

Subject: C-32 Passenger Communication Upgrade Appropriation Title: Aircraft Procurement, Air Force, 01/03	DoD Serial Number: FY 01-04 PA
	Includes Transfer? No

Component Serial Number: FY 01-12 PA	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

This action is submitted for prior approval of a new start program, the C-32 Passenger Communications Upgrade. This modification is warranted as a result of valid customer complaints concerning the functionality and level of service provided by the installed system. This action meets all administrative and legal requirements of Congress. The FY 2001 President's Budget included \$18 million in FY 2001 for this upgrade and an additional \$34 million was programmed in FY 2002 (a total of \$52 million). The program has been restructured, reducing the total cost from \$52 million to \$32 million. This action will be included in the FY 2002 President's Budget.

Aircraft Procurement, Air Force, 01/03

Budget Activity 5: Modification of In-Service Aircraft

C-32A	5,568	5,568	+10,000	15,568
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Explanation: Since delivery, the C-32 communications system has continually drawn complaints from senior leaders who prefer the capability of the C-137, the aircraft the C-32 replaced. This upgrade addresses customer complaints on the four C-32 aircraft. The next opportunity to install the first C-32 communications upgrade kit is coincident with another modification programmed in FY 2002. To merge the two efforts during installation, the communications upgrade contract must be awarded as soon as possible to allow for long-lead procurement and testing before installation begins in October 2001. The total cost of the effort is \$32 million. The remaining funds will be included in the FY 2002 President's Budget (FY 2002, \$14.7 million and FY 2003, \$7.3 million). The FY 2001 funds will cover engineering and installation of the first kit. FY 2002 and FY 2003 funds will purchase and install the remaining three kits.

C-130	102,024	102,024	-4,567	97,457
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Explanation: These funds are available due to a restructuring of the overall C-130 modification program. Scheduling constraints reduce the number of kit installations that can be accomplished in FY 2001, which makes these FY 2001 procurement funds out-of-phase with the new modification schedule.

KC-135	380,232	380,232	-5,433	374,799
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Explanation: These funds are available by deferring two Multi-Point Air Refueling System kit buys (Group A and B) to FY 2002. Because of this reduction, these funds are excess to the program's FY 2001 requirement.

Approved (Signature and Date)  JAN 19 2001