

NATIONAL DEFENSE BUDGET ESTIMATES FOR FY 1980

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**OFFICE OF THE ASSISTANT SECRETARY
OF DEFENSE (COMPTROLLER)**

NATIONAL DEFENSE BUDGET ESTIMATES FOR FY 1980

This material is intended to serve as a convenient source with respect to the FY 1980 budget estimates for National Defense. The material is organized into sections, as shown in the Table of Contents. Each section begins with a brief description of the material included, and some highlight data. This introductory information is followed, in each section, by material in greater detail.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
(COMPTROLLER)

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1. SUMMARY AND DEFINITIONS

Table 1-1 presents a summary of the FY 1976-80 budget totals for National Defense.

Several terms used here, and throughout, should be defined. Budget authority represents authority to incur obligations -- that is, to hire personnel or enter into contracts that will involve expenditure of funds from the Treasury. Budget authority, in most cases, is provided by appropriations, but there are exceptions. The most-significant exceptions involve sales from the stockpile and certain other receipts. These are covered in more detail in the section on budget authority (Section 2).

Outlays represent expenditures, or net checks issued -- that is spending net of receipts. About 3/4 of FY 1980 National Defense outlays will be made from FY 1980 budget authority; the remainder of FY 1980 outlays will be made from budget authority provided in FY 1979 and earlier years. A large part of FY 1980 budget authority, in turn, will not be spent until FY 1981 or later years.

Total obligational authority (TOA) is a measure used by DoD; it is not a Government-wide term. It refers to the value of the direct Defense program for each year. For example, if it is proposed to procure 10 aircraft at a cost of \$1 million each, that is \$10 million in TOA. Direct operating costs for a year represent TOA. TOA differs from budget authority because:

- TOA does not reflect such items as receipts from sale of surplus property, which are deposited in the Treasury, and do not have a bearing on the direct Defense program.
- The direct program (TOA) for a year may be financed in part from prior-year balances of budget authority. For example a part of the FY 1979 and FY 1980 programs are to be financed, at the direction or with the approval of Congress, from prior balances. In these instances, TOA for those years will be greater than budget authority.
- Shelf sales provide another example. These occur where an item is sold to another nation, and replacement is not required. In the past, these proceeds could be used to acquire new items, which are reflected as TOA. In these instances, too, TOA was greater than budget authority.

National Defense as reflected herein represents the National Defense function as reflected in the President's budget. About 98% of the National Defense functional total is embraced by DoD -- that is, the military functions of the Department of Defense. The remainder of the National Defense function includes the military(nuclear) activities of the Department of Energy (DoE), the Strategic and Critical Material Stockpile, the Selective Service System, the Renegotiation Board, the

Military Assistance Program (MAP) for FY 1961 and prior years, Civil Defense, and smaller activities. These are detailed in the section on budget authority (Section 2).

Tables 1-1 and 1-2 present data in current prices and constant FY 1980 prices. Current prices reflect the amounts actually provided and spent. Constant prices represent the amounts that would have been spent, to hire the same people and purchase the same amounts of goods and services, had FY 1980 pay rates and price levels been in effect in each year. The method for converting to constant prices is explained in the section on pay raises and price increases (Section 9).

Table 1-2 presents data on National Defense budget authority, TOA and outlays from FY 1945 to FY 1980, in current and constant prices. Figures for DoD are shown separately in the table.

Trust fund transactions for foreign military sales (FMS) are excluded from all years. These are now included in the International Affairs function of the Federal budget. The military assistance program (MAP) is excluded from DoD amounts in Table 1-2 and in the tables in all other sections. For the years FY 1961 and prior, MAP is included in the amounts shown for "total national defense." From FY 1962 forward, MAP is excluded from both DoD and national defense amounts. Table 1-13 provides for the record a complete summary of MAP data from FY 1945 through FY 1980.

Until this year, Civil Defense was part of the Department of Defense and was reflected in the DoD budget totals. While it will continue to be included in the National Defense function of the President's Budget, data presented for DoD exclude Civil Defense for all years in order to provide a consistent presentation. Table 1-14 provides for the record a complete summary of Civil Defense data from FY 1954 through FY 1980.

The transition quarter (FY 197T) is the period from July 1 through September 30, 1976, necessary to convert to the new fiscal year beginning October 1. Data for FY 19TQ are generally not presented here, in order to avoid further complicating a presentation that is already complicated enough. The fiscal years presented herein are 12 months in all cases -- ending on June 30 through 1976, and on September 30 for 1977 and later years.

