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Exhibit R-2, RDT&E Budget Item Justification: PB 2024 Air Force **Date:** March 2023

Appropriation/Budget Activity 3600: <i>Research, Development, Test & Evaluation, Air Force / BA 5: System Development & Demonstration (SDD)</i>	R-1 Program Element (Number/Name) PE 0401319F / VC-25B
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COST (\$ in Millions)	Prior Years	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total	FY 2025	FY 2026	FY 2027	FY 2028	Cost To Complete	Total Cost
Total Program Element	3,228.836	407.147	147.932	490.701	0.000	490.701	294.829	112.744	56.851	0.000	0.000	4,739.040
655250: VC-25B	3,228.836	407.147	147.932	490.701	0.000	490.701	294.829	112.744	56.851	0.000	0.000	4,739.040
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-	-	-

Program MDAP/MAIS Code: 425

Note

FY10-14 Prior Years Funding \$27.29M was executed in PE 0401314F, BPAC 675355

A. Mission Description and Budget Item Justification

The VC-25B Program, formerly known as the Presidential Aircraft Recapitalization (PAR) Program, replaces the Presidential VC-25A fleet which faces capability gaps, rising maintenance costs, and parts obsolescence as it ages beyond 30 years. The VC-25B Program delivers two new aircraft to meet the requirements for the President to execute the duties of Head of State, Chief Executive, and Commander-in-Chief. The VC-25B Program uniquely modifies two 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 include an electrical power upgrade with dual Auxiliary Power Units that are usable in flight, a mission communication system, a work and rest environment, an executive interior, military avionics, a self-defense system, independent enplaning and deplaning, and independent baggage loading. No significant changes to the existing VC-25A Concept of Operations or Concept of Employment are expected. This budget provides for Post-Milestone B (MS B) design, integration, modification, product support and test of two aircraft to make them Presidential mission ready.

Funds may be used to lease test equipment, as well as address emerging and short-notice Diminishing Manufacturing Sources and Material Shortage (DMSMS) issues.

This requirement supports performance of a full financial audit as required by title 10 U.S.C. Chapter 9A, Sec 240-D.

This program element may include necessary emergent or unanticipated civilian pay expenses required to manage, execute, and deliver VC-25B for emergent or unanticipated weapon system capability. The use of such programs funds would be in addition to the civilian pay expenses budgeted in program element 0605827F, 0605828F, 0605829F, 0605831F, 0605832F, 0605833F, 0605898F, 0606398F. In FY 2022 \$3.924M was expended for civilian pay expenses in this program element, and in FY 2023 \$5.217M is forecasted for civilian pay expenses in this program element.

This program is in Budget Activity 5, System Development and Demonstration (SDD); however, it will not enter full rate production as stated below.

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.

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B. Program Change Summary (\$ in Millions)	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total
Previous President's Budget	655.665	492.932	372.856	0.000	372.856
Current President's Budget	407.147	147.932	490.701	0.000	490.701
Total Adjustments	-248.518	-345.000	117.845	0.000	117.845
• Congressional General Reductions	0.000	0.000			
• Congressional Directed Reductions	0.000	-345.000			
• Congressional Rescissions	0.000	0.000			
• Congressional Adds	0.000	0.000			
• Congressional Directed Transfers	0.000	0.000			
• Reprogrammings	-225.000	0.000			
• SBIR/STTR Transfer	-23.518	0.000			
• Other Adjustments	0.000	0.000	117.845	0.000	117.845

Change Summary Explanation

FY22 funding was reduced by a total of \$248.518 million which included \$225.0 million for reprogramming due to program delays and \$23.518 million for Small Business Innovation Research.

FY23 funding was Congressionally reduced by \$345 million as "Excess to need."

FY24 funding was increased \$117.845 million as a part of rephasing the FY22 reprogramming.

C. Accomplishments/Planned Programs (\$ in Millions)	FY 2022	FY 2023	FY 2024
<p>Title: VC-25B Engineering and Manufacturing Development (EMD), Product Support, & Program Support Costs (PSC)</p> <p>Description: EMD activities include activities such as management, integration, modification, contractor test, certification, and product support to deliver two Presidential mission-ready VC-25B Aircraft utilizing modeling and simulation, system integration labs (SILs), and mockups to assist in design/modification.</p> <p>FY 2023 Plans: Funds in FY 2023 will continue EMD activities, aircraft modification, test planning and product support activities to include, but not limited to procurement of: initial spares, support equipment, aircraft familiarization training, technical order publications, and airworthiness directives.</p> <p>FY 2024 Plans:</p>	404.265	145.033	480.132

