

ILLUSTRATIVE EXAMPLES THAT ACHIEVE A NOMINAL FREEZE
IN 1986 DEFENSE BUDGET AUTHORITY

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PREFACE

In recent months, there has been much debate about "freezing" various categories of federal spending, including defense. This paper presents three examples of ways to achieve a nominal freeze in defense budget authority for 1986 (that is, provide the same budget authority in 1986 as in 1985). There are, of course, almost countless ways to achieve a freeze in defense budget authority, and these examples are only illustrative. They were prepared in response to questions asked of CBO at hearings held by both the House and Senate Budget Committees. In keeping with CBO's mandate to provide objective analysis, the paper contains no recommendations.

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ILLUSTRATIVE EXAMPLES THAT ACHIEVE A NOMINAL FREEZE IN 1986 DEFENSE BUDGET AUTHORITY

At the request of the House and Senate Budget Committees, the Congressional Budget Office (CBO) has put together three examples of packages that would achieve a nominal freeze in defense budget authority (that is, the same budget authority in 1986 as in 1985). This would result in a reduction of about \$30 billion in 1986 budget authority for the national defense function. ^{1/} The packages vary in their emphasis on operating savings versus investment savings and, within investment, in their emphasis on strategic versus non-strategic systems.

In order to provide concrete examples, CBO has identified changes in policies proposed in the Administration's budget that, if enacted, would produce the desired savings. This does not constitute a recommendation that those policies be altered. There are a myriad of policies within the Department of Defense and hence almost countless ways to combine them into examples. Those included in this paper are meant only as illustrations.

The recent CBO report, Reducing the Deficit: Spending and Revenue Options, discusses the pros and cons both for aggregate approaches to budget reduction in the defense area and for specific policies such as cancelling or reducing buys of major weapon systems. Here, no effort is made at repeating those discussions.

The three examples in this paper achieve savings by altering policies; none assume savings from financing reductions stemming from overestimates of past inflation, lower-than-expected contract prices, or similar factors. In past years, the Congress and the Administration have reduced the defense budget based on financing changes. But CBO has no firm evidence that further savings are possible and therefore has not included them. Moreover, the examples do not assume that efficiencies will be achieved within the Department of Defense. If achieved, such efficiencies could offset the need for policy changes.

1. The exact savings, based on budget figures, would be \$29.6 billion. For simplicity this paper uses the \$30 billion figure.

Conclusion

The examples make clear what an aggregate analysis also suggests. A nominal freeze in defense budget authority in 1986, which represents a reduction in real terms of about 4 percent below the 1985 level, would require reductions in activities below 1985 levels. The illustrative examples suggest that it would be difficult to achieve a nominal freeze without some substantial changes in major procurement, probably including terminations of some weapons programs. But the number of terminations of major programs could be minimized by making reductions in the operating and supporting investment accounts or, by emphasizing deferral of programs in 1986 that were not procured in 1985, or by substantial reductions in the rates of procurement. Changes in major procurement might also be minimized to the extent that savings from policies other than those assumed here--such as financing or efficiency changes--are achieved.

The choice of how to accomplish a freeze in 1986 might also depend on assumptions about what would happen to the defense budget beyond 1986. If the freeze were to be followed by a resumption of real growth, it might be more reasonable to accommodate the one-year drop by cuts in operating costs that would preserve many ongoing investment programs. If, however, the freeze were to be followed by no real growth or continued nominal freezes, it might be more reasonable to make major changes in the investment accounts to accommodate this long-term shift.

Cuts in all Areas but Emphasis on Non-Strategic Investment (Example 1)

One approach to achieving a nominal freeze in 1986 budget authority, while saving \$10.4 billion in 1986 outlays, would make reductions in all areas of the budget but would emphasize investment, except for strategic investment that would remain unchanged (see Tables 1 and 2 for a summary of Example 1; see the appendix for details). ^{2/} Specifically, the operating

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2. Outlays savings in 1986 associated with this and other examples depend on the choice of policy changes, particularly the amount of change in slow-spending investment accounts versus fast-spending operating accounts. Thus, these 1986 outlay savings may differ from other CBO estimates of savings from a nominal freeze in budget authority.

accounts (operation and maintenance and military personnel) would be reduced by \$5.6 billion; this would leave enough operating funds so that, by CBO's estimates, forces in 1986 could be operated at roughly the same levels of operations spending per unit as in 1985, after adjustment for inflation. ^{3/} To provide needed savings, the proposed military pay raise would be deleted; civilians would receive no pay raise instead of the 5 percent reduction recommended by the Administration. The remaining \$24.4 billion in savings necessary to achieve a nominal freeze would come from non-strategic investment (in this paper investment refers to procurement, research and development, and military construction).

