SEC. ___. FIVE-YEAR EXTENSION OF PILOT PROGRAM TO INCLUDE TECHNOLOGY PROTECTION FEATURES DURING RESEARCH AND DEVELOPMENT OF CERTAIN DEFENSE SYSTEMS.

Section 243(d) of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383; 10 U.S.C. 2358 note) is amended by striking "October 1, 2015" and inserting "October 1, 2020".

Section-by-Section Analysis

This proposal would extend the pilot program termination date provision of section 243 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383), as amended by section 252 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112-81), from October 1, 2015, to October 1, 2020.

The proposal would provide authority for the U.S. to continue early government investment in exportability features, with contractor expenditure matching, for an additional five years.

The U.S. often requires exportability features, such as anti-tamper measures and differential capabilities, to be incorporated in export versions of major defense equipment (MDE), including Unmanned Aircraft Systems, advanced munitions, and other sensitive technologies. The cost of the exportability features prior to sale is normally chargeable to the purchaser when a foreign military or direct commercial sales agreement is established. However, such agreements do not provide a source of up-front funding to pay for integrated research and development of exportability features for systems. Funding the features early in acquisition programs, where appropriate, leads to significant cost savings, simplified production lines, and increased opportunities for sales of MDE. Given the complex nature of the technology and programs selected to be part of the Defense Exportability Features (DEF) Pilot Program, more time will be required to prove the benefit of the DEF Pilot Program. Time is required to allow selected DEF pilot programs to complete the development and production process with the features incorporated. Over the last year, the DEF assessments have helped to narrow the scope and developmental engineering requirements for targeted critical technologies during the overall system-wide research, development, test & evaluation efforts. The extension of the DEF Pilot Program for an additional five years will enable the pilot program to move beyond the assessment stage and move to actual DEF design and implementation efforts on these complex weapons systems.

Budget Implications: To extend the Defense Exportability Features Pilot Program for another five years, the Department of Defense will maintain the existing funding levels of approximately $1.9 million per year cost in fiscal year (FY) 2016 – FY 2020 in appropriated funds.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2016	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
	$3.821	$3.849	$3.849	$3.849	$3.849	Research, Development, Test & Evaluation, Defense-Wide	BA 5	126	0605022D8Z
Total	$3.821	$3.849	$3.849	$3.849	$3.849				

Changes to Existing Law: This proposal would make the following change to section 243 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011, as amended in the National Defense Authorization Act for Fiscal Year 2012:

SEC. 243. PILOT PROGRAM TO INCLUDE TECHNOLOGY PROTECTION FEATURES DURING RESEARCH AND DEVELOPMENT OF DEFENSE SYSTEMS.

(a) PILOT PROGRAM.—The Secretary of Defense shall carry out a pilot program to develop and incorporate technology protection features in a designated system during the research and development phase of such system.

(b) COST-SHARING.—Any contract for the design or development of a system resulting from activities specified under subsection (a) for the purpose of enhancing or enabling the exportability of the system either (1) for the development of program protection strategies for the system, or (2) for the design and incorporation of exportability features into the system shall include a cost-sharing provision that requires the contractor to bear at least one half of the cost of such activities.

(c) ANNUAL REPORTS.—Not later than December 31 of each year in which the Secretary carries out the pilot program established under this section, the Secretary shall submit to the congressional defense committees a report on the pilot program, including a list of each designated system included in the program.

(d) TERMINATION.—The pilot program established under this section shall terminate on October 1, ~~2015~~ **2020**.

(e) DEFINITIONS.—In this section:

(1) The term "designated system" means any system (including a major system, as defined in section 2302(5) of title 10, United States Code) that the Under Secretary of Defense for Acquisition, Technology, and Logistics designates as being included in the pilot program established under this section.

(2) The term "technology protection features" means the technical modifications necessary to protect critical program information, including anti-tamper technologies and other systems engineering activities intended to prevent or delay exploitation of critical technologies in a designated system.