Table 1-3 presents a summary of the Federal total (budget authority and outlays) by function, FY 1978-80.

Table 1-4 provides a breakdown of Federal outlays, FY 1939-80. Federal outlays are grouped under these headings: National Defense, with a separate figure for DoD; Veterans, Space and International programs, Interest; and Social and Economic programs. The latter category includes General Science and Technology (excluding the space program); Natural Resources and Environment; Energy; Agriculture; Commerce and Housing Credit; Transportation; Community and Regional Development; Education, Training, Employment and Social Services; Health; Income Security;

Administration of Justice; General Government; and Revenue Sharing and general purpose fiscal assistance. Table 1-5 expresses the same data in constant FY 1972 prices.

Table 1-6 provides a similar breakdown of net US public spending (Federal, state and local), FY 1939-80. These figures exclude government enterprises (such as the postal service, utilities, and liquor stores) except for any support these activities receive from tax funds. Table 1-7 expresses the same data in constant FY 1972 prices.

Table 1-8 shows gross national product (GNP) for calendar years 1946 through 1980 in current and constant CY 1972 dollars. The table provides a breakdown of GNP under these headings: National Defense, Other Federal, State and Local, and All Other. All data are on a National Income Accounts (NIA) basis. Table 1-9 shows the percentage distribution of the National Income Accounts by Calendar Years and by Fiscal Years.

Table 1-10 shows gross national product for fiscal years 1947 through 1980 in current and constant FY 1972 dollars. The breakdown is the same as for Table 1-8.

Table 1-11 relates to table 1-6 and provides net U.S. public spending as a percentage share of GNP.

Table 1-12 is a master percentage table which shows DoD and national defense spending as a percentage of various economic and budgetary aggregates. Included are DoD and national defense outlays as a percentage of the Federal Budget and of net public spending. Also included are DoD and National Defense employment as a percentage of public employment and of the labor force. The Defense share of GNP on both budget basis and a National Income Accounts (NIA) basis are provided as well as national defense industry purchases as a percent of private sector output.

Table 1-13, as discussed earlier, provides a summary of the Military Assistance Program. Table 1-14 provides similar detail for Civil Defense.

1-1 NATIONAL DEFENSE BUDGET SUMMARY
(\$ in Millions)

	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>Change FY 1979-80</u>
<u>In Current Prices</u>						
Total Obligation Authority, DoD	95,881	108,190	116,494	125,740	135,500	9,760
Budget Authority						
DoD	95,508	108,338	115,322	125,209	135,041	9,832
DOE and Other	1,664	2,094	2,605	2,705	3,202	497
Total, National Defense	97,172	110,432	117,926	127,915	138,243	10,328
Outlays						
DoD	87,891	95,557	103,042	111,900	122,700	10,800
DOE and Other	1,539	1,944	2,144	2,603	3,131	528
Total, National Defense	89,430	97,501	105,186	114,503	125,830	11,327
<u>In Constant FY 1980 Prices</u>						
Total Obligation Authority, DoD	124,833	131,178	131,774	133,248	135,500	2,252
Budget Authority						
DoD	124,344	131,343	130,453	132,680	135,041	2,361
DOE and Other	2,192	2,553	2,960	2,869	3,202	333
Total, National Defense	126,536	133,896	133,413	135,549	138,243	2,694
Outlays						
DoD	114,567	116,537	117,396	119,063	122,700	3,637
DOE and Other	2,037	2,404	2,477	2,785	3,131	346
Total, National Defense	116,604	118,941	119,873	121,848	125,830	3,982

Table 1-1

1-2 NATIONAL DEFENSE BUDGET AUTHORITY AND OUTLAYS, 1945-1980
(\$ in Millions)

