

Subject: C-17 Aircraft		DoD Serial Number: FY 01-32 PA Revised
Appropriation Title: Aircraft Procurement, Air Force, 00/02		Includes Transfer? No

Component Serial Number: FY 01-42 PA	<i>(Amounts in: Thousands of Dollars)</i>							
	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 replacement reprogramming is submitted for prior approval because the action exceeds the Procurement threshold and it affects congressional special interest items. This replacement is needed because the Missile Procurement, Air Force, 99/01, and Research, Development, Test, and Evaluation, Air Force, 00/01 sources, included in the earlier reprogramming action, expired on September 30, 2001. This action meets all administrative and legal requirements of the Congress and has not previously been denied by the Congress.

FY 2000 REPROGRAMMING INCREASE:	<u>+32,081</u>
<u>Aircraft Procurement, Air Force, 00/02</u>	<u>+32,081</u>
<u>Budget Activity 2: Airlift Aircraft</u>	
C-17 (MYP) 15 2,671,047 15 2,668,943 - +32,081 15 2,701,024	

Explanation: Funds are required to pay the negotiated settlement of a request for equitable adjustment from Boeing resulting from an H-022 economic re-opener clause on the C-17 contract. The terms of the settlement include \$150 million for Lots 10-12, proportionally split across FY 1998-2000 based on work in process at the time the original claim was submitted by Boeing, and \$50 million to remove the H-022 clause from the contract for Lots 13-15. The FY 2001 Emergency Supplemental Appropriations Act provided funding for the \$50 million payment. The Department previously submitted proposed language to allow current year funds to be used for the FY 1998 portion of the settlement, and the Air Force has recently submitted revised language to also allow current year funds to be used for the FY 1999 portion of the settlement. This reprogramming action covers the FY 2000 portion of the settlement that the Air Force was not able to finance through internal C-17 program realignments and below threshold reprogrammings.

FY 2000 REPROGRAMMING DECREASES:	<u>-32,081</u>
<u>Aircraft Procurement, Air Force, 00/02</u>	<u>-32,081</u>
C-17 Advance Procurement (CY) 303,300 304,900 -1,200 303,700	

Explanation: These funds are available because the final negotiated contract amount was less than budgeted for the requirement. The economic price adjustment (EPA) estimate for Lot XII engines was reduced due to a change in the Bureau of Labor Statistics index. This change lowered the EPA estimate for this Lot and allowed the funds that were placed on contingent liability to become available.

Approved (Signature and Date)  **Dov S. Zakheim** DEC 20 2001

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Budget Activity 5: Modification of In-Service Aircraft

C-5	70,037	66,067	-7,600	58,467
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Explanation: This is a congressional special interest item. These funds were a portion of the \$30 million congressional add for passenger safety modifications – Terrain Avoidance Warning System, which were allocated to the C-5 Avionics Modernization Program (AMP) program. Procurement funds are available because the AMP development was extended 6 to 9 months due to three engineering changes related to software design.

T-3	2,196	236	-199	37
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Explanation: Funds are available due to T-3 retirement.

C-130	171,396	167,518	-2,603	164,915
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Explanation: Funds are available due to revised schedule to complete crew bunk improvement modification program on an attrition basis.

C-135	448,988	440,006	-18,964	421,042
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Explanation: Funds are available due to a restructure of the KC-135 Global Air Traffic Management (GATM) program (\$16.589 million). The program was restructured due to slip in contract award, incorporation of circuit breaker/transformer rectifier modifications and lead command's request to restrict the total number of aircraft down at any one time for GATM modification. Funds (\$2.375 million) are also available from the Air National Guard's KC-135R Reengining Modification Program, a congressional special interest item. The intent of the congressional add has been fully met and these funds are now available because of a lower total cost for the KC-135 Reengining Modification program.

C-141	10,021	10,021	-1,180	8,841
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Explanation: This line item contains a congressional special interest item, which is not affected by this reduction. This program is under-executing. The C-141 is being retired and funds are excess to program requirements.

Budget Activity 7: Aircraft Support Equipment and Facilities

Common Support Equipment	177,697	177,697	-335	177,362
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Explanation: Funds are available by deferring lower priority equipment purchases.