SEC. ___. MULTIYEAR PROCUREMENT AUTHORITY FOR C-130J AIRCRAFT PROGRAM.

(a) AUTHORITY FOR MULTIYEAR PROCUREMENT.—Subject to section 2306b of title 10, United States Code, the Secretary of the Air Force may enter into one or more multiyear contracts, beginning with the fiscal year 2014 program year, for the procurement of C-130J aircraft and, acting as the executive agent for the Department of the Navy, for the procurement of C-130J aircraft.

(b) CONDITION FOR OUT-YEAR CONTRACT PAYMENTS.—A contract entered into under subsection (a) shall provide that any obligation of the United States to make a payment under the contract for a fiscal year after fiscal year 2014 is subject to the availability of appropriations for that purpose for such later fiscal year.

Section-by-Section Analysis

This proposal would allow the Secretary of the Air Force to enter into a multiyear contract for C-130J aircraft for the fiscal year (FY) 2014 through 2018 program years for the Department of the Air Force (72 aircraft) and the Department of the Navy (7 aircraft). The proposed multiyear procurement (MYP) (FY 2014-2018) will produce substantial savings and facilitate industrial stability.

The Air Force buy will consist of 29 C-130Js, 25 MC-130Js, 5 AC-130Js, and 13 HC-130Js. The Navy buy is for seven United States Marine Corps KC-130Js.

Budget Implications: The proposed MYP is anticipated to result in substantial cost savings of greater than 9.5 percent. Budget estimates and associated funding levels for C-130J aircraft for FY 2014 and beyond are predicated on MYP authorization. Failure to award a C-130J MYP contract in FY 2014 will result in over $500 million total program cost increase, a delay in the delivery schedule, and a reduction of seven aircraft over the FYDP.

The FY 2014-2018 MYP estimate is supported by the February 2013 Independent Cost Estimate developed by the Office of the Secretary of Defense (OSD) Cost Assessment and Program Evaluation (CAPE). The independent single-year cost estimate developed by CAPE when compared to Lockheed Martin's MYP proposal and target price commitment validates the substantial projected savings under a multiyear procurement scenario. If MYP authority is approved, the MYP contract will contain an option for five United States Coast Guard HC-130Js

and a variation in quantity clause for an additional 10 aircraft. Contract negotiations are expected to yield additional savings.

Multiyear Procurement Summary:

$ Millions

	Single Year Procurements (SYP)	MYP Alternative
Quantity	79	79
Total Contract Price	$6,419.7	$5,809.1
$ Savings compared to SYP		$610.6*
% of Savings compared to SYP		9.5%

* C-130J variant aircraft procurement is budgeted to support a MYP strategy and savings have been realigned within the DoD budget submit.

Aircraft	Appropriation	Budget Activity	P-1 Line Item	Program Element	Aircraft QTY
C-130J	3010F	2	5	0401132F	29
MC-130J	3010F	2	9	0207230F	25
AC-130J	3010F	4	22	0207237F	5
HC-130J	3010F	2	7	0207224F	13
KC-130J	1506N	4	22	0502504M	7

Resource Requirements ($Millions)							
	FY13	FY14	FY15	FY16	FY17	FY18	Total
Quantity	0	18	14	28	11	8	79
SYP	20.0	1,335.6	1,089.2	2,270.5	993.8	710.6	6,419.7
MYP	20.0	1,593.6	1,044.3	1,814.7	799.5	537.0	5,809.1
$ Savings	0.0	-254.6	57.4	434.0	197.0	176.7	610.6
% Savings							9.5%

Changes to Existing Law: This proposal would not change the text of existing law.