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Exhibit R-2, RDT&E Budget Item Justification: FY 2018 Air Force										Date: May 2017		
Appropriation/Budget Activity 3600: Research, Development, Test & Evaluation, Air Force I BA 5: System Development & Demonstration (SDD)					R-1 Program Element (Number/Name) PE 0401319F I Presidential Aircraft Recapitalization (PAR)							
COST (\$ in Millions)	Prior Years	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
Total Program Element	11.006	82.420	351.220	434.069	0.000	434.069	737.096	835.479	649.636	540.659	Continuing	Continuing
655250: Presidential Aircraft Recap (PAR)	11.006	82.420	351.220	434.069	0.000	434.069	737.096	835.479	649.636	540.659	Continuing	Continuing
Quantity of RDT&E Articles	-	-	2	-	-	-	-	-	-	-		
Program MDAP/MAIS Code: 425												
<p>Note</p> <p>PE 0401319F, Presidential Aircraft Recapitalization, changed from incorrect name of Presidential Aircraft Replacement. FY10-14 Prior Years Funding \$27.29M was executed in PE 0401314F, BPAC 675355.</p> <p>A. Mission Description and Budget Item Justification</p> <p>The Presidential Aircraft Recapitalization (PAR) Program will replace the Presidential VC-25A fleet which faces capability gaps, rising maintenance costs, and parts obsolescence as it reaches the end of its planned 30-year life-cycle. The PAR Program Office will deliver a new fleet of aircraft to meet the requirements for the President to execute the duties of Head of State, Chief Executive, and Commander-in-Chief. The PAR Program will uniquely modify Boeing 747-8 commercial aircraft to provide the President, staff, and guests with safe and reliable air transportation with the equivalent level of communications capability and security available in the White House. The modifications to the 747-8 aircraft will include an electrical power upgrade with dual Auxiliary Power Units that are usable in flight, mission communication system, work and rest environment, executive interior, military avionics, self-defense system, autonomous enplaning and deplaning, and autonomous baggage loading. No significant changes to the existing VC-25A Concept of Operations or Concept of Employment are expected.</p> <p>In August 2012, the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) approved the PAR Materiel Development Decision. The Capability Development Document (CDD) was validated by the Joint Requirements Oversight Council in November 2014. In January 2015, the Secretary of the Air Force’s Determination and Findings designated the Boeing 747-8 aircraft as the PAR platform, and the USD (AT&L)’s Acquisition Decision Memorandum authorized Pre-Milestone B (Pre-MS B) contracts aimed at improving affordability and reducing program execution risk. In February 2015, the Assistant Secretary of the Air Force for Acquisition approved a Justification and Approval designating Boeing as the sole source for PAR Pre-MS B activities and Post-MS B design, integration, modification, and test activities. The acquisition strategy was approved by USD(AT&L) in September 2015. In March 2017, the White House reaffirmed the minimum set of requirements necessary to meet Presidential mission needs; these requirements are codified in the March 2017 CDD.</p> <p>This budget supports Pre-MS B risk reduction activities and studies, as well as Post-MS B design, integration, modification, and test of two aircraft to make them Presidential mission ready. Pre-MS B efforts are the first step in a deliberate process to control program risks and life-cycle costs. These activities include the definition of detailed requirements and design trade-offs required to support informed decisions, leading to a lower risk Engineering and Manufacturing Development program and lower life cycle costs. MS B certification occurred in September 2016. In FY17, the program will purchase two Boeing 747-8 commercial aircraft and begin Preliminary Design. The FY 2018 funding request was reduced by \$191.562 million to account for the availability of prior year execution balances.</p>												