FY	CURRENT PRICES					CONSTANT (FY 1980) PRICES				
	Outlays		Budget Authority		TOA	Outlays		Budget Authority		TOA
	DoD	Tot Nat'l Defense	DoD	Tot Nat'l Defense	DoD	DoD	Tot Nat'l Defense	DoD	Tot Nat'l Defense	DoD
1945	76,462	81,858	33,794	39,190	79,504	422,472	448,352	225,691	249,684	419,814
1946	40,184	41,553	42,629	43,998	36,578	224,165	230,376	229,862	235,585	203,121
1947	13,205	11,601	10,599	8,957	14,260	68,585	62,070	58,198	52,013	71,464
1948	10,151	7,845	11,800	9,493	11,903	50,482	42,430	56,041	48,183	56,166
1949	11,241	11,761	10,433	10,936	13,204	53,377	55,053	51,326	52,993	60,251
1950	11,674	12,407	14,086	16,474	14,337	52,033	54,425	59,110	66,650	60,031
1951	19,572	21,863	47,534	57,772	45,173	79,832	82,123	166,387	197,696	158,657
1952	38,716	43,351	60,196	67,518	57,188	144,529	158,377	215,201	237,961	204,640
1953	43,410	49,912	48,603	56,882	44,283	155,987	174,971	174,520	199,846	162,231
1954	40,056	46,289	34,319	38,691	30,429	145,321	163,960	128,553	142,039	117,810
1955	35,169	39,834	30,425	32,867	33,790	125,072	138,439	113,580	120,865	123,176
1956	35,396	39,719	32,791	34,980	38,065	120,915	133,028	115,543	121,776	129,335
1957	38,098	42,415	35,916	39,412	39,724	124,123	135,359	122,474	132,156	132,125
1958	39,194	43,721	36,971	40,099	41,124	121,057	132,674	120,728	129,319	130,276
1959	41,467	45,961	41,402	45,053	42,193	122,985	134,435	127,269	137,272	129,443
1960	41,494	45,168	40,907	44,309	40,257	122,115	131,528	122,657	131,832	121,905
1961	43,292	46,633	41,386	45,134	44,643	124,070	132,486	123,799	133,858	131,769
1962	46,826	49,039	48,014	50,162	48,434	133,383	138,929	141,453	147,140	141,398
1963	47,941	50,142	49,560	52,114	49,420	135,544	141,089	143,406	150,090	142,165
1964	49,470	51,528	49,627	51,595	49,547	135,092	140,192	137,455	142,463	137,159
1965	45,880	47,456	49,058	50,590	49,561	123,405	127,284	131,883	135,691	133,113
1966	54,093	54,852	63,555	64,443	64,532	137,501	139,281	159,939	162,035	162,565
1967	67,357	68,243	72,177	73,104	71,592	162,130	164,109	173,400	175,500	172,819
1968	77,265	78,755	76,342	77,810	74,965	176,883	180,057	176,140	179,311	173,252
1969	77,785	79,417	76,905	78,508	77,755	171,611	175,012	169,414	172,741	171,217
1970	77,070	78,553	74,083	75,348	75,517	157,976	160,936	152,816	155,360	155,432
1971	74,472	75,808	71,159	72,710	72,815	143,384	145,929	137,689	140,657	140,518
1972	75,076	76,550	75,006	76,407	76,502	134,021	136,723	133,517	136,070	136,199
1973	73,223	74,541	77,555	79,071	78,944	122,454	124,788	127,892	130,485	130,234
1974	77,550	77,781	80,991	81,468	81,664	119,648	120,021	122,737	123,476	123,726
1975	84,900	85,552	85,661	86,199	86,190	118,351	119,276	118,909	119,665	119,651
1976	87,891	89,430	95,508	97,172	95,881	114,567	116,604	124,344	126,536	124,833
1977	21,880	22,307	23,022	23,449	22,476	27,843	28,392	28,799	29,327	28,116
1978	95,557	97,501	108,338	110,432	108,190	116,537	118,941	131,343	133,896	131,178
1979	103,042	105,186	115,322	117,926	116,494	117,396	119,873	130,453	133,413	131,774
1980	111,900	114,503	125,209	127,915	125,740	119,063	121,848	132,680	135,549	133,248
1980	122,700	125,830	135,041	138,243	135,500	122,700	125,830	135,041	138,243	135,500

Table 1-2

BUDGET AUTHORITY AND OUTLAYS

(\$ MILLIONS)

