

Subject: Missile Defense Agency		DoD Serial Number: FY12-10 PA
Appropriation Title: Procurement, Defense-Wide, 12/14; and Research, Development, Test, and Evaluation, Defense Wide 12/13		

Component Serial Number: Line Item	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

This reprogramming action is submitted for prior approval because this action uses general transfer authority, exceed established reprogramming thresholds, and affects congressional special interest items. This reprogramming action provides funding in support of higher priority items, based on unforeseen military requirements, than those for which originally appropriated; and are determined to be necessary in the national interest. They meet all administrative and legal requirements, and none of the items have previously been denied by the Congress.

This reprogramming action transfers \$311.5 million between Defense appropriations. This reprogramming action uses \$291.5 million of general transfer authority pursuant to pursuant to section 8005 of Division A of Public Law 112-74, the Department of Defense (DoD) Appropriations Act, 2012 and section 1001 of Public Law 112-81, the National Defense Authorization Act for Fiscal Year (FY) 2012.

<u>FY 2012 REPROGRAMMING INCREASES:</u>	<u>+311,500</u>	<u>+306,500</u>
<u>Research, Development, Test, and Evaluation, Defense-Wide, 12/13</u>	<u>+311,500</u>	<u>+306,500</u>
<u>Budget Activity 03: Advanced Technology Development</u>		
<u>PE 0603902C Next Generation Aegis Missile</u>		
13,443	13,443	33,443
	+20,000	28,443
	+15,000	

Explanation: Funds are required to maintain three contractor teams for Concept Definition and Program Planning (CDPP) to ensure robust competition during Product Development consistent with best practices. In the Conference Report (H.R. Report 112-331) accompanying the Consolidated Appropriations Act, 2012, the Congress transferred \$110 million of the \$123.5 million requested for the Next Generation Aegis Missile program to the Aegis BMD program (line 91) for the SM-3 IB production improvement program and to the Aegis SM-3 Block IIA Co-Development program (line 111) for SM-3 IIA for additional risk reduction activities. The intent was to leave enough funding in the Next Generation Aegis Missile program for three contractors to support the CDPP mentioned above. A recent assessment determined that the remaining funding is insufficient to sustain three contractor teams in accordance with the approved acquisition strategy. Funds are required by May 1, 2012, to avoid a stop work.

HASC, HAC, and SAC denied \$5.0 million

Approved (Signature and Date)

Robert F. Hale 4/6/2012

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<u>Budget Activity 04: Advanced Component Development and Prototypes</u>								
PE 0603881C Ballistic Missile Defense Terminal Defense Segment								
		279,257		279,257		+104,500		383,757

Explanation: Funds are required for the following:

- \$+50.5 million to ensure Terminal High Altitude Area Defense (THAAD) participation in upcoming key flight tests, including a risk reduction flight (FTI-01) scheduled for September 2012, in preparation for the first integrated Ballistic Missile Defense System (BMDS) operational flight test scheduled for June 2013, involving THAAD, Aegis, and Patriot weapon systems (FTO-01). Also funds debris mitigation efforts for flight test FTO-01, training aids, and models and simulations. To complete this effort, funds are required by May 21, 2012, to avoid the delay of FTO-01. A total of 13 months is needed to conduct the debris mitigation for THAAD in advance of FTO-01 for development, testing, and weapon system integration. The debris mitigation effort must be accomplished prior to the FTO-01, which represents the first test simultaneously engaging multiple targets with all weapon systems in the European Phased Adaptive Approach configuration. Delaying the FTO-01 will impact the first Ballistic Missile Defense System Operational Test and impact the Warfighter evaluation of the system capabilities.
- \$+54.0 million to fund costs for THAAD Program Office to support the additional development and test efforts. This increase includes \$35 million for Program Office Support appropriated in the THAAD Procurement program and \$19 million for additional needed support.

PE 0603892C AEGIS BMD		988,928		988,928		+149,000		1,137,928
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Explanation: Funds are required for the return-to-flight testing for the SM-3 Block IB missile. The SM-3 Block IB flight test failed on September 1, 2011. The failure has caused the program to delay the initial production decision of the SM-3 Block IB until the SM-3 Block IB can return to flight. This transfer is consistent with report language in the Conference Report (H.R. Report 112-331) accompanying the Consolidated Appropriations Act, 2012. Funds are required on May 1, 2012, in order to avoid a stop work situation and continue the re-work and testing of the SM-3 IB missile to support return-to-flight. Specific funding requirements for return-to-flight include:

- \$+47.0 million for Third Stage Rocket Motors (TSRM) failure investigations,
- \$+24.0 million for TSRM design modifications and process updates,
- \$+47.0 million for TSRM ground test and requalification, and
- \$+31.0 million for Flight Test (FTM-16 Event 2A).

