SEC. ___. MULTIYEAR PROCUREMENT AUTHORITY FOR AH-64E APACHE HELICOPTERS.

(a) AUTHORITY FOR MULTIYEAR PROCUREMENT.—Subject to section 2306b of title 10, United States Code, the Secretary of the Army may enter into one or more multiyear contracts beginning with the fiscal year 2017 program year, for the procurement of AH-64E Apache helicopters.

(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 2017 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 Army to enter into a multiyear contract for AH-64E Apache helicopters for fiscal year (FY) 2017 through FY 2021. The proposed multiyear procurement (MYP) (FY 2017-2021) will produce significant savings and facilitate industrial stability.

The AH-64E is a core aviation program and is approved for full-rate production through the current Future Year Defense Program. The minimum need for the AH-64E is not expected to decrease during the contemplated MYP period

If the proposal is approved, the Army buy will consist of 275 AH-64E Apache helicopters between FY 2017 and FY 2021. The Request for Proposal (RFP) was released with a minimum quantity of 46 per year, with options for remanufactured quantities up to 75 per year. The RFP included new build quantities, as a contract option, of up to 30 per year. In no year would total quantities of remanufactured and new build aircraft exceed 90 per year.

Budget Implications: This proposed AH-64E Apache MYP is anticipated to result in significant program savings of up to $425.7 million or 11.2 percent. The Director of Cost Assessment and Program Evaluation has completed a cost analysis for the purpose of section 2334(e)(1) of title 10, USC, and the analysis supports that the use of a MYP contract will result in anticipated savings of 10% or possibly more. A multiyear contract will result in minimum annual procurement quantities necessary for the prime manufacturer to leverage the certainty of future production to gain subcomponent savings across all subcontractors. This stems the potential for cost growth of the program.

Budget estimates and associated funding levels for the AH-64E program for FY 2017 and beyond are predicated on MYP authorization. Current budget estimates and associated funding levels are insufficient to support anything other than the planned MYP of AH-64E Apache helicopters without significant reduction in quantity each year.

	Annual Contracts	**MYP Alternative**
Total Estimated Contract Price	$3,801.14	$3,375.41
$ Cost Savings Over Annual		$425.73
% Cost Savings Over Annual		11.2%

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Army Base PROC	$480.6	$558.0	$599.6	$602.8	$540.8	Aircraft Procurement, Army	1	5	A05111A
Army Adv PROC	$116.7	$120.1	$126.4	$115.9	0	Aircraft Procurement, Army	1	6	A05111C
Total	$597.2	$678.1	$726.0	$718.7	$540.8				

Notes:

1. Resource Requirements are for the Multiyear contract only. Does not represent total budget requirement.
2. Numbers may not add due to rounding.

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