

We are delighted to have you here today, and I would appreciate it if you would introduce your colleagues and give a summary of your statement.

TESTIMONY OF WALTON H. SHELEY, JR., DIRECTOR, MISSIONS ANALYSIS AND SYSTEMS ACQUISITION DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY ROBERT GILROY, GENERAL PROCUREMENT, GAO, AND GEORGE J. WOODITCH, SPECIAL PROJECTS, GAO

Mr. SHELEY. On my right is Mr. Robert Gilroy in charge of our general procurement area, and on my left, George J. Wooditch, handling special projects in my division, primarily the requests we are dealing with for you right now. I might say at the outset, I am pleased to be here. I will make the remarks very brief. I will even cut it back from the executive summary.

Several of the topics discussed earlier this morning are matters we in the General Accounting Office have been very concerned about for a number of years, going back as far as 1969.

We are encouraged with the initiative to budget to more realistic costs. It is very difficult to do, but the penalties for not doing so are built-in cost growth. You are going to have cost growth if you low ball it, and when the realism sets in, that happens.

Another topic that I would talk to just briefly is joint programs. There is a general myth that joint programs save money. Well, we have been looking, at your request, at a number of programs, and we have yet to find one that really worked. That is not to say that services have not used other services' hardware after they have been developed and produced. A case in point is the F-4 aircraft that was initially developed by the Navy, but it was not a joint program. The Air Force has successfully in the past used and still uses the F-4 airplanes, but it was not a joint program.

The Secretary this morning mentioned multiyear contracting as one of the initiatives that he is very much interested in. GAO has been interested in this as far back as 1969. Secretary Thayer threw out a number; as I recall it, \$4 billion plus in savings resulting from that. I have a little bit of concern that that is a good number. That may be how he projects the number based on a side-by-side comparison, single year verses multiyear, but it does not take into account the discounting of money. I would not want to leave any impression at all that I have anything against multiyear contracting. To the contrary, I support it, and I think it encourages one of the things that the Secretary pointed out that is very important, and that is program stability; that once you go into multiyear contracting, you do develop a degree of program stability, you do not have the year-to-year perturbations and you are bound to save money. How much, I do not know; you would be continually playing a "what-if" game as to what the circumstances might have been if you had not had the multiyear contract.

With those brief remarks, I will make myself available for questioning, Mr. Chairman.

Chairman ROTH. Mr. Sheley, I understand in a way, that this is your swan song, that you will soon be departing from the General Accounting Office. I would personally like to express my apprecia-