

Department of Defense
Selected Acquisition Reports
as of December 31, 1982

Updated summaries of DoD plans for the development and procurement of selected major defense systems have been submitted to the Congress. These summaries, called Selected Acquisition Reports (SARs), are prepared every three months to provide the latest estimates of technical, schedule, quantity, and cost information concerning the major defense systems now approved within the Department of Defense.

FIRST DECREASE IN COSTS IN TEN YEARS

The December 31, 1982 SARs reflect a decrease of \$18.4 billion since the September 30, 1982 report. This is the first decrease in cost in the December quarter since 1973. These favorable results are largely attributable to: (1) the lower defense commodity inflation index resulting from the Administration's anti-inflation program; and (2) a reduction in the number of Trident I submarines that will be replaced by Trident II submarines. In addition, it is also a result of our continued management efforts to reduce cost growth in our weapon systems. If the reductions due to economic and quantity changes are excluded, there is an increase of \$7.5 billion (1.3%) due primarily to engineering, schedule, and support change. This increase is still the smallest total dollar increase since December of 1975 and the lowest percent increase since 1973.

ACQUISITION IMPROVEMENT INITIATIVES SHOW SUCCESS

We believe this reflects success in implementation of the cost growth reduction efforts of our Acquisition Improvement Program and other management actions we have taken since 1981. Among other initiatives, these include (a) budgeting for most likely cost; (b) budgeting for technological risk; and (c) more realistic budgeting for inflation. We have also improved our long range planning process as well as the decision making process within the Planning, Programming, and Budgeting System. Contract cost auditing has been given a higher priority and we have increased internal attention to cost and cost monitoring through regular senior management review of individual programs and the implementation status of our management initiatives. These signs are indeed encouraging, and they show that it is possible to break with the Department's past history of ever increasing program cost growth. We expect to see continued improvement in this area.

SUMMARY OF SAR DATA

The cost estimates provided for the 53 SAR programs include research, engineering, procurement, and military construction. Total program costs are updated to reflect actual cost on delivered systems, as well as anticipated cost for future procurement which in some instances extends well into the 1990s. In addition, all estimates include allowances for anticipated inflation. Program costs for FY 1984 and beyond account for 66% of the total \$539.7 billion estimate of the 53 programs and reduced inflation in the economy has resulted in a 3.7% decrease in the out-year estimates. The December 31, 1982, reports include all changes to previous reports required by the Defense Appropriations Act for Fiscal Year (FY) 1983 and FY 1984 budget requests now before the Congress. In addition, revisions in these reports reflect the latest Five Year Defense Plan (FYDP).