

UNCLASSIFIED

PE NUMBER: 0401130F
PE TITLE: C-17 Aircraft

Exhibit R-2, RDT&E Budget Item Justification								DATE February 2006		
BUDGET ACTIVITY 07 Operational System Development				PE NUMBER AND TITLE 0401130F C-17 Aircraft						
Cost (\$ in Millions)		FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	Cost to Complete	Total
Total Program Element (PE) Cost		195.042	164.781	173.781	167.973	195.072	176.692	166.863	Continuing	TBD
2569	C-17 Aircraft	195.042	164.781	173.781	167.973	195.072	176.692	166.863	Continuing	TBD

FY02 and later funds for LAIRCM were ZBTed to PE 41134F.

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

The C-17 can perform the entire spectrum of airlift missions and is specifically designed to operate effectively and efficiently in both strategic and theater environments. Airlift provides essential flexibility when responding to contingencies on short notice anywhere in the world. It is a major element of America's national security strategy and constitutes the most responsive means of meeting U.S. mobility requirements. Specific tasks associated with the airlift mission include deployment, employment (airland and airdrop), sustaining support, retrograde, and combat redeployment. The C-17 provides a vast increase in overall airlift capability necessary to replace and exceed the capabilities lost from retiring the aging C-141 fleet from the Air Force inventory. Not only can the C-17 deliver outsize cargo to austere tactical environments, but it also reduces ground time during airland operations. The C-17 will perform the airlift mission well into this century. RDT&E efforts support aircraft performance improvements.

This program is budget activity 7, Operational System Development, because the program has completed Milestone III and is continuing performance improvements to increase the operational capability of the C-17 through programmed modifications.

(U) **B. Program Change Summary (\$ in Millions)**

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
(U) Previous President's Budget	194.819	165.762	173.251
(U) Current PBR/President's Budget	195.042	164.781	173.781
(U) Total Adjustments	0.223	-0.981	
(U) Congressional Program Reductions	-1.777		
Congressional Rescissions		-2.381	
Congressional Increases	2.000	1.400	
Reprogrammings			
SBIR/STTR Transfer			

(U) **Significant Program Changes:**

FY06/07 increases are for several new projects, including Airdrop Improvements and Identification Friend/Foe (IFF) Communication, Navigation, Surveillance and Air Traffic Management (CNS/ATM) Mode Select Enhanced Surveillance (Mode S EHS).

The FY03 National Defense Authorization Act (NDAA) language directed T&E centers to charge only direct costs beginning FY06; this reduction in FY06-FY11 is a result of the ZBT transferring indirect dollars from the customer accounts to PE 65807F, T&E Support.

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Exhibit R-2a, RDT&E Project Justification

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2569 C-17 Aircraft

Cost (\$ in Millions)	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	Cost to Complete	Total
2569 C-17 Aircraft	195.042	164.781	173.781	167.973	195.072	176.692	166.863	Continuing	TBD
Quantity of RDT&E Articles	0	0	0	0	0	0	0		

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

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(U) **B. Accomplishments/Planned Program (\$ in Millions)**

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
(U) Performance Improvement Development & Testing	114.401	91.319	102.489
(U) Systems Engineering/Program Management	37.455	35.100	36.740
(U) Producibility Enhancement/Performance Improvement (PE/PI) Contractor Flight Test	19.820	24.242	24.415
(U) Producibility Enhancement/Performance Improvement (PE/PI) Government Flight Test	23.366	14.120	10.137
(U) Total Cost	195.042	164.781	173.781

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

	<u>FY 2005</u> <u>Actual</u>	<u>FY 2006</u> <u>Estimate</u>	<u>FY 2007</u> <u>Estimate</u>	<u>FY 2008</u> <u>Estimate</u>	<u>FY 2009</u> <u>Estimate</u>	<u>FY 2010</u> <u>Estimate</u>	<u>FY 2011</u> <u>Estimate</u>	<u>Cost to</u> <u>Complete</u>	<u>Total Cost</u>
(U) APAF, MYP, BA02, PE0401130F	3057.358	3219.904	2636.192	349.950	350.959	316.157	294.430	0.000	10,224.950
(U) APAF, ICS, PE0401130F	917.745	0.000	0.000	0.000	0.000	0.000	0.000	0.000	917.745
(U) APAF, A/C Mods, BA05, PE0401130F/PE0401134F	182.720	257.358	251.404	327.427	713.968	606.987	551.161	0.000	2,891.025
(U) MilCon, Facilities, PE0401130F	95.922	76.547	174.338	46.071	1.204	0.000	0.000	0.000	394.082

In FY06, aircraft interim contract support (ICS) transitioned to contractor logistic support (CLS). Sustainment funds were transferred from ICS to O&M. Funds for initial spares and other non-CLS efforts were transferred from ICS to MYP.