	BUDGET AUTHORITY			OUTLAYS		
	1978	1979	1980	1978	1979	1980
NATIONAL DEFENSE	117,926	127,915	138,243	105,186	114,503	125,830
INTERNATIONAL AFFAIRS	9,795	13,622	13,655	5,922	7,312	8,213
GENERAL SCIENCE, SPACE, AND TECHNOLOGY	4,897	5,381	5,651	4,742	5,226	5,457
ENERGY	8,242	7,560	19,482	5,861	8,630	7,878
NATURAL RESOURCES AND ENVIRONMENT	13,593	12,970	12,878	10,925	11,207	11,456
AGRICULTURE	2,573	8,312	4,868	7,731	6,224	4,269
COMMERCE AND HOUSING CREDIT	5,308	6,982	8,315	3,325	2,968	3,390
TRANSPORTATION	15,043	19,981	19,101	15,444	17,449	17,609
COMMUNITY AND REGIONAL DEVELOPMENT	10,306	8,126	11,259	11,000	9,063	7,281
EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES	22,370	33,046	30,903	26,463	30,656	30,210
HEALTH	46,469	52,515	57,627	43,676	49,136	53,379
INCOME SECURITY	180,077	190,954	214,460	146,212	158,867	179,120
VETERANS BENEFITS AND SERVICES	19,037	20,514	21,024	18,974	20,329	20,461
ADMINISTRATION OF JUSTICE	3,877	4,276	4,304	3,802	4,351	4,388
GENERAL GOVERNMENT	4,063	4,536	4,528	3,777	4,413	4,412
GENERAL PURPOSE FISCAL ASSISTANCE	9,728	8,773	8,804	9,601	8,936	8,814
INTEREST	43,967	52,765	57,021	43,966	52,766	57,022
ALLOWANCES	—	100	2,426	—	—	1,398
OFFSETTING RECEIPTS	-15,772	-18,670	-19,021	-15,772	-18,670	-19,021
TOTAL	501,500	559,658	615,526	450,836	493,368	531,566

Table 1-3

6

1-4 FEDERAL OUTLAYS, FY 1939-80
(\$ Millions)