UNCLASSIFIED

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C. Accomplishments/Planned Programs (\$ in Millions)	FY 2022	FY 2023	FY 2024
Funds in FY 2024 will continue EMD activities, aircraft modification, transition to Developmental Test and Evaluation (DT&E) and product support activities to include, but not limited to procurement of: initial spares, support equipment, aircraft familiarization training, technical order publications, and airworthiness directives.			
FY 2023 to FY 2024 Increase/Decrease Statement: EMD, Product Support, and PSC funding increased due to re-phasing of program funding to align funding requirements with the updated contractor Integrated Master Schedule on the Firm Fixed-Price VC-25B EMD contract.			
Title: VC-25B Government Test	2.882	2.899	10.569
Description: Government test activities to prepare for, oversee, and conduct test events.			
FY 2023 Plans: Funds in FY 2023 will be used for test planning to include technical and safety review boards to include, but not limited to support for test working group meetings leading up to first flight in FY 2024.			
FY 2024 Plans: Funds in FY 2024 will be used to prepare for and conduct aircraft functional checkout to include, but not limited to some SIL, ground, and flight testing with the participating test organizations and contractors as the first aircraft enters Developmental Test and Evaluation (DT&E).			
FY 2023 to FY 2024 Increase/Decrease Statement: Funding increased due to the initiation of ground test, flight test, and aircraft fuel costs.			
Accomplishments/Planned Programs Subtotals	407.147	147.932	490.701

D. Other Program Funding Summary (\$ in Millions)											
<u>Line Item</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2024</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>Cost To</u>	<u>Total Cost</u>
			<u>Base</u>	<u>OCO</u>	<u>Total</u>					<u>Complete</u>	
• OPAF 02 825990: <i>Materials Handling Vehicles</i>	0.251	0.000	-	-	-	-	-	-	-	0.000	0.251
• OPAF 03 837300: <i>Base Comm Infrastructure</i>	0.000	0.378	-	-	-	-	-	-	-	0.000	0.378
• OPAF 02 823990: <i>Special Purpose Vehicles</i>	2.319	2.946	-	-	-	-	-	-	-	0.000	5.265

Remarks

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E. Acquisition Strategy <p>In August 2012, the Defense Acquisition Executive (DAE), as the VC-25B Milestone Decision Authority, approved the Materiel Development Decision. The Capability Development Document (CDD) was validated by the Joint Requirements Oversight Council in November 2014.</p> <p>In January 2015, the Secretary of the Air Force's Determination and Findings designated the Boeing 747-8 aircraft as the airframe platform, and the DAE's Acquisition Decision Memorandum authorized Pre-Milestone (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 Pre-MS B activities, Post-MS B design, integration, modification, and test activities. The DAE approved the initial acquisition strategy in September 2015.</p> <p>MS B certification occurred in September 2016. 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>The DAE approved the updated VC-25B Acquisition Strategy and set the Acquisition Program Baseline (APB) in December 2018. The VC-25B Program integrates technologically mature subsystems into two Government furnished, commercial, Boeing 747-8 aircraft. The VC-25B Program designs, integrates, modifies, and tests two aircraft to make them Presidential Mission Ready. Boeing is the prime integrator for VC-25B development activities. The VC-25B Program has a single, sole-source, firm-fixed-price contract with multiple major contract modifications. Modifications include risk reduction activities, 747-8 commercial aircraft purchase, preliminary design, Engineering and Manufacturing Development (EMD), and product support.</p> <p>The contract for risk reduction activities was awarded in January 2016. The contract modification to purchase two commercial aircraft was awarded in August 2017. The contract modification for Preliminary Design was awarded in September 2017. The contract modification for EMD was awarded in July 2018. The initial contract modification for product support activities was awarded in April 2020.</p> <p>In April 2021, Boeing submitted an updated Integrated Master Schedule (IMS) and a formal request to extend aircraft contractual delivery dates by 12-months. In August 2021, upon updating their schedule risk assessment (SRA), Boeing submitted an updated request to the program office to extend aircraft contractual delivery dates by 17-months. This delay resulted in an APB schedule program deviation for the remaining APB milestones (First Flight, Operational Test, Required Asset Availability (RAA) for Initial Operational Capability (IOC), and RAA for Full Operational Capability (FOC)). Supported by the VC-25B Program Office SRA, the APB schedule re-baseline was approved by the DAE 28 June 2022. It extends RAA IOC and RAA FOC 24-months (objective) to 36-months (threshold) from original contractual delivery dates.</p>		

