

## DEPARTMENT OF DEFENSE COST ESTIMATE

The Department of Defense has informed the committee that, so far as can be determined, the bill will have no significant budgetary impact on the department.

## CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office and submitted pursuant to section 403 of the Congressional Budget Act of 1974 is included hereafter:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, July 17, 1986.*

Hon. LES ASPIN,  
*Chairman, Committee on Armed Services,  
House of Representatives, Washington DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 4370, a bill to reorganize the Department of Defense, as ordered reported by the House Armed Services Committee on June 25, 1986.

This bill would reorganize the Department of Defense including combatant commands, defense agencies, field activities, and the office of the Secretary of Defense. Also, a joint officer personnel policy would be established. The bill would consolidate headquarters staff resulting in a 15 percent personnel reduction. It would require an annual report on National Security strategy and two management studies of the office of the Secretary of Defense, one by an independent contractor.

Although staff sizes are reduced and reporting requirements are added by this bill, CBO does not know if Defense Department costs would, in fact, change. For example, there is no indication that personnel ceilings, established in annual authorization bills, would be reduced accordingly. It is assumed, therefore, that overall costs for the Department of Defense would be unchanged, and that there would be no costs to state and local governments.

Sincerely,

RUDOLPH G. PENNER.

## COMMITTEE COST ESTIMATE

The committee concurs with the estimate of the Congressional Budget Office.

## INFLATION-IMPACT STATEMENT

Pursuant to clause 2(1)(4) of Rule XI of the Rules of the House of Representatives, the committee attempted to determine the inflationary impact of the bill. The committee concludes that the bill in and of itself will have no inflationary impact.