Fiscal Year	Unified Budget						Undistributed Offsetting Receipts	Net Total	Federal Funds (Excludes Trust Funds)					
	DoD	National Defense	Veterans, Space, International	Interest	Social and Economic	Agency Total			DoD	National Defense	Veterans, Space, International	Interest	Social and Economic	Total
1939	(1,075)	1,075	582	950	6,315	8,922	-81	8,841	(1,075)	1,075	582	950	6,234	8,841
1940	(1,484)	1,490	624	1,037	6,530	9,681	-225	9,456	(1,484)	1,490	548	1,037	5,899	8,974
1941	(5,990)	6,046	713	1,110	6,025	13,894	-260	13,634	(5,990)	6,046	650	1,110	5,454	13,260
1942	(21,164)	24,937	1,481	1,259	7,747	35,424	-310	35,114	(21,164)	24,937	1,436	1,259	7,200	34,832
1943	(58,555)	65,660	1,585	1,779	9,867	78,891	-358	78,533	(58,555)	65,660	1,582	1,779	9,744	78,765
1944	(71,813)	78,080	1,353	2,544	9,805	91,782	-502	91,280	(71,813)	78,080	1,272	2,544	10,387	92,283
1945	(76,462)	81,858	2,061	3,541	5,856	93,316	-626	92,690	(76,462)	81,858	2,716	3,541	6,732	94,847
1946	(40,184)	41,553	4,432	4,678	5,334	55,997	-814	55,183	(40,184)	41,553	5,483	4,678	4,490	56,204
1947	(13,205)	11,601	12,170	4,885	6,780	35,436	-904	34,532	(13,205)	11,601	13,983	4,885	4,334	34,803
1948	(10,151)	7,845	11,023	5,087	6,812	30,767	-994	29,773	(10,151)	7,845	11,205	5,087	4,852	28,989
1949	(11,241)	11,761	12,651	5,364	10,126	39,902	-1,058	38,834	(11,241)	11,761	12,775	5,364	7,825	37,725
1950	(11,674)	12,407	13,506	5,692	12,176	43,781	-1,184	42,597	(11,674)	12,407	11,214	5,692	9,076	38,389
1951	(19,572)	21,863	9,174	5,557	10,149	46,743	-1,197	45,546	(19,572)	21,863	8,971	5,557	7,341	43,732
1952	(38,716)	43,351	8,031	5,688	11,948	69,018	-1,297	67,721	(38,716)	43,351	7,636	5,688	8,319	64,994
1953	(43,410)	49,912	6,638	6,250	14,724	77,524	-1,417	76,107	(43,410)	49,912	6,503	6,250	10,341	73,006
1954	(40,056)	46,289	6,210	6,014	13,614	72,127	-1,237	70,890	(40,056)	46,289	5,925	6,014	7,694	65,922
1955	(35,169)	39,834	6,899	6,032	17,105	69,870	-1,361	68,509	(35,169)	39,834	6,715	6,032	9,757	62,338
1956	(35,396)	39,719	7,306	6,294	18,648	71,967	-1,507	70,460	(35,396)	39,719	7,190	6,294	10,718	63,921
1957	(38,098)	42,415	8,153	6,681	21,351	78,600	-1,859	76,741	(38,098)	42,415	8,180	6,681	9,914	67,190
1958	(39,194)	43,721	8,714	6,946	25,137	84,518	-1,943	82,575	(39,194)	43,721	8,439	6,946	10,640	69,746
1959	(41,467)	45,961	8,691	7,073	32,620	94,345	-2,241	92,104	(41,467)	45,961	8,556	7,073	15,488	77,078
1960	(41,494)	45,168	8,768	8,300	32,513	94,749	-2,526	92,223	(41,494)	45,168	8,534	8,300	12,861	74,863
1961	(43,292)	46,633	9,931	8,117	35,570	100,251	-2,456	97,795	(43,292)	46,633	9,668	8,117	14,915	79,333
1962	(46,826)	49,039	12,452	8,321	39,526	109,338	-2,525	106,813	(46,826)	49,039	12,220	8,321	16,984	86,564
1963	(47,941)	50,142	13,306	9,216	41,658	114,322	-3,011	111,311	(47,941)	50,142	13,247	9,216	17,556	90,161
1964	(49,470)	51,528	14,728	9,810	45,411	121,477	-2,893	118,584	(49,470)	51,528	14,779	9,810	19,659	95,776
1965	(45,880)	47,456	16,001	10,359	47,776	121,592	-3,162	118,430	(45,880)	47,456	15,995	10,359	21,020	94,830
1966	(54,093)	54,852	17,336	11,286	54,791	138,265	-3,613	134,652	(54,093)	54,852	17,251	11,286	23,148	106,537
1967	(67,357)	68,243	17,789	12,533	64,262	162,827	-4,573	158,254	(67,357)	68,243	17,322	12,533	28,717	126,815
1968	(77,265)	78,755	16,743	13,751	75,044	184,293	-5,460	178,833	(77,272)	78,762	16,721	13,751	33,904	143,138
1969	(77,785)	79,417	16,295	15,793	78,588	190,093	-5,545	184,548	(77,873)	79,416	15,974	15,793	37,627	148,810
1970	(77,070)	78,553	16,537	18,309	89,756	203,155	-6,567	196,588	(77,074)	78,557	16,093	18,309	43,341	156,300
1971	(74,472)	75,808	17,045	19,602	107,397	219,852	-8,427	211,425	(74,477)	75,813	16,771	19,602	51,465	163,651
1972	(75,076)	76,550	18,520	20,563	124,425	240,158	-8,137	232,021	(75,076)	76,550	18,187	20,563	62,810	178,110
1973	(73,223)	74,541	19,150	22,782	142,919	259,392	-12,318	247,074	(73,233)	74,551	19,366	22,782	70,252	186,951
1974	(77,550)	77,781	22,030	28,032	158,428	286,271	-16,651	269,620	(77,568)	77,768	22,231	28,032	71,887	199,918
1975	(84,900)	85,552	26,472	30,911	197,325	340,260	-14,075	326,185	(84,897)	85,547	26,918	30,911	96,739	240,115
1976	(87,891)	89,430	27,322	34,511	229,880	381,143	-14,704	366,439	(87,909)	89,448	27,706	34,511	118,278	269,943
1977	(95,557)	97,501	26,452	38,009	255,816	417,778	-15,053	402,725	(95,618)	97,562	27,374	38,009	132,827	295,772
1978	(103,042)	105,186	28,482	43,966	288,974	466,608	-15,772	450,836	(103,069)	105,213	28,775	43,966	154,062	332,016
1979	(111,900)	114,503	31,569	52,766	313,200	512,038	-18,670	493,368	(111,894)	114,498	31,560	52,766	162,491	361,315
1980	(122,700)	125,830	32,730	57,022	335,005	550,587	-19,021	531,566	(122,692)	125,823	32,617	57,022	166,382	381,844

