

Subject: January 2017 Prior Approval Request		DoD Serial Number: FY 17-10 PA
Appropriation Title: Various Appropriations		Includes Transfer? Yes

Component Serial Number	<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 reprogramming action is submitted for prior approval because this action uses general transfer authority, exceeds established reprogramming thresholds, and initiates new starts. This reprogramming action provides funding in support of higher priority items, based on unforeseen military requirements, than those for which originally appropriated; and are determined to be necessary in the national interest. They meet all administrative and legal requirements, and none of the items have been previously denied by the Congress. This reprogramming action transfers or realigns \$42.154 million among Fiscal Year (FY) 2016 Defense appropriations. This reprogramming uses \$24.781 million of general transfer authority pursuant to section 8005 of division C of Public Law 114-113, Department of Defense (DoD) Appropriations Act, 2016; and section 1001 of Public Law 114-92, the National Defense Authorization Act for FY 2016.

<b><u>FY 2016 REPROGRAMMING INCREASES:</u></b>	<b><u>+42,154</u></b>	<b><u>+35,854</u></b>
<b><u>ARMY INCREASE:</u></b>	<b><u>+6,300</u></b>	
<b><u>Research, Development, Test, and Evaluation, Army, 16/17</u></b>	<b><u>+6,300</u></b>	
<u>Budget Activity 07: Operational System Development</u>		
<u>PE 0203801A Missile/Air Defense Product Improvement Program</u>		
	3,029	9,329

Explanation: Funds are required to re-start development and testing of the Stinger proximity fuze to help fill a counter Unmanned Aircraft System (CUAS) capability gap. This supports the Army European Reassurance Initiative (ERI) Overseas Contingency Operations (OCO) requirement for Stinger missiles to provide Short Range Air Defense (SHORAD) capabilities. The Stinger missile can be enhanced to provide greater CUAS capability with the addition of a proximity fuze to the existing missile. Funding will provide for the engineering analysis, building of test hardware, component and system level testing, and flight testing. Proximity Fuze development was funded in this program element in FY 2014. Due to a 2-year funding gap (FY 2015 & FY 2016), this is considered a **new start**. The total cost to deliver this capability is approximately \$23.3 million (FY2017: \$6.3 million; FY2018: \$8.45 million in RDT&E and \$6.55 million in Missile Procurement, Army; FY2019: \$2 million in RDT&E). The Army intends to include the FY 2018 funding in the FY2018 President's Budget OCO request and the remaining required funding will be addressed in future President's Budget requests. This is an OCO budget requirement.

**SASC Deferred**

Approved (Signature and Date)

*Michael McCord*      *January 19, 2017*

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<b><u>AIR FORCE INCREASES:</u></b>						<b>+35,854</b>		
<b><u>Procurement of Ammunition, Air Force, 16/18</u></b>						<b>+18,481</b>		
<u>Budget Activity 01: Ammunition</u>								
B61	-	-				<b>+16,796</b>		16,796

Explanation: Funding is required for the following activities:

- \$+8.592 million for production of 22 Flight-Body 2 (FB2) Bomb Assembly Test Assets to support Tailkit Assembly (TKA) Lot Acceptance Testing (LAT). The FB2 production line is shutting down to allow for the standup of the FB3 production, and the last FB2 ordering period ends January 2017. Waiting for FB3 production will delay the Lot 1 TKAs LAT and All-Up Round First Production Unit to December 2019. Without the delivery of production tested TKAs and a successful Initial Nuclear Surety Inspection (INSI), the B61-12 will not be able to meet the required Initial Operational Capability (IOC) dates, resulting in a failure to satisfy U.S. and NATO nuclear force posture requirements. This is a **new start**. The total cost of this new start effort is \$8.6 million (FY 2016, \$8.6 million). This is a base budget requirement.
- \$+5.355 million for the procurement of Type 3E and 3C Military Training Unit (MTU) life-of-type items, which include Sentinel Application Specific Integrated Circuit (ASIC), Gas Transfer System Components, Spin Rocket Motor (SRM) Trainer Assembly, etc. The production must start no later than January 2017 to successfully achieve Initial Operational Capability (IOC) and meet United States Strategic Command (USSTRATCOM) B61 inventory requirements. The provider of these products, the National Nuclear Security Administration (NNSA), will not have the production line open for these components in FY 2019 to produce the required trainers. This is a **new start**. The total cost of this new start effort across the Future Years Defense Program (FYDP) is \$62.6 million (FY 2016, \$6.5 million (\$5.355 million plus \$1.156 million for advance procurement); FY 2017, \$0.0 million; FY 2018, \$17.6 million; FY 2019, \$16.3 million; FY 2020, \$16.1 million; FY 2021, \$6.1 million). The Air Force intends to include the FY 2018 – FY 2021 funding in future President's Budget requests. This is a base budget requirement.
- \$+2.849 million for the procurement of the B61-12 Code Management System (CMS) life-of-type items, which include the Common Authentication Module (CAM) Application Specific Integrated Circuit (ASIC), Power Conditioner Boards, keypads, etc. These items are required to meet updated security requirements and are needed prior to Tailkit Assembly (TKA) Low-Rate Initial Production (LRIP) scheduled for the 4th quarter of FY 2019. The legacy B61 CMS does not meet current security standards and is not compatible with the B61-12 design. These items must be ordered no later than January 2017 to successfully achieve IOC and meet USSTRATCOM's B61 inventory requirements. The CMS components and technology used are only available from the NNSA, and no longer will be available from or through NNSA after FY 2019. This is a **new start**. The total cost of this new start effort across the FYDP is \$12.3 million (FY 2016, \$3.4 million (\$2.849 million plus \$0.529 million for advance procurement); FY 2017, \$0.0 million; FY 2018, \$1.3 million; FY 2019, \$3.5 million;