The A/C mods funding includes the LAIRCM PE since those funds are included in the C-17 11C17A BPAC (P-1 line)

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(U) **D. Acquisition Strategy**

The C-17 Acquisition Strategy is based on six separate contracts to support the entire scope of the C-17 weapon system. These five contracts are: 1) a multi-year procurement (MYP) aircraft contract (to economically purchase the full complement of production aircraft) - (APAF); 2) a Producibility Enhancement and Performance Improvement (PE/PI) contract (to develop cost reduction changes, capability enhancements, and design fixes to service-revealed problems) - (RDT&E, APAF); 3) a Globemaster III Sustainment Partnership (field support) contract (to support the current and future fielded aircraft) - (O&M, TWCF); 4) a MYP engine contract (for Government Furnished Equipment [GFE] engines) - (O&M, TWCF); 5) a set of aircrew simulator and training contracts: one for aircrew simulators and one for training & concurrency upgrades; and 6) a maintenance training device contract (for devices & concurrency upgrades) - (APAF).

Two C-17 Defense Acquisition Board (DAB) decisions, contained in the 3 Nov 95 and 1 Feb 96 USD(A&T) Acquisition Decision Memoranda (ADM), directed the Air Force to proceed with a 120-aircraft production program. The Air Force proceeded with procuring 40 aircraft followed by an 80-aircraft MYP program (along with engines to support them). Sixty additional C-17s were programmed at the end of the 80-aircraft MYP to meet requirements not included in the 120 aircraft program.

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Exhibit R-3, RDT&E Project Cost Analysis

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(U) Cost Categories (Tailor to WBS, or System/Item Requirements) (\$ in Millions)	Contract Method & Type	Performing Activity & Location	Total Prior to FY 2005 Cost	FY 2005 Cost	FY 2005 Award Date	FY 2006 Cost	FY 2006 Award Date	FY 2007 Cost	FY 2007 Award Date	Cost to Complete	Total Cost	Target Value of Contract
(U) <u>Product Development</u>												
Boeing	C,FPI/FP		5,337.804								5,337.804	
Boeing	C,CPFF		878.874	171.527	Jan-05	150.511	Jan-06	163.484	Jan-07	644.648	2,009.044	
Pratt & Whitney	C,FP		25.346							0.000	25.346	
Boeing	C,FPI		83.885							0.000	83.885	
Pratt & Whitney	FP+EPA		7.506							0.000	7.506	
None											0.000	
Subtotal Product Development			6,333.415	171.527		150.511		163.484		644.648	7,463.585	0.000
Remarks:												
(U) <u>Support</u>												
Mission Support OGC	PO		97.800							9.726	107.526	
Site Activation OGC	PO		1.500							0.000	1.500	
Miscellaneous			22.400							0.000	22.400	
None											0.000	
Subtotal Support			121.700	0.000		0.000		0.000		9.726	131.426	0.000
Remarks:												
(U) <u>Test & Evaluation</u>												
Combined Test Force	PO		296.460	18.671	Oct-04	9.420	Nov-05	10.137	Jan-07	51.485	386.173	
Wright Labs	PO		10.582	0.149	Oct-04	0.150	Jan-06	0.160	Oct-06	0.740	11.781	
Other (Army funds for testing)	PO		3.150	4.695	Nov-04	4.700	Dec-05			0.000	12.545	
None											0.000	
Subtotal Test & Evaluation			310.192	23.515		14.270		10.297		52.225	410.499	0.000
Remarks:												
(U) <u>Management</u>												
Subtotal Management			0.000	0.000		0.000		0.000		0.000	0.000	0.000
Remarks:												
(U) Total Cost			6,765.307	195.042		164.781		173.781		706.599	8,005.510	0.000

