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RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)								DATE February 2000		
BUDGET ACTIVITY <b>07 - Operational System Development</b>				PE NUMBER AND TITLE <b>0401218F KC-135s</b>				PROJECT <b>674494</b>		
COST (\$ in Thousands)		FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate	Cost to Complete	Total Cost
674494	KC-135 Aging Aircraft Program	1,018	2,242	487	484	490	499	510	Continuing	TBD
	Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0
<p>(U) <b><u>A. Mission Description</u></b>            This program, in part, supports the aging aircraft corrosion and fatigue project CORAL REACH. CORAL REACH studies include the analysis and testing efforts in the area of aging aircraft, to include structural, corrosion, fatigue, and stress corrosion cracking. Additionally, the Functional System Integrity Program proactively examines individual aircraft systems for potential impacts due to aging components. The USAF will utilize these activities to improve KC-135 Programmed Depot Maintenance efficiency and to provide direction for future aging aircraft efforts to maintain the KC-135 as a viable airframe. CORAL REACH results provide accurate data for incorporation into the KC-135 Economic Life Study planned for FY00. The KC-135 Economic Life Study consists of studies for structure, systems, and component support as well as cost benefit analyses to support an Analysis of Alternatives (AOA). The AOA addresses replacement schedules for the KC-135 based on economic decision points.</p>										
<p>(U) <b><u>FY 1999 (\$ in Thousands)</u></b></p>										
(U)	\$270	Corrosion/crack growth rate and fatigue determination and testing								
(U)	\$534	Functional Systems Integrity Program (FSIP)								
(U)	\$214	Mission support/contractor support								
(U)	\$1,018	Total								
<p>(U) <b><u>FY 2000 (\$ in Thousands)</u></b></p>										
(U)	\$100	Corrosion/crack growth rate and fatigue determination and testing								
(U)	\$950	Functional Systems Integrity Program (FSIP)								
(U)	\$192	Mission support/contractor support								
(U)	\$1,000	Economic Service Life Study								
(U)	\$2,242	Total								
Project 674494			Page 1 of 5 Pages				Exhibit R-2 (PE 0401218F)			

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BUDGET ACTIVITY <b>07 - Operational System Development</b>	PE NUMBER AND TITLE <b>0401218F KC-135s</b>	PROJECT <b>674494</b>							
(U) <b><u>A. Mission Description Continued</u></b>									
(U) <u>FY 2001 (\$ in Thousands)</u>									
(U) \$192	Corrosion/crack growth rate and fatigue determination and testing								
(U) \$50	Basic materials test and predictive technique								
(U) \$245	Mission support/contractor support								
(U) \$487	Total								
(U) <b><u>B. Budget Activity Justification</u></b>									
This effort is a low technical risk effort supporting a fielded weapon system and, therefore, is assigned to Budget Activity 7, Operational Systems Development.									
(U) <b><u>C. Program Change Summary (\$ in Thousands)</u></b>									
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Total Cost</u>					
(U) Previous President's Budget (FY 2000 PBR)	1,090	2,268	492	TBD					
(U) Appropriated Value	1,093	2,268		TBD					
(U) Adjustments to Appropriated Value									
a. Congressional/General Reductions	-3	-14		TBD					
b. Small Business Innovative Research	-33			TBD					
c. Omnibus or Other Above Threshold Reprogram		-12		TBD					
d. Below Threshold Reprogram	-33			TBD					
e. Rescissions	-6			TBD					
f. Other				TBD					
(U) Adjustments to Budget Years Since FY 2000 PBR			-5						
(U) Current Budget Submit/FY 2001 PBR	1,018	2,242	487	TBD					
(U) <u>Significant Program Changes:</u>									
N/A.									
(U) <b><u>D. Other Program Funding Summary (\$ in Thousands)</u></b>									
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Cost to</u>	<u>Total Cost</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Complete</u>	
(U) AF RDT&E									
(U) Other APPN									

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<b>BUDGET ACTIVITY</b> <b>07 - Operational System Development</b>	<b>PE NUMBER AND TITLE</b> <b>0401218F KC-135s</b>	<b>PROJECT</b> <b>674494</b>
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(U) **E. Acquisition Strategy**  
 The acquisition strategy consists primarily of separate task orders (with separate statements of work) ranging from fixed price to cost plus contracts. These task orders address a myriad of aging aircraft activities against existing contract vehicles, such as the SPO-managed KC-135 Fleet Support Contract and Design Engineering Program contracts managed through the Air Logistics Centers.

(U) **F. Schedule Profile**

	<u>FY 1999</u>				<u>FY 2000</u>				<u>FY 2001</u>			
	1	2	3	4	1	2	3	4	1	2	3	4
(U) Corrosion & Fatigue Testing	*											
(U) Materials Test & Predictive Tech.	*											
(U) FSIP	*											
(U) Mission Support	*											
(U) Begin Economic Service Life Study										X		
* - On-going activities												
X - Scheduled activities												

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RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)								DATE February 2000		
BUDGET ACTIVITY 07 - Operational System Development					PE NUMBER AND TITLE 0401218F KC-135s			PROJECT 674494		
(U) <b><u>A. Project Cost Breakdown (\$ in Thousands)</u></b>										
						<u>FY 1999</u>	<u>FY 2000</u>			<u>FY 2001</u>
(U)	Corrosion/crack growth determination and testing					270	100			192
(U)	Basic materials test and predictive technique					0	0			50
(U)	Functional Systems Integrity Program (FSIP)					534	950			0
(U)	Mission support/contractor support					214	192			245
(U)	Economic service life study					0	1,000			0
(U)	Total					1,018	2,242			487
(U) <b><u>B. Budget Acquisition History and Planning Information (\$ in Thousands)</u></b>										
(U) <b><u>Performing Organizations:</u></b>										
	<u>Contractor or</u>	<u>Contract</u>								
	<u>Government</u>	<u>Method/Type</u>	<u>Award or</u>	<u>Performing</u>	<u>Project</u>					
	<u>Performing</u>	<u>or Funding</u>	<u>Obligation</u>	<u>Activity</u>	<u>Office</u>	<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget to</u>
	<u>Activity</u>	<u>Vehicle</u>	<u>Date</u>	<u>EAC</u>	<u>EAC</u>	<u>to FY 1999</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Complete</u>
	<u>Product Development Organizations</u>									<u>Total</u>
	Boeing	C/KC-135	Oct 97-	TBD	TBD	2,022	766	2,056	250	Continuing
		Fleet Support	Mar 01							TBD
		SS/FFP								
	<u>Support and Management Organizations</u>									
	ARINC, Frontier, other	Design	Oct 97-			148	109	86	237	Continuing
	support contractors	Engineering	Mar 01							TBD
		Program								
		(DEP)								
		C/FP								
	<u>Test and Evaluation Organizations</u>									
	FAA, Wright Labs, etc.	Project	Oct 97-			100	143	100		Continuing
		Order/MPIR	Mar 01							TBD

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	<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget to</u>	<u>Total</u>
	<u>to FY 1999</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Complete</u>	<u>Program</u>
<u>Subtotals</u>						
Subtotal Product Development	2,022	766	2,056	250	TBD	TBD
Subtotal Support and Management	148	109	86	237	TBD	TBD
Subtotal Test and Evaluation	100	143	100		TBD	TBD
Total Project	2,270	1,018	2,242	487	TBD	TBD