This approach would presumably be consistent with the view that, in order to minimize chances of adverse effects on readiness, operations spending per unit could not be reduced below last year's levels in real terms. Strategic investment must be preserved because of its wartime importance and potential influence on upcoming arms control negotiations.

This approach, however, results in major reductions in investment for non-strategic forces. Under the CBO illustrative example, total investment spending would decrease relative to the 1985 level by \$5 billion or 9 percent in real terms (see Table 2). All of this reduction would occur in the non-strategic programs. There are many ways to achieve this specific level of reductions. The CBO example assumes major reductions in research and development (excluding the Strategic Defense Initiative), military construction, and supporting procurement. All of these are held at their 1985

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3. This "constant operations" estimate for the operating accounts is based on CBO's Defense Resources Model (DRM). The DRM bases its projections on the current and projected inventory of major items of equipment (ships, planes), force structure (Army divisions), and facilities (military bases). Funding for the operation and maintenance and military personnel accounts rests on several key assumptions. First, funding for additions to the current inventory of force structure is determined by CBO's best estimate of costs per unit (often derived with the help of the military services). Deletions from the inventory lead to elimination of associated funding. As much as possible, funding for support accounts (training, supply) is related to inventories of equipment and facilities. The basis for all these calculations--inventories of new and existing equipment, facilities, and units of force structure--is adjusted to be consistent with levels proposed by the Defense Department, as amended by the Congress.

nominal level. The remaining reductions come in major procurement and would result in substantial numbers of program terminations, reductions in buy rates, or deferrals of programs in 1986 that were not procured in 1985. The appendix lists possible actions. Together these actions would mean a substantial slowdown in the modernization of conventional forces relative to the Administration's proposal.

Even after these reductions, however, budget authority in 1986 for all types of investment would be 75 percent higher than it was in 1980 in real terms; hence, the United States would still have substantially increased its defense investment. Moreover, as the list in the appendix suggests, the procurement reductions in this example need not involve large numbers of terminations of major ongoing weapons systems. The number of programs cancelled will depend on the dollar value of the programs selected for termination and the emphasis placed on reductions in procurement rates and deferral of programs in 1986 that were not procured in 1985.

Cuts in all Areas with an Emphasis on Investment (Example 2)

Another approach to achieving a nominal freeze in budget authority in 1986 while saving \$10.1 billion in 1986 outlays would again make reductions in all areas of the budget, but would emphasize all types of investment—including strategic investment. Changes in the operating accounts would again provide enough funds to operate 1986 forces at 1985 levels of funding per unit, with an adjustment for inflation; the military pay raise would be deleted and the civilian pay raise set at zero. The remaining \$24.4 billion in savings necessary to achieve a nominal freeze would come from all the investment accounts (see Table 1). This approach would be consistent with the view that operations spending per unit could not be reduced below last year's levels in real terms and that all investment areas would have to be altered to avoid undue reductions in conventional forces.

As shown in Example 1, total investment spending would fall by 9 percent in real terms (see Table 2). To the extent that investment reductions are made in strategic programs (for example, the MX missile and the Strategic Defense Initiative), the reductions in the spending growth for non-strategic programs would be less. Again, there would be many ways to achieve this specific level of reduction. The CBO illustrative example assumes that supporting procurement is held at the 1985 nominal level, as in Example 1. Because of large real growth in the Administration's plan, suggesting a high priority, this example allows military construction and

research and development (except for the Strategic Defense Initiative) to grow in nominal terms enough to offset the effects of inflation. In order to offset these added costs, funding for research on the Strategic Defense Initiative is spread out over six years but still grows substantially in real terms. The remaining savings would have come out of major procurement. To the extent that some of these savings came from changes in major strategic programs (such as the MX missile), then fewer conventional programs would have to be slowed down, deferred, or cancelled than was the case in Example 1. The appendix lists strategic and conventional programs that could be altered.

