SEC. ___. MULTIYEAR PROCUREMENT AUTHORITY FOR V-22 JOINT AIRCRAFT PROGRAM.

(a) AUTHORITY FOR MULTIYEAR PROCUREMENT.—Subject to section 2306b of title 10, United States Code, the Secretary of Defense may enter into one or more multiyear contracts, beginning with the fiscal year 2018 program year, for the procurement of V-22 aircraft. Notwithstanding subsection (k) of such section 2306b, the Secretary of Defense may enter into a multiyear contract under this section for up to seven years.

(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 2018 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 Defense to enter into a follow-on multiyear contract for V-22 aircraft for the Fiscal Year (FY) 2018 through 2024 program years for the Department of Defense. Of note, this proposal would allow for the procurement of all remaining V-22 Program of Record quantities. The current Multiyear Procurement (MYP) (FY 2013-2017) is producing significant savings and facilitating industry stability. The Department of Defense (DoD) expects the proposed follow-on MYP (MYP-3) to yield significant savings and industrial base benefits, while instilling confidence in the international community and generating additional V-22 sales that will increase overall MYP savings.

The V-22 Joint Aircraft program is one of the core aviation programs and is approved through the current Five Year Defense Program (FYDP). The Navy, Air Force, and United States Special Operations Command requirement for V-22 aircraft is well documented in the Capability Production Document (CPD) of September 2010 with the Navy adding the extended range requirement and updating the CPD in May 2016.

The V-22 Joint Aircraft multiyear procurement authorization request seeks to apply the most cost effective procurement method to acquire future capability needs. The V-22 provides a unique capability to the DoD and will increase the combat effectiveness needed to prevail in war. When required by the President to apply military force, the V-22 gives combat forces the range, speed, and versatility needed to conduct operations necessary to address a broad spectrum of contingencies. By adding the Navy CMV-22 to the Navy's fleet, the aircraft brings the flexibility and fills the Joint Force Maritime Component Commander (JFMCC) time-critical logistics requirements by transporting personnel, mail and priority cargo from advance bases to

the Sea Base covering an 1150nm range.

Budget Implications: The MYP-3 is anticipated to result in significant savings of approximately 10 percent. Budget estimates and associated funding levels for V-22 aircraft (USMC MV-22 and Navy CMV-22) for FY 2018 and beyond are predicated on MYP-3 authorization. Without the savings associated with a MYP-3, current budget estimates and associated funding levels will be insufficient to support the planned procurement of V-22 aircraft, as the current budget estimate reflects multiyear pricing.

The FY 2018-2024 MYP-3 estimates are based on 18 production lots of historical V-22 data and government analysis of program cost within both prime contractors and sub-contractors or suppliers. The Department plans to contract for 67 aircraft from FY 2018 through FY 2024. This includes one CV-22 aircraft that was included in the Consolidated Appropriations Act, 2017 (Public Law 115–31) in Overseas Contingency Operations under title IX.

The Office of Cost Assessment and Program Evaluation (CAPE) completed an independent assessment of MYP-3 on June 12, 2017, that included all 67 aircraft described above. CAPE developed an estimate of $648 million in total savings to the Navy, or 10% relative to the CAPE Single Year Procurement estimate of 67 aircraft.

	RESOURCE REQUIREMENTS ($MILLIONS)											
Service	**FY 2017[1]**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Air Force	-	-	-	-	-	-	-	-				
Army	-	-	-	-	-	-	-	-				
Marine Corps	83.386	0.021	0.000	8.488	390.478	669.387	650.327	650.757	Aircraft Procurement, Navy	1	0164 P-1 9/10	0206121M
Navy	19.674	704.805	821.196	727.322	615.662	520.831	647.214	776.176	Aircraft Procurement, Navy	1	0164 P-1 9/10	0204151N
Total	103.060	704.826	821.196	735.810	1,006.140	1,190.218	1,297.541	1,426.933				

1. FY2017 includes OCO funding to replace the MV-22 operational loss in Yemen. This aircraft will be negotiated as part of the FY2018 production lot.

Multiyear Procurement Summary[1,2]:

($Millions)

	Annual Contracts	MYP Alternative
Quantity	66	66
Total Contract Price	$6,383.4	$5,784.0
$ Savings compared to Annual Contracts		$599.4*
% of Savings compared to Annual Contracts		9.4%

* V-22 aircraft programs (USMC MV-22 and Navy CMV-22) are budgeted to support a follow-on MYP strategy and not annual contracting. If MYP-3 is not approved, the $599.4 million in savings will need to be added to program funding levels to ensure the annual contracts are executable at planned quantities, or quantities reduced.

	2017	2018	2019	2020	2021	2022	2023	2024	Total
Quantity	**1**	**6**	**7**	**7**	**9**	**11**	**12**	**13**	**66**[1]
Annual Contracts	99.527	508.019	683.761	717.598	879.473	1,033.091	1,189.819	1,272.062	6,383.350
MYP	91.952	473.089	630.796	653.060	796.127	929.200	1,066.785	1,142.976	5,783.985
$ Savings	7.575	34.930	52.965	64.538	83.346	103.891	123.034	129.086	599.365[2]
% Savings									**9.4**[2]

**Totals may not add due to rounding*

Notes:

1. The MYP quantity of 66 aircraft shown above includes a total 65 aircraft in Fiscal Years 2018 to 2024 and one aircraft in FY 2017 that was requested in the amended FY 2017 President's Budget and subsequently funded in the FY 2017 Consolidate Appropriations Act. In addition, the FY 2017 Consolidated Appropriations Act included a Congressional add for one CV-22 aircraft. Due to the timing of the add this aircraft was not included in the FY 2018 President's budget, but will be included in the proposed MYP, for a total quantity of 67 aircraft.
2. The CAPE's independent assessment, which concluded on June 12, did include the CV-22 aircraft and provided an estimated savings of 10%, or $648M.

Changes to Existing Law: This proposal would make no changes to the text of existing law.