UNCLASSIFIED

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This program is in Budget Activity 5, System Development and Demonstration (SDD), because it has passed Milestone B approval and is conducting engineering and manufacturing development tasks aimed at meeting validated requirements prior to full-rate production.						
B. Program Change Summary (\$ in Millions)		FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total
Previous President's Budget		82.420	351.220	625.631	0.000	625.631
Current President's Budget		82.420	351.220	434.069	0.000	434.069
Total Adjustments		0.000	0.000	-191.562	0.000	-191.562
• Congressional General Reductions		0.000	0.000			
• Congressional Directed Reductions		0.000	0.000			
• Congressional Rescissions		0.000	0.000			
• Congressional Adds		0.000	0.000			
• Congressional Directed Transfers		0.000	0.000			
• Reprogrammings		0.000	0.000			
• SBIR/STTR Transfer		0.000	0.000			
• Other Adjustments		0.000	0.000	-191.562	0.000	-191.562
Change Summary Explanation						
The FY 2018 funding request was reduced by \$191.562 million to account for the availability of prior year execution balances.						
C. Accomplishments/Planned Programs (\$ in Millions)				FY 2016	FY 2017	FY 2018
Title: PAR Pre-MS B Risk Reduction, Commercial A/C, Prelim Design, EMD, & PMA				82.354	350.697	433.219
Description: Pre-MS B activities to refine requirements and reduce risk; begin Preliminary Design activities and utilize modeling and simulation, system integration labs, and mockups to assist in the design; EMD activities; and Program Management Administration to support the Program Office. In FY17, the Program Office will begin incrementally funding 2 commercial 747-8 aircraft which will enable PAR test activities. EMD activities will include the management, detailed design, integration, modification, test/verification, certification, and pre-operational support to deliver two PAR Aircraft to be Presidential mission ready.						
FY 2016 Accomplishments: Funds in FY 2016 continued Pre-MS B activities and supported Program Management Administration.						
FY 2017 Plans: Funds in FY 2017 will complete Pre-MS B activities, begin Preliminary Design activities, and support Program Management Administration. The Program Office will also begin incrementally funding 2 aircraft which will support PAR developmental activities.						
FY 2018 Plans:						

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C. Accomplishments/Planned Programs (\$ in Millions)										FY 2016	FY 2017	FY 2018
Funds in FY 2018 will continue Preliminary Design activities, incrementally fund 2 aircraft, begin EMD, and support Program Management Administration.												
Title: PAR Government Test										0.066	0.523	0.850
Description: Government test activities to prepare for, oversee, and conduct test events.												
FY 2016 Accomplishments: Funds in FY 2016 were used to prepare for government test activities.												
FY 2017 Plans: Funds in FY 2017 will be used to prepare for and participate in initial test planning and events leading to PDR.												
FY 2018 Plans: Funds in FY 2018 will be used for SIL development and design discussions for the events leading to CDR.												
Accomplishments/Planned Programs Subtotals										82.420	351.220	434.069
D. Other Program Funding Summary (\$ in Millions)												
Line Item	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost	
• MILCON: PE	0.000	22.220	271.500	0.000	271.500	37.000	0.000	0.000	0.000	0.00	330.720	
0401319F: PAR Facilities												
• OPAF: BA04: Lineitem #843050: PAR Mechanized Material Handling Equip	0.000	0.000	0.000	0.000	0.000	41.403	0.000	0.000	0.000	0.00	41.403	
• OPAF: BA03: Lineitem #8347240: PAR CCTV/Audiovisual Equipment	0.000	0.000	0.000	0.000	0.000	4.039	0.000	0.000	0.000	0.00	4.039	
• OPAF: BA03: Lineitem #837300: PAR Base Comm Infrastructure	0.000	0.000	0.000	0.000	0.000	0.000	4.040	0.000	0.000	0.00	4.040	
• O&M: PE 0401319F: PAR Furnishings and Equipment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.002	0.000	0.00	2.002	
Remarks												
E. Acquisition Strategy												
The USD(AT&L) PAR Acquisition Strategy was approved in September 2015. The PAR Program will integrate technologically mature subsystems into commercial Boeing 747-8 aircraft. The PAR Program will design, integrate, modify, and test two aircraft to make them Presidential mission ready. Boeing will be the prime												

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integrator for PAR development activities. However, the Air Force intends to incorporate competition for subsystems for the modified aircraft as much as practicable and will participate substantively in selected Boeing-led subsystem competitions. The PAR Program will have a single contract with multiple planned major contract modifications which include 747-8 commercial aircraft, Preliminary Design, and EMD. The contract for risk reduction activities was awarded on 29 January 2016.		
F. Performance Metrics Please refer to the Performance Base Budget Overview Book for information on how Air Force resources are applied and how those resources are contributing to Air Force performance goals and most importantly, how they contribute to our mission.		