Cuts in all Areas but Less Emphasis on Investment (Example 3)

A third approach to achieving a nominal freeze in budget authority in 1986 while saving \$12.2 billion in 1986 outlays would make reductions in all areas of the budget but with less emphasis on investment than in the first two examples. Specifically, the operating accounts in 1986 would receive the same nominal funding as in 1985, except for funds required to pay the full-year cost of the military pay raise; the proposed 5 percent civilian pay reduction would be left in place. Together these actions would save \$8.6 billion. These changes would probably preclude growth in the number of military or civilian personnel or any improvements in military or civilian benefits. (Alternatively, the Congress could preserve some growth in personnel and selected benefits if it enacted major reforms, such as revision of the military retirement system.) The remaining \$21.4 billion needed for a nominal freeze would come from all categories of investment (see Table 1). This approach would be consistent with the view that, given recent improvements in readiness and the seemingly low probability of a major conflict in the near term, one should accept some retrenchment in the operating accounts to minimize adverse effects on investment.

This approach would require smaller reductions in investment than in the previous examples. Investment spending would decrease relative to the 1985 level by \$2 billion or 7 percent in real terms (see Table 2). Under this CBO illustrative example, reductions in research and development, military construction, and supporting procurement would be identical to those in Example 2. Reductions in major procurement, however, would be the smallest of any of the examples. Although example 3 would still require changes in a number of major programs and might include some program cancellations, the number could be less than in the previous examples.

Other Approaches

These three examples do not, of course, exhaust all the possibilities. In order to protect more investment spending, the Congress could make even larger reductions in the operating accounts than those in the examples, though these reductions would have increasingly adverse effects on readiness. Also, the Congress could elect to make larger reductions in investment areas like military construction, research and development, and supporting procurement where individual programs are not usually large and visible. Several of these categories, however, seem to have large real growth in the Administration's budget, which may suggest a high priority. Finally, the Congress could elect to achieve needed reductions in major procurements by slowing procurement rates of most or all systems below their 1985 levels, thereby avoiding cancelling systems. This latter approach, however, could increase unit costs above 1985 levels for many programs.

TABLE 1. ILLUSTRATIVE EXAMPLES THAT HOLD 1986 BUDGET AUTHORITY AT 1985 LEVEL
(Dollars and percents represent reduction below Administration's budget request)

	Example 1 -Cuts Everywhere Except Strategic -Emphasis on Investment	Example 2 -Cuts Everywhere -Emphasis on Investment	Example 3 -Cuts Everywhere -Less Emphasis on Investment
Billions of Dollars			
1986 Budget Authority Savings (\$ billions)			
Investment	24.4	24.4	21.4
Operating	5.6	5.6	8.6
Total	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>
Percent Funding Slowed			
Effects on Major Procurement	18	22	17
Other Investment Effects			
Sustainability <u>a/</u>	18	18	18
Supporting procurement <u>b/</u> Research and Development	14	8	8
Strategic Defense Initiative	0	24	24
All other	15	11	11
Military Construction	23	18	18
Other Effects			
Operating Accounts			
Real improvements in readiness spending per unit <u>c/</u>	No	No	No
Real decreases in readiness spending per unit <u>d/</u>	No	No	<u>e/</u>
Military pay raise allowed?	No	No	No
Civilian pay cut restored to zero?	Yes	Yes	No

SOURCE: Congressional Budget Office.

- a. Ammunition and tactical missiles.
- b. Communications, electronics, and other support equipment.
- c. Real improvements in operations spending per unit would require adding money to the military personnel and operating accounts beyond that for inflation and new pieces of equipment.
- d. If funds in an example are not sufficient to operate forces--including new forces--at 1985 real levels of spending, then there are real declines.
- e. There would be real declines unless efficiencies allow DoD to reduce costs without affecting operations.

TABLE 2. SUMMARY OF SAVINGS IN 1986 BUDGET AUTHORITY ASSOCIATED WITH ILLUSTRATIVE EXAMPLES THAT HOLD 1986 BUDGET AT 1985 LEVEL

