SEC. ___. REPEAL OF REQUIREMENT FOR INITIAL OPERATING CAPABILITY OF A CONVENTIONAL LONG-RANGE STANDOFF WEAPON BEFORE RETIREMENT OF THE CONVENTIONALLY ARMED AGM-86C MISSILE.

Section 217(a)(1) of the National Defense Authorization Act for Fiscal Year 2014 (Public Law 113-66; 127 Stat. 706) is amended—

(1) by striking subparagraph (A);

(2) in subparagraph (B), by striking "and";

(3) by redesignating subparagraph (B) as subparagraph (A); and

(4) by inserting after subparagraph (A), as so redesignated, the following new subparagraph (B):

"(B) begins development, procurement, and fielding of a conventional variant after the successful completion of Initial Operational Test and Evaluation for the nuclear variant; and".

[Please note: The "Changes to Existing Law" section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would repeal the requirement in section 217 of the National Defense Authorization Act for Fiscal Year (FY) 2014 (Public Law 113-66) to field a conventional variant of the Long-Range Standoff (LRSO) weapon prior to the retirement of the conventionally armed AGM-86C. Section 217 has forced the Air Force to sustain the conventionally armed AGM-86C beyond its planned retirement date of FY 2016, imposing significant costs to upgrade and sustain the AGM-86C beyond its current service life.

The Air Force intends to retire the AGM-86C, Conventional Air Launched Cruise Missile (CALCM), as sufficient quantities of the AGM-158B, Joint Air-to-Surface Stand-off Missiles-Extended Range (JASSM-ER), are available. The JASSM-ER entered into full-rate production in FY 2015 and is available in sufficient quantities to replace the AGM-86C inventory (186 AGM-86Cs remain in service). The CALCM and JASSM-ER have approximately the same range and provide equivalent target coverage. However, the JASSM-ER is a more capable

system, with increased survivability against air defenses and improved targeting capability via an Imaging Infrared Seeker and a dual mode warhead (penetrator and blast fragmentation). The JASSM-ER also provides additional flexibility to the warfighter because it is locally mission planned and can be employed from multiple aircraft (it is planned for use on the B-1B, B-2A, B-52H, F-16, and F-15E). By contrast, the CALCM can only be carried on the B-52H and there are no plans to incorporate it on other aircraft. Requiring the Department to maintain a limited CALCM inventory on top of the planned JASSM-ER deployment provides little-to-no operational advantage and does not justify the additional cost.

This proposal would not remove the option for future development of a conventionally armed LRSO weapon. Instead, the proposal would remove the requirment to field a conventional LRSO variant prior to CALCM retirement. This proposal would prevent the Department from incurring costs required to sustain the CALCM fleet beyond the current planned retirement. The Air Force intends to develop the LRSO as the replacement for the nuclear AGM-86B. At this point in the LRSO program it is too early to decide on the necessity of developing a conventional LRSO variant. As the LRSO matures, the Air Force will consider the conventional option based on future conventional long-range munitions requirements, projected costs and capabilities for a conventional LRSO system, and other viable alternatives. The Air Force recognizes the distinct advantages of leveraging nuclear LRSO development to field the next generation of standoff conventional munitions, similar to what was done with the initial AGM-86B to AGM-86C conversions.

Budget Implications: There are significant budget implications to extending the CALCM retirement beyond FY 2017, including a number of Operations and Sustainment activities, Service Life Extension Programs (SLEPs), and Global Positioning System (GPS) upgrades to maintain the reliability and capability of the weapon system. The table below outlines planned funding for AGM-86C. This proposal is funded in the President's FY 2019 Budget request.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2019	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Sustain	1.089	1.089	1.136	1.185	1.206	Operation and Maintenance, Air Force	01	011M	27323F
Total	**1.1**	**1.1**	**1.1**	**1.2**	**1.2**	**--**	**--**	**--**	**--**

The Air Force used a notional conventional LRSO fielding date of 2032 for cost computations. Sustaining the CALCM through 2032 would require $186.2 million in additional sustainment funding. The estimate for sustaining the 186 CALCM missiles assumes three-percent inflation and adds an additional four personnel to support the program. Additionally, multiple SLEPs will be required to maintain missile reliability. The CALCM would leverage SLEP programs sustaining the nuclear AGM-86B ALCM through the planned ALCM service life of 2030. However, this requires additional components estimated to cost $22.4 million. CALCM weapon system reliability would be evaluated once per year, expending one missile and one CALCM Test Instrumentation Kit (CATIK). The CALCM fleet will need to have Selective Availability Anti-Spoofing Module (SASSM) compliant GPS receivers installed because the CALCM fleet is

currently operating under a waiver. The total estimated cost to adequately sustain the CALCM through 2032 -- including but not limited to SLEPs, CATIK, and GPS upgrades -- is $294 million.

In addition, the CALCM and ALCM have a common Inertial Navigation Element (INE). The INE provides missile guidance, navigation, and control. ALCM INEs are failing at a rate that will exhaust the supply system of INE subcomponents by December 2017 and likely cause the ALCM non-mission capable number to increase by approximately three per month. Retiring the CALCM would allow the Air Force to harvest CALCM INE components, namely the Core Memory and Driver 1 and 2 cards. Harvesting these cards would defer the need to reconstitute the card remanufacturing capability and avoid nearly $100 million of a total $350 million investment. This is funded in the FY 2019 President's Budget request.

Changes to Existing Law: This proposal would make the following changes to section 217 of the National Defense Authorization Act for Fiscal Year 2014:

SEC. 217. LONG-RANGE STANDOFF WEAPON REQUIREMENT; PROHIBITION ON AVAILABILITY OF FUNDS FOR NONCOMPETITIVE PROCEDURES FOR OFFENSIVE ANTI-SURFACE WARFARE WEAPON CONTRACTS OF THE NAVY.

(a) LONG-RANGE STANDOFF WEAPON.—

(1) IN GENERAL.—The Secretary of the Air Force shall develop a follow-on air-launched cruise missile to the AGM–86 that—

(A) achieves initial operating capability for nuclear missions prior to the retirement of the nuclear-armed AGM–86;

<u>(B) begins development, procurement, and fielding of a conventional variant after the successful completion of Initial Operational Test and Evaluation for the nuclear variant; and</u>

(C) is capable of internal carriage and employment for both conventional and nuclear missions on the next-generation long-range strike bomber.

(2) CONSECUTIVE DEVELOPMENT.—In developing a follow-on air-launched cruise missile to the AGM–86 in accordance with paragraph (1), the Secretary may carry out development and production activities with respect to nuclear missions prior to carrying out such activities with respect to conventional missions if the Secretary determines such consecutive order of development and production activities to be cost effective.

(b) OFFENSIVE ANTI-SURFACE WARFARE WEAPON CONTRACTS OF THE NAVY.—

(1) PROHIBITION.—Except as provided by paragraph (2), none of the funds authorized to be appropriated by this Act or otherwise made available for fiscal year 2014 for the offensive antisurface warfare weapon may be used to enter into or modify a contract using procedures other than competitive procedures (as defined in section 2302(2) of title 10, United States Code).

(2) EXEMPTION; WAIVER.—

(A) EXEMPTED ACTIVITIES.—The prohibition in paragraph (1) shall not apply to funds specified in such paragraph that are made available for the development, testing, and fielding of aircraft-launched offensive anti-surface warfare weapons capabilities.

(B) NATIONAL SECURITY WAIVER AUTHORITY.—The Secretary of Defense may waive the prohibition in paragraph (1) if the Secretary determines that such a waiver is in the national security interests of the United States.