Table 1-4

1-5 FEDERAL OUTLAYS IN CONSTANT FY 1972 PRICES
FY 1940-80

Fiscal Year	DoD	National Defense	Veterans Space Internat'l	Net Interest	Social & Economic	Agency Total	Offsets Excludes Interest	Net Total
1940	(6.0)	6.0	2.5	6.7	25.3	40.5	-.4	40.1
1941	(23.0)	23.2	2.7	7.4	22.2	55.5	-.4	55.1
1942	(69.9)	82.4	4.9	9.2	25.0	121.5	-.3	121.2
1943	(178.0)	199.6	4.8	15.9	29.4	250.0	-.3	249.7
1944	(217.8)	236.8	4.1	22.1	29.3	292.3	-.5	291.8
1945	(235.4)	252.0	6.3	27.4	17.6	303.3	-.6	302.7
1946	(123.2)	127.4	13.6	27.1	12.9	181.0	-.8	180.2
1947	(34.1)	30.0	31.5	21.4	12.7	95.6	-.6	95.0
1948	(26.3)	20.3	28.6	19.6	11.0	79.5	-.6	78.9
1949	(26.3)	27.5	29.7	18.9	18.0	94.1	-.5	93.6
1950	(27.7)	29.4	32.1	19.6	20.9	102.0	-.7	101.3
1951	(43.0)	48.0	20.2	18.0	17.4	103.6	-.7	102.9
1952	(76.4)	85.6	15.8	17.5	20.0	138.9	-.6	138.3
1953	(83.8)	96.3	12.8	17.5	24.9	151.5	-.6	150.9
1954	(76.1)	88.0	11.8	17.7	22.1	139.6	-.1	139.5
1955	(66.9)	75.8	13.2	17.6	28.0	134.6	-.3	134.3
1956	(65.0)	72.9	13.4	16.8	30.4	133.5	-.5	133.0
1957	(66.6)	74.2	14.3	16.0	33.6	138.1	-.9	137.2
1958	(66.3)	74.0	14.7	16.2	38.0	142.9	-1.0	141.9
1959	(67.9)	75.3	14.3	16.5	49.3	155.4	-1.5	153.9
1960	(67.8)	73.8	14.4	16.3	48.2	152.7	-1.9	150.8
1961	(69.4)	74.8	16.0	16.2	51.8	158.8	-1.7	157.1
1962	(73.9)	77.2	19.7	16.6	56.9	170.4	-1.7	168.7
1963	(73.7)	76.8	20.4	16.8	59.0	173.0	-2.3	170.7
1964	(74.1)	77.0	22.0	16.7	63.6	179.3	-1.9	177.4
1965	(67.1)	69.3	23.5	16.7	65.8	175.3	-2.0	173.3
1966	(75.4)	76.3	24.2	16.4	73.4	190.3	-2.4	187.9
1967	(90.9)	92.0	24.0	16.1	83.1	215.2	-3.1	212.1
1968	(99.6)	101.4	21.6	16.9	93.2	233.1	-3.6	229.5
1969	(96.0)	97.9	20.1	15.5	92.6	226.1	-3.0	223.1
1970	(88.7)	90.3	19.0	15.0	99.5	223.8	-3.0	220.8
1971	(79.8)	81.2	18.3	15.2	112.2	226.9	-3.9	223.0
1972	(75.2)	76.6	18.6	15.5	124.3	235.0	-3.0	232.0
1973	(68.8)	70.0	18.0	15.4	136.3	239.7	-6.5	233.2
1974	(67.8)	67.9	19.2	14.3	139.3	240.7	-8.8	231.9
1975	(66.7)	67.1	20.8	14.6	156.0	258.5	-5.0	253.5
1976	(64.5)	65.6	20.0	16.4	169.6	271.6	-5.0	266.6
1977	(65.4)	66.7	18.1	17.4	175.2	277.4	-4.7	272.7
1978	(66.0)	67.3	18.2	17.8	184.6	287.9	-4.6	283.3
1979	(66.7)	68.3	18.8	17.5	184.8	289.4	-5.3	284.1
1980	(68.6)	70.4	18.3	17.2	184.8	290.7	-4.5	286.2

Table 1-5

1-6. U.S. PUBLIC SPENDING, \$ MILLIONS, FISCAL YEARS
(All Units of Government -- Federal, State and Local)