UNCLASSIFIED

Exhibit R-3, RDT&E Project Cost Analysis: PB 2024 Air Force **Date:** March 2023

Appropriation/Budget Activity 3600 / 5	R-1 Program Element (Number/Name) PE 0401319F / VC-25B	Project (Number/Name) 655250 / VC-25B
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Product Development (\$ in Millions)				FY 2022		FY 2023		FY 2024 Base		FY 2024 OCO		FY 2024 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
VC-25B EMD Contract Activities	SS/FFP	The Boeing Company : Various	3,055.981	331.618	Oct 2021	76.428	Oct 2022	364.645	Oct 2023	-		364.645	45.232	3,873.904	-
VC-25B Product Support Contract Activities	SS/FFP	The Boeing Company : Various	87.441	58.943	Oct 2021	44.806	Oct 2022	91.768	Oct 2023	-		91.768	322.251	605.209	-
Subtotal			3,143.422	390.561		121.234		456.413		-		456.413	367.483	4,479.113	N/A

Support (\$ in Millions)				FY 2022		FY 2023		FY 2024 Base		FY 2024 OCO		FY 2024 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
Direct Cite Authority Civilian Pay	Various	AFLCMC/WV : WPAFB, OH	9.369	3.924	Oct 2021	5.217	Oct 2022	5.326	Oct 2023	-		5.326	13.355	37.191	-
Subtotal			9.369	3.924		5.217		5.326		-		5.326	13.355	37.191	N/A

Test and Evaluation (\$ in Millions)				FY 2022		FY 2023		FY 2024 Base		FY 2024 OCO		FY 2024 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
VC-25B Developmental Test and Evaluation	MIPR	412 TW, JITC : Various	11.404	2.882	Dec 2021	2.899	Oct 2022	10.569	Oct 2023	-		10.569	44.713	72.467	-
Subtotal			11.404	2.882		2.899		10.569		-		10.569	44.713	72.467	N/A

Management Services (\$ in Millions)				FY 2022		FY 2023		FY 2024 Base		FY 2024 OCO		FY 2024 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
VC-25B Program Support Costs - Other Government Costs	Various	AFLCMC/WV : WPAFB, OH	27.166	1.625	Nov 2021	5.800	Nov 2022	5.409	Nov 2023	-		5.409	10.283	50.283	-
VC-25B Program Support Costs- Contract Services	C/T&M	AFLCMC/WV : WPAFB, OH	37.475	8.155	Feb 2022	12.782	Feb 2023	12.984	Feb 2024	-		12.984	28.590	99.986	-
Subtotal			64.641	9.780		18.582		18.393		-		18.393	38.873	150.269	N/A

UNCLASSIFIED

Exhibit R-3, RDT&E Project Cost Analysis: PB 2024 Air Force **Date:** March 2023

Appropriation/Budget Activity 3600 / 5	R-1 Program Element (Number/Name) PE 0401319F / VC-25B	Project (Number/Name) 655250 / VC-25B
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	Prior Years	FY 2022	FY 2023	FY 2024 Base	FY 2024 OCO	FY 2024 Total	Cost To Complete	Total Cost	Target Value of Contract
Project Cost Totals	3,228.836	407.147	147.932	490.701	-	490.701	464.424	4,739.040	N/A

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

UNCLASSIFIED

Exhibit R-4, RDT&E Schedule Profile: PB 2024 Air Force **Date:** March 2023

Appropriation/Budget Activity 3600 / 5	R-1 Program Element (Number/Name) PE 0401319F / VC-25B	Project (Number/Name) 655250 / VC-25B
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FY 2022				FY 2023				FY 2024				FY 2025				FY 2026				FY 2027				FY 2028			
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

VC-25B	
Aircraft Modification	
Product Support Activities	
Developmental Test (DT)	
Familiarization and Operational Test (FAM/OT)	
Required Assets Available (RAA) for Initial Operational Capability (IOC)	
RAA for Full Operational Capability (FOC)	

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Exhibit R-4A, RDT&E Schedule Details: PB 2024 Air Force		Date: March 2023
Appropriation/Budget Activity 3600 / 5	R-1 Program Element (Number/Name) PE 0401319F / VC-25B	Project (Number/Name) 655250 / VC-25B

Schedule Details

Events by Sub Project	Start		End	
	Quarter	Year	Quarter	Year
VC-25B				
Aircraft Modification	1	2022	4	2025
Product Support Activities	1	2022	2	2026
Developmental Test (DT)	3	2024	2	2026
Familiarization and Operational Test (FAM/OT)	4	2026	1	2027
Required Assets Available (RAA) for Initial Operational Capability (IOC)	2	2027	2	2027
RAA for Full Operational Capability (FOC)	3	2027	3	2027

Note
EMD, Aircraft Modification, and Product Support Activities all began prior to Q1 2022.