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**Exhibit R-2, RDT&E Budget Item Justification:** PB 2025 Air Force **Date:** March 2024

<b>Appropriation/Budget Activity</b> 3600: <i>Research, Development, Test &amp; Evaluation, Air Force / BA 5: System Development &amp; Demonstration (SDD)</i>	<b>R-1 Program Element (Number/Name)</b> PE 0401319F / VC-25B
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COST (\$ in Millions)	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
Total Program Element	3,625.872	79.623	490.701	433.943	0.000	433.943	400.905	441.009	59.604	34.803	0.000	5,566.460
655250: VC-25B	3,625.872	79.623	490.701	433.943	0.000	433.943	400.905	441.009	59.604	34.803	0.000	5,566.460
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-	-	-

**Program MDAP/MAIS Code:** 425

**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 civilian pay expenses required to manage, execute, and deliver 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, and 0606398F. In FY 2023 \$4.514 million was expended for civilian pay expenses in this program element, and in FY 2024 \$6.042 million is forecast for civilian pay expenses in this program element.

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>B. Program Change Summary (\$ in Millions)</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025 Base</b>	<b>FY 2025 OCO</b>	<b>FY 2025 Total</b>
Previous President's Budget	147.932	490.701	294.829	0.000	294.829
Current President's Budget	79.623	490.701	433.943	0.000	433.943
Total Adjustments	-68.309	0.000	139.114	0.000	139.114
• 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	-63.724	0.000			
• SBIR/STTR Transfer	-4.585	0.000			
• Other Adjustments	0.000	0.000	139.114	0.000	139.114

**Change Summary Explanation**

FY 2023 funding was reduced by a total of \$68.309 million which included \$63.724 million in reprogramming due to program delays and \$4.585 million for Small Business Innovative Research.

FY 2025 funding increased by \$139.114 million as a part of rephasing program funds due to program delays.

<b>C. Accomplishments/Planned Programs (\$ in Millions)</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Title:</b> VC-25B Engineering and Manufacturing Development (EMD), Product Support, & Program Support Costs (PSC)	76.702	484.585	424.558
<b>Description:</b> EMD includes 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.			
<b>FY 2024 Plans:</b> 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: heavy maintenance and compliance planning/implementation, initial spares, support equipment, technical order publications, and airworthiness directives.			
<b>FY 2025 Plans:</b> Funds in FY 2025 will continue EMD activities, aircraft modification, transition to Developmental Test and Evaluation (DT&E) and product support activities to include, but not limited to: heavy maintenance and compliance planning/implementation, initial spares, support equipment, technical order publications, and airworthiness directives.			
<b>FY 2024 to FY 2025 Increase/Decrease Statement:</b>			

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<b>Exhibit R-2, RDT&amp;E Budget Item Justification:</b> PB 2025 Air Force	<b>Date:</b> March 2024
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<b>Appropriation/Budget Activity</b> 3600: <i>Research, Development, Test &amp; Evaluation, Air Force / BA 5: System Development &amp; Demonstration (SDD)</i>	<b>R-1 Program Element (Number/Name)</b> PE 0401319F / VC-25B
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<b>C. Accomplishments/Planned Programs (\$ in Millions)</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Funding decreased due to transition of EMD, Product Support, and PSC efforts to Developmental Test and Evaluation (DT&E).			
<b>Title:</b> VC-25B Government Test	2.921	6.116	9.385
<b>Description:</b> Government test activities to prepare for, oversee, and conduct test events.			
<b>FY 2024 Plans:</b> Funding to prepare for and conduct aircraft functional checkout to include, but not limited to SIL, ground, and flight testing with the participating test organizations and contractors as the first aircraft prepares to enter Developmental Test and Evaluation (DT&E).			
<b>FY 2025 Plans:</b> Funds to support DT&E activities.			
<b>FY 2024 to FY 2025 Increase/Decrease Statement:</b> Funding increased due to Government Test transition from planning to implementation of DT&E activities to include ground and flight test.			
<b>Accomplishments/Planned Programs Subtotals</b>	79.623	490.701	433.943

<b>D. Other Program Funding Summary (\$ in Millions)</b>											
<u>Line Item</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u> <u>Base</u>	<u>FY 2025</u> <u>OCO</u>	<u>FY 2025</u> <u>Total</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>Cost To</u> <u>Complete</u>	<u>Total Cost</u>
• OPAF 02 825990: <i>Materials Handling Vehicles</i>	0.000	-	-	-	-	-	-	-	-	0.000	0.000
• OPAF 03 837300: <i>Base Comm Infrastructure</i>	0.978	-	-	-	-	-	-	-	-	0.000	0.978
• OPAF 02 823990: <i>Special Purpose Vehicles</i>	2.946	-	-	-	-	-	-	-	-	0.000	2.946