Exhibit R-4, RDT&E Schedule Profile

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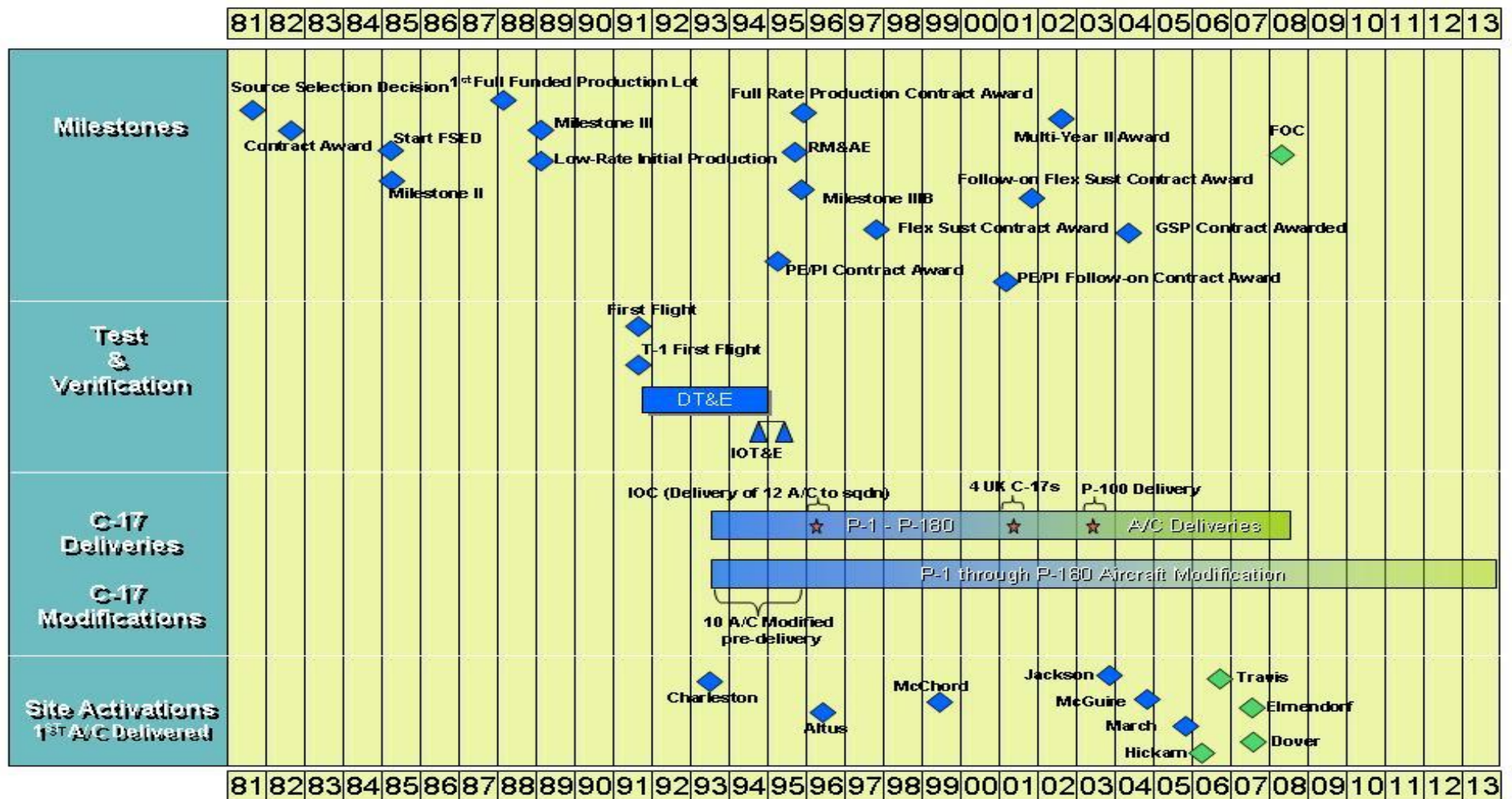
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C-17 Schedule



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Exhibit R-4a, RDT&E Schedule Detail

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(U) Schedule ProfileFY 2005FY 2006FY 2007

(U) Incremental Funding of Ongoing Performance Improvement Projects (Boeing)

1-3Q

1-3Q

1-3Q

(U) CNS/ATM/SAASM RNP Improvements

1Q

1Q

1Q

(U) Formation Flying

1Q

1Q

1Q

(U) Mission Computer/Core Integrated Processor

2Q

2Q

2Q

(U) Airdrop Improvements

1Q

(U) CNS/ATM IFF Mode S Enhanced S

2Q

1Q

(U) Air Force Flight Test Center

1Q

2Q

1Q