	Example 1		Example 2		Example 3	
	-Cuts Everywhere Except Strategic		-Cuts Everywhere		-Cuts Everywhere	
	-Emphasis on Investment		-Emphasis on Investment		-Less Emphasis on Investment	
	Savings (billions of dollars)	Real Growth (percent)	Savings (billions of dollars)	Real Growth (percent)	Savings (billions of dollars)	Real Growth (percent)
Investment Accounts						
Procurement	17.3	-13	18.4	-14	15.4	-11
Military Construction	1.6	-4	1.3	0	1.3	0
Research, Development, Test, and Evaluation	5.5	2	4.7	4	4.7	4
Total Investment Accounts	24.4	-9	24.4	-9	21.4	-7
Operating Accounts						
Operation and Maintenance	1.8	0 <u>a/</u>	1.8	0 <u>a/</u>	4.2	-2
Military Personnel	3.8	1	3.8	1	4.4	0
Total Operating Accounts	5.6	0	5.6	0	8.6	-1
Total	30.0	-4	30.0	-4	30.0	-4

SOURCE: Congressional Budget Office.

a/ There are modest real increases of approximately 0.5 percent to operate new forces.

APPENDIX

Example 1. CUTS IN ALL AREAS BUT EMPHASIS ON
NON-STRATEGIC INVESTMENT
(Savings in billions of dollars)

<u>OPERATING ACCOUNTS</u>		<u>Savings</u>
O&M	Zero real growth over 1985 level +\$.4 billion to accommodate past procurement and readiness decisions (assumes no civilian pay cut)	1.8
Milpers	Zero real growth over 1985 level +\$.3 billion for manpower increases to accommodate past procurement and force structure decisions (assumes no military pay raise July 1985)	3.8

INVESTMENT ACCOUNTS

Major Procurement

Hold Procurement at 1985 Levels. Examples: a/

- M113 armored personnel carrier
- FAASV artillery ammunition support vehicle
- M88 armored recovery vehicle
- Bradley fighting vehicle
- EA6B early warning plane
- AV8B fighter plane
- F-15 fighter plane
- LCAC landing craft
- C-5 cargo aircraft
- C-20 aircraft
- T46 training aircraft
- TR1 reconnaissance aircraft

Total savings associated with these examples 1.6

Slow Some Major Procurement Programs Below 1985 Levels.

Examples:

- * -Bradley Fighting Vehicle (540 per year)
- M1 tank (720 per year)
- * -SSN-688 submarine (3 per year)
- * -LSD amphibious ship (1 per year)
- * -F-15 aircraft (36 per year)

Total savings associated with these examples 2.0

Defer Systems Not Procured in 1985. Examples:

- * -RPV Aquila
- E6A aircraft
- T34C training aircraft
- VH60 helicopter
- Acoustics research ship
- LHD1 amphibious transport ship
- Mine hunter ship
- HH60 helicopter

Total savings associated with these examples

2.6

Cancel Programs. Examples: b/

- AH64 attack helicopter 1.4
- A-6 aircraft 0.5
- AV8B aircraft 1.1
- E6A aircraft 0.5
- EA6B aircraft 0.6
- F-14 aircraft 1.2
- F/A-18 aircraft 2.9
- P3C aircraft 0.5
- C-5 aircraft 2.4
- * -F-15 aircraft 2.5
- KC-135 reengining 0.7
- * -LANTIRN navigation and targeting system 0.5
- TR1 aircraft 0.5
- Patriot missile 1.2
- CG-47 ship 2.8
- SSN-688 submarine 2.8
- Bradley fighting vehicle 1.1
- M1 tank 2.2
- * -DIVAD air defense gun 0.6
- JVX aircraft (R&D) 0.6
- * -C-17 aircraft (R&D) 0.5
- AMRAAM missile 0.5

5.6 c/

Other Procurement

Sustainability

- fund ammunition and tactical missiles at
FY1985 level in nominal terms

2.8

Supporting Procurement -fund communications equipment and other supporting equipment such as trucks, forklifts, and tractors at the FY 1985 level in nominal terms	2.7
Military Construction -fund at the 1985 nominal level	1.6
Research, Development, Test, and Evaluation -zero growth over nominal 1985 level in the non SDI portion of the account	5.5
Total Savings	<u>30.0</u>

* For a discussion of the advantages and disadvantages of this particular action, see Congressional Budget Office, Reducing the Deficit; Spending and Revenue Options, February 1985.

a/ These examples were obtained from the Procurement Programs (P-1) exhibit provided by the Department of Defense. It excludes programs that are fully funded under multi-year procurement provisions.

b/ The savings associated with the individual programs listed here reflect the 1986 program acquisition cost in 1986 budget authority as provided by the Department of Defense in Program Acquisition Costs By Weapons Systems, February 4, 1985. Only a portion of all of the systems on this list would have to be cancelled to meet the target savings in this category under the illustrative plan. The list contains only programs with 1986 costs above \$0.5 billion.

c/ A total of \$5.6 billion additional savings in the major procurement accounts would be required if all of the procurement savings outlined under program reductions and deferrals in this example were realized. To the extent that larger savings in other areas could be achieved, the savings from cancelling programs could be reduced.