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execution of funds made available to the Air Force Research Laboratory innovative basic and applied research; development programs that support transition of technologies; workforce development activities; and revitalization and recapitalization of the laboratory. This is a base budget requirement.

Budget Activity 05: System Development and Demonstration

PE 0307581F JSTARS Recap	42,755	42,755	+15,000	57,755
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Explanation: Funding is required to continue the developmental efforts for the Joint Surveillance and Target Attack Radar System (JSTARS) Recapitalization Radar Risk Reduction (RRR) phase until the FY 2017 Department of Defense Appropriations Bill is enacted. The Developmental Request for Proposal Acquisition Decision Memorandum dated September 7, 2016, directed this RRR development as a prerequisite for the Milestone B Defense Acquisition Board. While FY 2017 funds for the RRR would normally be available under the current continuing resolution, the Senate Report 114-263 accompanying S. 3000, the Department of Defense Appropriations Bill, 2017, restricted the use of these funds, directing that they “only be used to fund the EMD contract award or support the EMD selection process.” The current RRR activities will run out of FY 2016 funding by January 31, 2017. The resulting RRR work stoppage will add significant risk to Engineering and Manufacturing Development (EMD) execution and may further delay the planned FY 2024 Initial Operational Capability. Such a delay would also exacerbate the potential gap between the retirement of the legacy E-8C fleet and the standup of the JSTARS Recap fleet. This is a base budget requirement.

**FY 2016 REPROGRAMMING DECREASES:** -42,154 -35,854

**ARMY DECREASE:** -6,300

**Procurement of Ammunition, Army, 16/18** -6,300

Budget Activity 01: Ammunition

Rocket, Hydra 70, All Types	169,993	171,193	-6,300	164,893
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Explanation: Funds are available because cost savings from the procurement contract for Hydra Aviation Rockets was awarded in October 2016 with a weapons unit cost savings, resulting in an overall savings of \$6.3 million. This is base budget funding.

**SASC Deferred**

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<b><u>AIR FORCE DECREASES:</u></b>						<b><u>-35,854</u></b>			
<b><u>Aircraft Procurement, Air Force, 16/18</u></b>						<b><u>-15,000</u></b>			
<b><u>Budget Activity 05: Modification of Inservice Aircraft</u></b>									
<b><u>Airborne Warning and Control System</u></b>									
		178,308		178,308		-15,000		163,308	
<b><u>Explanation:</u></b> Funds are available due to negotiation savings on the AWACS Block 40/45 Full Rate Production contract. All other FY 2016 program requirements have been met, making these funds available for other higher priorities. This is a congressional special interest item. This is base budget funding.									
<b><u>Research, Development, Test, and Evaluation, Air Force, 16/17</u></b>						<b><u>-20,854</u></b>			
<b><u>Budget Activity 01: Basic Research</u></b>									
<b><u>PE 0601102F Defense Research Sciences</u></b>									
		365,276		365,276		-2,373		362,903	
<b><u>Explanation:</u></b> Funds are available as they support projects pursuant to section 219(a) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417). This Program Element (PE) primarily is used for funding activities other than activities undertaken under authority of section 219(a) of Public Law 110-417 (10 U.S.C. 2358 note) and section 2805(d)(1) (B) of Title 10, United States Code. Section 219 authorizes up to a specified percentage of funding made available to the director of a defense laboratory to be used for innovative basic and applied research; development programs that support transition of technologies; workforce development activities; and revitalization and recapitalization of the laboratory. This PE has been used for section 219 activities because it is the PE that provides basic and applied research funding to the Director of the Air Force Research Laboratory. Execution of newly established Defense Laboratories R&D Projects from another, dedicated PE will increase transparency and management of section 219 projects. This is base budget funding.									
<b><u>Budget Activity 07: Operational System Development</u></b>									
<b><u>PE 0101213F Minuteman Squadrons</u></b>									
		137,899		137,899		-18,481		119,418	
<b><u>Explanation:</u></b> Funds are available because they are early to need for the Flight Test Telemetry and Termination System (FT3). The FT3 has encountered technical challenges in the reentry system, Electronic Safe & Arm Device (ESAD) design and Requirements Traceability Matrix (RTM), delaying Preliminary Design Review (PDR) close-out and Critical Design Review (CDR). The FT3 program has been rephased to account for an approximately 9-month schedule slip. Given the program delays, there are no impacts associated with the identified FY 2016 program reduction. The FY 2017 Presidents Budget funding request for Minuteman Squadrons is sufficient to support these efforts in FY 2017. This is base budget funding.									