PE 0603915C BMD Targets		454,357		454,357		+38,000		492,357
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Explanation: Funds are required for development and delivery of two Extended Medium Range Ballistic Missile (eMRBM) targets for the first integrated Ballistic Missile Defense System (BMDS) developmental/

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operational flight test FTO-01 scheduled June 2013 involving Aegis, Terminal High Altitude Area Defense (THAAD), and Patriot weapon systems. These targets require a lead time of 12 months for target integration to ensure that operational test schedule and the "Operational" review is not impacted. Delaying the FTO-01 will impact the first Ballistic Missile Defense System Operational Test and impact the Warfighter evaluation of the system capabilities.

<u>FY 2012 REPROGRAMMING DECREASES:</u>	<u>-311,500</u>	<u>-306,500</u>
<u>Procurement, Defense-Wide, 12/14</u>	<u>-291,500</u>	
<u>Budget Activity 01: Major Equipment</u>		
THAAD	68 709,150	68 709,150 -26 -104,500 42 604,650

- Explanation: Funds are available from the following activities. This is a congressional interest item.
- \$-35.0 million is for THAAD Program Office Support that is more appropriately funded in the THAAD development line.
 - \$-19.0 million is due to the reduction of two interceptors to align with production capacity. The quantity shown also reflects a reduction of 26 THAAD interceptors from the FY 2012 requested amount (68 interceptors) due the congressional reduction of \$124 million for "excess to production capacity," and pricing adjustments to both to the interceptor unit cost and support costs.
 - \$-14.4 million is due to the alignment of the Heavy Expanded Mobility Tactical Trucks (HEMTT) to be consistent with quantities of Terminal High Altitude Area Defense (THAAD) battery production.
 - \$-13.5 million due to a reduction in obsolescence efforts for THAAD interceptors.
 - \$-10.3 million is due to alignment of missile round pallets to be consistent with quantities of THAAD battery production.
 - \$-3.4 million is due to alignment of THAAD active leak sensor system to be consistent with quantities of THAAD battery production.
 - \$-3.4 million is due to a reduction in obsolescence and HEMTT trucks to be consistent with quantities of THAAD battery production.
 - \$-5.0 million due to the delay of THAAD interceptor Lot 5 proposal preparation.
 - \$-0.5 million due to the elimination of two Tactical Station Groups (TSG) upgrades.

Aegis BMD	46 565,393	46 565,393 -18 -187,000	28 378,393
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Explanation: Funds are available due to the SM-3 Block IB flight test failure on September 1, 2011. As a result of this failure, the program has delayed the initial production decision of the SM-3 Block IB until the SM-3 Block IB can return to flight, and has reduced the number of SM-3 Block IB missiles to be procured in order to finance the SM-3 Block IB return-to-flight failure analysis and testing, and the purchase of BMD targets for the integrated BMDS operational flight test (FTO-01). The balance of the funding,

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\$378.4 million will be used to procure 14 SM-3 Block IB missiles pending a production decision, 14 SM-3 Block IA missiles to meet critical fleet operational requirements, and 2 Aegis Weapon System (AWS) 3.6.1 shipsets. This is consistent with the language in the Conference Report (H.R. Report 112-331) accompanying the Consolidated Appropriations Act, 2012.

<u>Research, Development, Test, and Evaluation, Defense-Wide, 12/13</u>	<u>-20,000</u>	<u>-15,000</u>
<u>Budget Activity 04: Advanced Component Development and Prototypes</u>		
<u>PE 0603896C Ballistic Missile Defense Command and Control, Battle Management and Communication</u>		
363,057	363,057	343,057
	-20,000	-15,000
		348,057

Explanation: Funds are available due to the rephasing of the BMDS Overhead Persistent Infrared Architecture baseline in order to better align this capability with the Aegis Weapon System 5.1 algorithm development (\$-13.0 million), and delays in the development of the following two non-critical Command and Control, Battle Management and Communication, (C2BMC) items (\$-7.0 million).

- \$-3.8 million is available due to the delay of C2BMC Plan Load on Demand capability; and
- \$-3.2 million is available due to the delay of C2BMC 3-D maps and Protection Capability (PROCAP) in Global Engagement Manager (GEM). This will have no impact on current BMD C2BMC capability.

SAC denied \$5.0 million