Example 2 CUTS IN ALL AREAS WITH EMPHASIS ON INVESTMENT
(Savings in billions of dollars)

<u>OPERATING ACCOUNTS</u>		<u>Savings</u>
O&M	Zero real growth over 1985 level +\$.4 billion to accommodate past procurement and readiness decisions (assumes no civilian pay cut)	1.8
Milpers	Zero real growth over 1985 level +\$.3 billion for manpower increases to accommodate past procurement and force structure decisions (assumes no military pay raise July 1985)	3.8

INVESTMENT ACCOUNTS

Major Procurement

Hold Procurement at 1985 Levels. Examples: a/

- M113 armored personnel carrier
- FAASV artillery ammunition support vehicle
- M88 armored recovery vehicle
- Bradley fighting vehicle
- EA6B early warning plane
- AV8B fighter plane
- F-15 fighter plane
- LCAC landing craft
- C-5 cargo aircraft
- C-20 aircraft
- T46 training aircraft
- TR1 reconnaissance aircraft

Total savings associated with these examples 1.6

Slow Some Major Procurement Programs Below 1985 Levels.

Examples:

- * -Bradley Fighting Vehicle (540 per year)
- M1 tank (720 per year)
- * -SSN-688 submarine (3 per year)
- * -LSD amphibious ship (1 per year)
- * -F-15 aircraft (36 per year)

Total savings associated with these examples 2.0

Defer Systems Not Procured in 1985. Examples:

- * -RPV (Aquila)
- E6A aircraft
- T34C trainer aircraft
- VH60 helicopter
- Acoustic research ship
- LHDI amphibious transport ship
- Mine hunter ship
- HH60 helicopter

Total savings associated with these examples

2.6

Cancel Programs. Examples: b/

- AH64 attack helicopter 1.4
- A-6 aircraft 0.5
- AV8B aircraft 1.1
- E6A aircraft 0.5
- EA6B aircraft 0.6
- F-14 aircraft 1.2
- F/A-18 aircraft 2.9
- P3C aircraft 0.5
- C-5 aircraft 2.4
- * -F-15 aircraft 2.5
- KC-135 reengining 0.7
- * -LANTIRN navigation and targeting system 0.5
- TR1 aircraft 0.5
- Patriot missile 1.2
- Trident II C5 missile 2.9
- GLCM cruise missile 0.6
- * -MX missile 4.1
- CG-47 ship 2.8
- SSN-688 submarine 2.8
- Trident submarine 1.8
- Bradley fighting vehicle 1.1
- M1 tank 2.2
- * -DIVAD air defense gun 0.6
- JVX aircraft (R&D) 0.6
- C-17 aircraft (R&D) 0.5
- AMRAAM missile 0.5

7.9 c/

Other Procurement	
Sustainability	
-fund ammunition and tactical missiles at FY 1985 level in nominal terms	2.8
Supporting procurement	
-zero real growth in FY1986 for communications equipment and other supporting equipment such as trucks, forklifts and tractors	1.5
Military Construction	
Zero real growth over 1985 level	1.3
Research, Development, Test and Evaluation	
Zero real growth over 1985 level except in the SDI account.	3.8
Funds for SDI planned for five years are spread over six years	0.9
Total Savings	<u>30.0</u>

* For a discussion of the advantages and disadvantages of this particular action, see Congressional Budget Office, Reducing the Deficit; Spending and Revenue Options, February 1985.

a/ These examples were obtained from the Procurement Programs (P-1) exhibit provided by the Department of Defense. It excludes programs that are fully funded under multi-year procurement provisions.

b/ The savings associated with the individual programs listed here reflect the 1986 program acquisition cost in 1986 budget authority as provided by the Department of Defense in Program Acquisition Costs By Weapons Systems, February 4, 1985. Only a portion of all of the systems on this list would have to be cancelled to meet the target savings in this category under the illustrative plan. The list contains only programs with 1986 costs above \$0.5 billion.

c/ A total of \$7.9 billion additional savings in the major procurement accounts would be required if all of the procurement savings outlined under program reductions and deferrals in this example were realized. To the extent that larger savings in other areas could be achieved, the savings from cancelling programs could be reduced.

