

SAVINGS BY INCREASED PRODUCTION RATE

Mr. Secretary, on page 11 of your prepared testimony you state that DOD has projected a savings of \$2.3 billion from increased production rates on 18 programs.

Question. Will you furnish for the record a list of those programs, the increase in rate for each program, and the corresponding increase in cost from those increased purchases as well as the savings from higher production rates?

Answer. The following table lists the 18 programs, the increase in TOA in fiscal year 1988 which was incurred by increasing their rates, and the net saving for fiscal year 1981 through fiscal year 1987. This list has changed in the process of constructing the fiscal year 1984 budget as has the procurement profile for some of the programs. The projected savings effective with the fiscal year 1984 budget is now estimated at \$2.6B through fiscal year 1988. The economies and efficiencies submittal will be sent to the Congress shortly and will contain detailed backup material, procurement profiles, and savings computations on the new listing. Estimated savings are derived from comparing the unit cost of each program at its previously programmed rates to the cost of the same number of items procured at the higher rates. The higher rates, in addition to reducing unit cost, result in delivering more items of equipment to the field in the same time period.

ECONOMIC PRODUCTION RATES

(Dollars in millions)

	Fiscal year 1983 TOA increase	Net savings (fiscal year 1981-87)
AIM-9M missiles.....		\$74.2
E-3A aircraft.....		159.0
F-15 aircraft.....	\$1,072.1	42.6
RF-4 IR Sensors.....	19.3	13.1
Defense satellites.....	207.2	64.0
AN/SSQ-47 sonobuoys.....		3.2
AN/BQQ-5 sonars.....		1.3
TSEC/KG-45.....	2.8	.8
SH-60B helicopters.....	55.7	217.5
CH-53E helicopters.....	81.8	20.9
Common ECM Equipment.....	61.7	18.5
A-6E aircraft.....	109.6	58.4
EA-6A aircraft.....	169.6	36.8
F-14 aircraft.....	562.5	70.9
F-16 aircraft.....	435.8	747.0
Laser Hellfire missiles.....	130.0	189.8
Fighting vehicle systems.....	141.3	236.0
DIVAD gun systems.....	349.0	313.1
Total.....	3,398.4	2,267.1

ELIMINATED OR RESTRUCTURED PROGRAMS

Question. I understand that DOD has eliminated or restructured 120 programs in the last 2 years that have not proven cost effective. Will you provide a list of these programs for the record?

Answer. The fiscal year 1984 edition of the Economies and Efficiencies package will be released by the Secretary shortly and we will provide you with a copy at that time. It contains the exhibit that your question refers to on elimination/reduction of marginal programs.

[Short recess.]

Chairman ROTH. The committee will please be in order.

At this time, we will proceed with Walton H. Sheley, Jr., Director of the Missions Analysis and Systems Acquisition Division of GAO.