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Exhibit R-3, RDT&E Project Cost Analysis: FY 2018 Air Force												Date: May 2017			
Appropriation/Budget Activity 3600 / 5						R-1 Program Element (Number/Name) PE 0401319F / <i>Presidential Aircraft Recapitalization (PAR)</i>						Project (Number/Name) 655250 / <i>Presidential Aircraft Recap (PAR)</i>			
Product Development (\$ in Millions)				FY 2016		FY 2017		FY 2018 Base		FY 2018 OCO		FY 2018 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
PAR Contract Activities	SS/ Various	The Boeing Company : Seattle, WA	7.660	77.246	Feb 2016	343.135	Mar 2017	425.732	Jan 2018	0.000		425.732	Continuing	Continuing	-
Subtotal			7.660	77.246		343.135		425.732		0.000		425.732	-	-	-
Support (\$ in Millions)				FY 2016		FY 2017		FY 2018 Base		FY 2018 OCO		FY 2018 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Subtotal			-	-		-		-		-		-	-	-	-
Test and Evaluation (\$ in Millions)				FY 2016		FY 2017		FY 2018 Base		FY 2018 OCO		FY 2018 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
PAR Developmental Test and Evaluation	MIPR	412 TW, JITC : Various	0.165	0.066	Jan 2016	0.523	Jan 2017	0.850	Jan 2018	0.000		0.850	Continuing	Continuing	-
Subtotal			0.165	0.066		0.523		0.850		0.000		0.850	-	-	-
Management Services (\$ in Millions)				FY 2016		FY 2017		FY 2018 Base		FY 2018 OCO		FY 2018 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
PAR Other Government Costs	Various	AFLCMC/WLJ : WPAFB, OH	1.357	1.571	Mar 2016	2.600	Nov 2016	2.537	Nov 2017	0.000		2.537	Continuing	Continuing	-
PAR A&AS	C/T&M	AFLCMC/WL : WPAFB, OH	1.824	3.537	Feb 2016	4.962	Mar 2017	4.950	Feb 2018	0.000		4.950	Continuing	Continuing	-
Subtotal			3.181	5.108		7.562		7.487		0.000		7.487	-	-	-

UNCLASSIFIED

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Appropriation/Budget Activity 3600 / 5					R-1 Program Element (Number/Name) PE 0401319F / Presidential Aircraft Recapitalization (PAR)					Project (Number/Name) 655250 / Presidential Aircraft Recap (PAR)						
				Prior Years	FY 2016		FY 2017		FY 2018 Base		FY 2018 OCO		FY 2018 Total	Cost To Complete	Total Cost	Target Value of Contract
Project Cost Totals				11.006	82.420		351.220		434.069		0.000		434.069	-	-	-

Remarks

FY 2010-2014 RDT&E Funding (\$27.3M) was executed in PE 0401314F, Project 675355, BA07.

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Exhibit R-4, RDT&E Schedule Profile: FY 2018 Air Force			Date: May 2017		
Appropriation/Budget Activity 3600 / 5		R-1 Program Element (Number/Name) PE 0401319F / <i>Presidential Aircraft Recapitalization (PAR)</i>			Project (Number/Name) 655250 / <i>Presidential Aircraft Recap (PAR)</i>

	FY 2016				FY 2017				FY 2018				FY 2019				FY 2020				FY 2021				FY 2022			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Pre-MS B Risk Reduction Activities																												
Commercial A/C RFP Release																												
Milestone B and EMD RFP Release Decision																												
Commercial A/C Award																												
Preliminary Design Award & Activities																												
In Process Review, FY17																												
PDR																												
In Process Review, FY18																												
EMD Award & Activities																												
CDR																												

UNCLASSIFIED

Exhibit R-4A, RDT&E Schedule Details: FY 2018 Air Force			Date: May 2017
Appropriation/Budget Activity 3600 / 5	R-1 Program Element (Number/Name) PE 0401319F / <i>Presidential Aircraft</i> <i>Recapitalization (PAR)</i>	Project (Number/Name) 655250 / <i>Presidential Aircraft Recap (PAR)</i>	

Schedule Details

Events	Start		End	
	Quarter	Year	Quarter	Year
Pre-MS B Risk Reduction Activities	2	2016	2	2018
Commercial A/C RFP Release	2	2016	2	2016
Milestone B and EMD RFP Release Decision	4	2016	4	2016
Commercial A/C Award	3	2017	3	2017
Preliminary Design Award & Activities	4	2017	2	2019
In Process Review, FY17	3	2017	3	2017
PDR	4	2018	4	2018
In Process Review, FY18	3	2018	3	2018
EMD Award & Activities	3	2018	4	2022
CDR	3	2019	3	2019