Example 3 CUTS IN ALL AREAS BUT LESS EMPHASIS ON INVESTMENT
(Savings in billions of dollars)

<u>OPERATING ACCOUNTS</u>		<u>Savings</u>
O&M	Zero growth over 1985 level in nominal terms (assumes 5 percent civilian pay cut)	4.2
Milpers	Zero growth over 1985 level in nominal terms +\$.6 billion to annualize the January 1985 military pay raise (assumes no military pay raise July 85)	4.4

INVESTMENT ACCOUNTS

Major Procurement

Hold Procurement at 1985 Levels. Examples: a/

- M113 armored personnel carrier
- FAASV artillery ammunition support vehicle
- M88 armored recovery vehicle
- Bradley fighting vehicle
- EA6B early warning plane
- AV8B fighter plane
- F-15 fighter plane
- LCAC landing craft
- C-5 cargo aircraft
- C-20 aircraft
- T46 training aircraft
- TR1 reconnaissance aircraft

Total savings associated with these examples 1.6

Slow Some Major Procurement Programs Below 1985 Levels.

Examples:

- * -Bradley Fighting Vehicle (540 per year)
- M1 tank (720 per year)
- * -SSN-688 submarine (3 per year)
- * -LSD amphibious ship (1 per year)
- * -F-15 aircraft (36 per year)

Total savings associated with these examples 2.0

Defer Systems Not Procured in 1985. Examples:

- * -RPV (Aquila)
- E6A aircraft
- T34C trainer aircraft
- VH60 helicopter
- Acoustic research ship
- LHDI amphibious transport ship
- Mine hunter ship
- HH60 helicopter

Total savings associated with these examples

2.6

Cancel Programs. Examples: b/

-AH64 attack helicopter	1.4
-A-6 aircraft	0.5
-AV8B aircraft	1.1
-E6A aircraft	0.5
-EA6B aircraft	0.6
-F-14 aircraft	1.2
-F/A-18 aircraft	2.9
-P3C aircraft	0.5
-C-5 aircraft	2.4
* -F-15 aircraft	2.5
-KC-135 reengining	0.7
* -LANTIRN navigation and targeting system	0.5
-TR1 aircraft	0.5
-Patriot missile	1.2
-Trident II C5 missile	2.9
-GLCM cruise missile	0.6
* -MX missile	4.1
-CG-47 ship	2.8
-SSN-688 submarine	2.8
-Trident submarine	1.8
-Bradley fighting vehicle	1.1
-M1 tank	2.2
* -DIVAD air defense gun	0.6
-JVX aircraft (R&D)	0.6
-C-17 aircraft (R&D)	0.5
-AMRAAM missile	0.5

4.9 c/

Other Procurement	
Sustainability	
-fund ammunition and tactical missiles at FY 1985 level in nominal terms	2.8
Supporting procurement	
-zero real growth in FY1986 for communications equipment and other supporting equipment such as trucks, forklifts and tractors	1.5
Military Construction	
Zero real growth over 1985 level	1.3
Research, Development, Test and Evaluation	
Zero real growth over 1985 level except in the SDI account.	3.8
Funds for SDI planned for five years are spread over six years	0.9
Total Savings	<u>30.0</u>

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- * For a discussion of the advantages and disadvantages of this particular action, see Congressional Budget Office, Reducing the Deficit; Spending and Revenue Options, February 1985.
- a/ These examples were obtained from the Procurement Programs (P-1) exhibit provided by the Department of Defense. It excludes programs that are fully funded under multi-year procurement provisions.
- b/ The savings associated with the individual programs listed here reflect the 1986 program acquisition cost in 1986 budget authority as provided by the Department of Defense in Program Acquisition Costs By Weapons Systems, February 4, 1985. Only a portion of all of the systems on this list would have to be cancelled to meet the target savings in this category under the illustrative plan. The list contains only programs with 1986 costs above \$0.5 billion.
- c/ A total of \$4.9 billion additional savings in the major procurement accounts would be required if all of the procurement savings outlined under program reductions and deferrals in this example were realized. To the extent that larger savings in other areas could be achieved, the savings from cancelling programs could be reduced.