FISCAL YEAR	DoD	NATIONAL DEFENSE	VETERANS, SPACE, INTERNATIONAL	INTEREST	SOCIAL & ECONOMIC	AGENCY TOTAL	FEDERAL UNDISTRIBUTED	NET TOTAL	FEDERAL BUDGET	STATE & LOCAL GOVERNMENT	LESS GRANTS-IN-AID	NET TOTAL US PUBLIC SPENDING
1939	(1,075)	1,075	582	950	14,415	17,022	-81	16,941	8,841	9,000	-900	16,941
1940	(1,484)	1,490	624	1,037	14,887	18,038	-225	17,813	9,456	9,229	-872	17,813
1941	(5,990)	6,046	713	1,110	14,378	22,247	-260	21,987	13,634	9,200	-847	21,987
1942	(21,164)	24,937	1,481	1,259	16,045	43,722	-310	43,412	35,114	9,190	-892	43,412
1943	(58,555)	65,660	1,585	1,779	17,953	86,977	-358	86,619	78,533	9,000	-914	86,619
1944	(71,813)	78,080	1,353	2,544	17,757	99,734	-502	99,232	91,280	8,863	-911	99,232
1945	(76,462)	81,858	2,061	3,541	14,197	101,657	-626	101,031	92,690	9,200	-859	101,031
1946	(40,184)	41,553	4,432	4,678	15,543	66,206	-814	65,392	55,183	11,028	-819	65,392
1947	(13,205)	11,601	12,170	4,885	19,177	47,833	-904	46,929	34,532	14,000	-1,603	46,929
1948	(10,151)	7,845	11,023	5,087	22,884	46,839	-994	45,845	29,773	17,684	-1,612	45,845
1949	(11,241)	11,761	12,651	5,364	28,450	58,226	-1,068	57,158	38,834	20,200	-1,876	57,158
1950	(11,674)	12,407	13,506	5,692	32,710	64,315	-1,184	63,131	42,597	22,787	-2,253	63,131
1951	(19,572)	21,863	9,174	5,557	32,262	68,856	-1,197	67,659	45,546	24,400	-2,287	67,659
1952	(38,716)	43,351	8,031	5,688	35,613	92,683	-1,297	91,386	67,721	26,098	-2,433	91,386
1953	(43,410)	49,912	6,638	6,250	39,799	102,599	-1,417	101,182	76,107	27,910	-2,835	101,182
1954	(40,056)	46,289	6,210	6,014	41,259	99,772	-1,237	98,535	70,890	30,701	-3,056	98,535
1955	(35,169)	39,834	6,899	6,032	47,622	100,387	-1,361	99,026	68,509	33,724	-3,207	99,026
1956	(35,396)	39,719	7,306	6,294	51,631	104,950	-1,507	103,443	70,460	36,711	-3,728	103,443
1957	(38,098)	42,415	8,153	6,681	57,681	114,930	-1,859	113,071	76,741	40,375	-4,045	113,071
1958	(39,194)	43,721	8,714	6,946	65,050	124,431	-1,943	122,488	82,575	44,851	-4,938	122,488
1959	(41,467)	45,961	8,691	7,073	75,044	136,769	-2,241	134,528	92,104	48,887	-6,463	134,528
1960	(41,494)	45,168	8,768	8,300	77,369	139,605	-2,526	137,079	92,223	51,876	-7,020	137,079
1961	(43,292)	46,633	9,931	8,117	84,660	149,341	-2,456	146,885	97,795	56,201	-7,111	146,885
1962	(46,826)	49,039	12,452	8,321	91,810	161,622	-2,525	159,097	106,813	60,206	-7,922	159,097
1963	(47,941)	50,142	13,306	9,216	97,039	169,703	-3,011	166,692	111,311	63,977	-8,596	166,692
1964	(49,470)	51,528	14,728	9,810	104,572	180,638	-2,893	177,745	118,584	69,302	-10,141	177,745
1965	(45,880)	47,456	16,001	10,359	117,418	185,234	-3,162	182,072	118,430	74,546	-10,904	182,072
1966	(54,093)	54,852	17,336	11,286	124,674	208,148	-3,613	204,535	134,652	82,843	-12,960	204,535
1967	(67,357)	68,243	17,789	12,533	142,372	240,937	-4,573	236,364	158,254	93,350	-15,240	236,364
1968	(77,265)	78,755	16,743	13,751	158,856	268,105	-5,460	262,645	178,833	102,411	-18,599	262,645
1969	(77,785)	79,417	16,295	15,793	175,061	286,566	-5,545	281,021	184,548	116,728	-20,255	281,021
1970	(77,070)	78,553	16,537	18,309	197,070	310,469	-6,567	303,902	196,588	131,332	-24,018	303,902
1971	(74,472)	75,808	17,045	19,602	229,962	342,417	-8,427	333,990	211,425	150,674	-28,109	333,990
1972	(75,076)	76,550	18,620	20,563	256,926	372,659	-8,137	364,522	232,021	166,873	-34,372	364,522
1973	(73,223)	74,541	19,150	22,782	282,314	398,787	-12,318	386,469	247,074	181,227	-41,832	386,469
1974	(77,550)	77,781	22,030	28,032	314,033	441,876	-16,651	425,225	269,620	198,969	-43,354	425,225
1975	(64,900)	85,552	26,472	30,911	378,214	521,149	-14,075	507,074	326,185	230,721	-49,832	507,074
1976	(87,891)	89,430	27,322	34,511	427,517	578,780	-14,704	564,076	366,439	256,731	-59,094	564,076
1977	(95,557)	97,501	26,452	38,009	461,789	623,751	-15,053	608,698	402,725	274,388	-68,415	608,698
1978	(103,042)	105,186	28,482	43,966	519,185	696,819	-15,772	681,047	450,836	308,100	-77,889	681,047
1979	(111,900)	114,503	31,569	52,766	573,471	772,309	-18,670	753,639	493,368	342,400	-82,129	753,639
1980	(122,700)	125,830	32,730	57,022	627,368	842,950	-19,021	823,929	531,555	375,300	-82,937	823,929

