing M&S; Amphibious Warfare Capability; MCTAG Development Analysis; Combat Airspace and Integration in Support of the MAGTF; Operationalizing Measures of Time to Train. - Initiated high priority study and analysis projects approved in FY10 MCSSMP. - Provided formal study and analysis support to the operating forces and headquarters elements included in the annual MCSSMP. - Provided eleven scientific analysts for direct analytical support to Marine Corps Headquarters staff elements: ACMC; DCMC Plans, Policies, and Operations; DCMC Installations and Logistics; DCMC Manpower and Reserve Affairs (x2); DCMC Aviation; and DCMC Programs and Resources, CD&I, TECOM, MARFORRES, AND RA. - Provided seven Field Representatives for direct analytical support to the Commander Marine Forces Pacific (COMMARFORPAC), Commander Marine Forces Atlantic (COMMARFORLANT), Commanding General I Marine Expeditionary Force (CG I MEF), Commanding General II Marine Corps Expeditionary Force (CG II MEF), Commanding General III Marine Expeditionary Force (CG III MEF), and Commanding General, Marine Air Weapons Training Squadron (MAWTS). 			

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APPROPRIATION/BUDGET ACTIVITY 1319: <i>Research, Development, Test & Evaluation, Navy</i> BA 6: <i>RDT&E Management Support</i>	R-1 ITEM NOMENCLATURE PE 0605154N: <i>Center For Naval Analyses</i>	PROJECT 0031: <i>MCOAG</i>		
B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)		FY 2010	FY 2011	FY 2012
<p>- Provided analysis support to operating forces exercises, ad hoc support for immediate analytical requirements, and other support functions which include: general concept development, quick response studies, CNA self-initiated analysis efforts, administrative support, liaison, travel, and contract award fee.</p> <p>FY 2011 Plans:</p> <ul style="list-style-type: none"> - Continue all efforts of FY10. - Initiate high priority study and analysis projects approved in FY11 MCSSMP. <p>FY 2012 Plans:</p> <ul style="list-style-type: none"> - Continue all efforts of FY11. - Initiate high priority study and analysis projects approved in FY12 MCSSMP. 				
Accomplishments/Planned Programs Subtotals		7.168	7.742	7.847
C. Other Program Funding Summary (\$ in Millions)				
N/A				
D. Acquisition Strategy				
Not applicable.				
E. Performance Metrics				
<p>The Marine Corps' portion of the CNA program is executed via the Marine Corps Studies System (MCSS) Annual Plan which is reviewed and updated on a quarterly basis. The MCSS maintains a comprehensive listing of all CNA studies performed for the Marine Corps. The MCSS ensures there are no duplicate analytical efforts within the Marine Corps. Additionally, the Operations Analysis Division of Marine Corps Combat Development Command (MCCDC) provides analytical review of all CNA products for the Marine Corps and integrates the results and recommendations into a quarterly newsletter for research and analysis. Other evaluation processes are as follows:</p> <p>A) Contract Status Meetings: The Marine Corps participates in the DoN Contract Status Meetings. As part of the CNA oversight process, the Contracting Officer chairs a monthly meeting with the COTR, the Marine Corps, and members of the CNA Business Support Group to provide guidance regarding contract management. Issues range from reviewing the Defense Technical Information Center (DTIC) database requirements to emphasize the contractual requirement that all ongoing research be submitted to DTIC to ensure against duplication to reviewing CNA's cost effectiveness and efficiency.</p> <p>B) Award Fee Evaluation Process: As required by CNA's contract with DoN, the Marine Corps participates in the CNA evaluation on a semi-annual basis throughout the entire five year performance period of Contract N00014-05-D-0500. Over 28 Marine Corps sponsors of CNA deliverables provide input regarding CNA's value to their respective organizations. Evaluations cover CNA's support to Marine Corps leadership and management, timeliness and quality of research, as well as cost effectiveness and efficiency. The Marine Corps' evaluation contributes to CNA's overall performance rating that is the primary basis for determining the amount, if any, of the available award fee earned by CNA.</p>				

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<p>C) Marine Corps Three-Star Flag Officer Review: The Commanding General, Marine Corps Combat Development Command (MCCDC) and the Director, Operations Analysis Division meet several times per month to review the current fiscal year's research program and provide guidance to CNA regarding their future research requirements for the Marine Corps. These high level meetings are essential to provide CNA with Marine Corps' guidance to ensure that the research conducted is of the greatest value to the Marine Corps. The meetings also serve as the roadmap for research during the upcoming fiscal year. The Marine Corps' research plan is consolidated with the DoN's Annual Plan that is submitted to the Deputy Chief of Naval Operations for Integration of Capabilities and Resources (N8) for final review and acceptance.</p> <p>D) CNA Comprehensive Review: Prior to contract renewal, CNA, as a FFRDC, must be evaluated to ensure that the DoN wants to renew their contract for an additional five years. The Marine Corps conducts a comprehensive review of sponsors' technical needs and mission requirements, consideration of alternative sources, efficiency and effectiveness, and management and cost effectiveness that contributes to DoN's establishment of criteria and sponsorship agreement.</p>		