**Remarks**

**E. Acquisition Strategy**  
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.

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

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<b>Exhibit R-2, RDT&amp;E Budget Item Justification:</b> PB 2025 Air Force		<b>Date:</b> March 2024
<b>Appropriation/Budget Activity</b> 3600: <i>Research, Development, Test &amp; Evaluation, Air Force I BA 5: System Development &amp; Demonstration (SDD)</i>	<b>R-1 Program Element (Number/Name)</b> PE 0401319F / VC-25B	
<p>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>		

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**Exhibit R-3, RDT&E Project Cost Analysis: PB 2025 Air Force** **Date:** March 2024

<b>Appropriation/Budget Activity</b> 3600 / 5	<b>R-1 Program Element (Number/Name)</b> PE 0401319F / VC-25B	<b>Project (Number/Name)</b> 655250 / VC-25B
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<b>Product Development (\$ in Millions)</b>				FY 2023		FY 2024		FY 2025 Base		FY 2025 OCO		FY 2025 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	3,402.617	43.022	Apr 2023	439.333	Oct 2023	369.719	Nov 2024	-		369.719	401.071	4,655.762	-
VC-25B Product Support Contract Activities	SS/FFP	The Boeing Company : Various	130.989	14.039	Jul 2023	24.033	Oct 2023	33.488	Oct 2024	-		33.488	413.829	616.378	-
<b>Subtotal</b>			3,533.606	57.061		463.366		403.207		-		403.207	814.900	5,272.140	N/A

<b>Support (\$ in Millions)</b>				FY 2023		FY 2024		FY 2025 Base		FY 2025 OCO		FY 2025 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	13.293	4.514	Oct 2022	6.042	Oct 2023	5.540	Oct 2024	-		5.540	20.861	50.250	-
<b>Subtotal</b>			13.293	4.514		6.042		5.540		-		5.540	20.861	50.250	N/A

<b>Test and Evaluation (\$ in Millions)</b>				FY 2023		FY 2024		FY 2025 Base		FY 2025 OCO		FY 2025 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	13.724	2.921	Jan 2023	6.116	Dec 2023	9.385	Nov 2024	-		9.385	48.565	80.711	-
<b>Subtotal</b>			13.724	2.921		6.116		9.385		-		9.385	48.565	80.711	N/A

<b>Management Services (\$ in Millions)</b>				FY 2023		FY 2024		FY 2025 Base		FY 2025 OCO		FY 2025 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	10.309	2.390	Nov 2022	2.398	Oct 2023	2.498	Oct 2024	-		2.498	8.215	25.810	-
VC-25B Program Support Costs- Contract Services	C/T&M	AFLCMC/WV : WPAFB, OH	54.940	12.737	Nov 2022	12.779	Oct 2023	13.313	Oct 2024	-		13.313	43.780	137.549	-
<b>Subtotal</b>			65.249	15.127		15.177		15.811		-		15.811	51.995	163.359	N/A

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**Exhibit R-3, RDT&E Project Cost Analysis: PB 2025 Air Force** **Date:** March 2024

<b>Appropriation/Budget Activity</b> 3600 / 5	<b>R-1 Program Element (Number/Name)</b> PE 0401319F / VC-25B	<b>Project (Number/Name)</b> 655250 / VC-25B
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	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	Cost To Complete	Total Cost	Target Value of Contract
<b>Project Cost Totals</b>	3,625.872	79.623	490.701	433.943	-	433.943	936.321	5,566.460	N/A

**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: PB 2025 Air Force** **Date:** March 2024

<b>Appropriation/Budget Activity</b> 3600 / 5	<b>R-1 Program Element (Number/Name)</b> PE 0401319F / VC-25B	<b>Project (Number/Name)</b> 655250 / VC-25B
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	FY 2023				FY 2024				FY 2025				FY 2026				FY 2027				FY 2028				FY 2029			
	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

<b>VC-25B</b>	
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 2025 Air Force **Date:** March 2024

<b>Appropriation/Budget Activity</b> 3600 / 5	<b>R-1 Program Element (Number/Name)</b> PE 0401319F / VC-25B	<b>Project (Number/Name)</b> 655250 / VC-25B
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Schedule Details

Events by Sub Project	Start		End	
	Quarter	Year	Quarter	Year
<b>VC-25B</b>				
Aircraft Modification	1	2023	3	2026
Product Support Activities	1	2023	1	2027
Developmental Test (DT)	1	2025	1	2027
Familiarization and Operational Test (FAM/OT)	1	2027	3	2027
Required Assets Available (RAA) for Initial Operational Capability (IOC)	3	2028	3	2028
RAA for Full Operational Capability (FOC)	4	2028	4	2028

**Note**  
EMD, Aircraft Modification, and Product Support Activities all began prior to Q1 2023.