

The fiscal year 1984 B-1B multiyear contract proposal is of particular concern because this is a concurrent development and production program. The first of the 100 planned weapon systems has yet to be delivered. In September 1982, we reported that the projected cost savings were based on a methodology we considered very unreliable, and that discounting had not been used to consider the time value of money. We also questioned whether two criteria of Public Law 97-86, design stability and degree of cost confidence, could be met since the B-1B weapon system is barely into production and firm contractor cost proposals on annual and multiyear contract basis had not been obtained. There has been high congressional interest in the B-1B weapon system and we recommend continued attention. GAO is in the process of obtaining from the Air Force the detailed support as to how the Air Force met the legislative criteria for the multibillion dollar proposal for the system's multiyear contracts.

We are also concerned that while we are focusing on the issue of the potential of individual candidates for multiyear contracting that we may lose sight of the cumulative inflexibility that is being built into outyear DOD expenditure budgets. Attachment II to this testimony displays the cumulative impact to future DOD expenditure budgets as a result of the multiyear procurement currently proposed by DOD.