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COST (\$ in Millions)	FY 2010	FY 2011	FY 2012 Base	FY 2012 OCO	FY 2012 Total	FY 2013	FY 2014	FY 2015	FY 2016	Cost To Complete	Total Cost
0148: <i>Center For Naval Analyses (CNA)</i>	38.544	41.423	39.280	-	39.280	40.836	41.520	42.825	42.811	Continuing	Continuing
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		

A. Mission Description and Budget Item Justification

This project supports the Navy's portion of the CNA Research Program, which is primarily concentrated along thirteen Navy categories of study called product areas. These product areas include the following: 1) Policy and Operations; 2) Resources, Planning, and Assessments; 3) Research, Development, and Acquisition; 4) Infrastructure and Readiness; 5) Manpower, Medical, and Training; 6) Systems and Tactics; 7) Capabilities, Force Structure, and Systems; 8) Intelligence, Surveillance, and Reconnaissance; 9) Quadrennial Defense Review (QDR); 10) Navy Field Program; 11) Navy Scientific Analyst Program; 12) Navy Quick Response Projects; and (13) CNA Initiated Projects. CNA's analyses have resulted in substantial improvements in force structure, fleet effectiveness, and significant cost avoidance.

B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)

	FY 2010	FY 2011	FY 2012
Title: CENTER FOR NAVAL ANALYSES, NAVY	38.544	41.423	39.280
Articles:	0	0	0
FY 2010 Accomplishments: - Continued to address issues of major importance to Navy leadership in the above research areas. CNA's Research Program was continually updated to support the Navy efficiently and effectively. Support for the CNA field program, which assigns analysts to thirty four locations around the world, including at sea, continued to comprise approximately 20% of the funding.			
FY 2011 Plans: - Continue all efforts of FY10.			
FY 2012 Plans: - Continue all efforts of FY11.			
Accomplishments/Planned Programs Subtotals	38.544	41.423	39.280

C. Other Program Funding Summary (\$ in Millions)

N/A

D. Acquisition Strategy

Not applicable.

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E. Performance Metrics

CNA is reviewed throughout the research year on several different levels to ensure that research produced is not duplicated elsewhere. The primary (and most effective) method of review for duplication is the Contracting Officer's Technical Representative (COTR) review and approval of each and every project proposal submitted by CNA. This method is highly effective in providing the necessary oversight to ensure that duplication of effort does not occur. The Marine Corps Studies System (MCSS) maintains a comprehensive listing of all CNA studies performed for the USMC. The MCSS ensures there are no duplicate analytical efforts within the USMC. Additionally, the Studies and Analysis Division of Marine Corps Combat Development Command (MCCDC) provides analytical review of all CNA products for the USMC and integrates the results and recommendations into a quarterly newsletter and an annual plan for research and analysis. Other evaluation processes are as follows:

- A) DoN Contract Status Meetings - as part of the CNA oversight process, the ONR Contracting Officer chairs a monthly meeting with the COTR, the USMC, and members of the CNA Business Support Group to provide guidance regarding contract management. Issues range from reviewing the Defense Technical Information Center (DTIC) database requirements to emphasize the contractual requirement that all ongoing research be submitted to DTIC to ensure against duplication to reviewing CNA's cost effectiveness and efficiency.
- B) Award Fee Evaluation Process - as required by CNA's contract with DoN, CNA is evaluated on a semi-annual basis by the government throughout the entire five year performance period of Contract N00014-05-D-0500. Over 200 sponsors of CNA deliverables provide input regarding CNA's value to their respective organizations. CNA's support to DoN leadership and management, their timeliness and quality of research, as well as their cost effectiveness and efficiency are evaluated. CNA's overall performance rating is the primary basis for determining the amount, if any, of the available award fee earned by CNA.
- C) Two-Star Flag Officers and VCNO Corporate Board Meetings - DoN Two-Star and Three-Star Flag officers and their equivalent civilian counterparts meet several times a year to review the current fiscal year's research and provide guidance to CNA regarding their future research for DoN. These high level meetings are essential to provide CNA with DoN's guidance to ensure that the research conducted is of the greatest value to DoN. The meetings also serve as the catalyst for the formation of the CNA Annual Plan; CNA's roadmap for research during the upcoming fiscal year. The CNA Annual Plan is then submitted to the VCNO Corporate Board for their final review and acceptance.
- D) CNA Comprehensive Review - prior to contract renewal, CNA, as a FFRDC, must be evaluated to ensure that the DoN wants to renew their contract for an additional five years. DoN recently completed an exhaustive review of sponsors' technical needs and mission requirements; DoN's consideration of alternative sources; CNA's efficiency and effectiveness; CNA's management and cost effectiveness, as well as the establishment criteria and sponsorship agreement. The CNA Comprehensive Review was approved by ASN (RDA) and accepted by OSD (AT&L).