Total
1980

1-7

U.S. PUBLIC SPENDING IN CONSTANT FY 1972 PRICES
All Units of Government - Federal, State and Local
 (\$ Billions)

<u>Fiscal Year</u>	<u>DoD</u>	<u>National Defense</u>	<u>Veterans Space Internat'l</u>	<u>Net Interest</u>	<u>Social & Economic</u>	<u>Agency Total</u>	<u>Offsets Excluding Interest</u>	<u>Net Total</u>	<u>Federal Budget Unified</u>	<u>State & Local</u>	<u>Less Grants in-aid</u>	<u>Net Total U.S. Public Spending</u>
1940	(6.0)	6.0	2.5	6.7	57.4	82.6	- .4	82.2	40.1	46.5	- 4.4	82.2
1941	(23.0)	23.2	2.7	7.4	62.7	96.0	- .4	95.6	55.1	44.6	- 4.1	95.6
1942	(69.9)	82.4	4.9	9.2	62.7	159.2	- .3	158.9	121.2	41.8	- 4.1	158.9
1943	(178.0)	199.6	4.8	15.9	64.9	285.2	- .3	284.9	249.7	39.2	- 4.0	284.9
1944	(217.8)	236.8	4.1	22.1	62.4	325.4	- .5	324.9	291.8	36.9	- 3.8	324.9
1945	(235.4)	252.0	6.3	27.4	51.2	336.9	- .6	336.3	302.7	36.9	- 3.3	336.3
1946	(123.2)	127.4	13.6	27.1	50.0	218.1	- .8	217.3	180.2	40.0	- 2.9	217.3
1947	(34.1)	30.0	31.5	21.4	52.3	135.2	- .6	134.6	95.0	44.7	- 5.1	134.6
1948	(26.3)	20.3	28.6	19.6	56.6	125.1	- .6	124.5	78.9	50.2	- 4.6	124.5
1949	(26.3)	27.5	29.7	18.9	65.1	141.2	- .5	140.7	93.6	51.9	- 4.8	140.7
1950	(27.7)	29.4	32.1	19.6	73.3	154.4	- .7	153.7	101.3	58.1	- 5.7	153.7
1951	(43.0)	48.0	20.2	18.0	70.1	156.3	- .7	155.6	102.9	58.1	- 5.4	155.6
1952	(76.4)	85.6	15.8	17.5	72.9	191.8	- .6	191.2	138.3	58.3	- 5.4	191.2
1953	(83.8)	96.3	12.8	17.5	79.4	206.0	- .6	205.4	150.9	60.6	- 6.1	205.4
1954	(76.1)	88.0	11.8	17.7	80.8	198.3	- .1	198.2	139.5	65.2	- 6.5	198.2
1955	(66.9)	75.8	13.2	17.5	90.8	197.4	- .3	197.1	134.3	69.4	- 6.6	197.1
1956	(65.0)	72.9	13.4	16.8	95.8	198.9	- .5	198.4	133.0	72.8	- 7.4	198.4
1957	(66.6)	74.2	14.3	16.0	101.8	206.3	- .9	205.4	137.2	75.8	- 7.6	205.4
1958	(66.3)	74.0	14.7	16.2	110.6	215.5	-1.0	214.5	141.9	81.6	- 9.0	214.5
1959	(67.9)	75.3	14.3	16.5	124.6	230.7	-1.5	229.2	153.9	86.8	-11.5	229.2
1960	(67.8)	73.8	14.4	16.3	126.0	230.5	-1.9	228.6	150.8	90.0	-12.2	228.6
1961	(69.4)	74.8	16.0	16.2	134.8	241.8	-1.7	240.1	157.1	95.0	-12.0	240.1
1962	(73.9)	77.2	19.7	16.6	142.6	256.1	-1.7	254.4	168.7	98.7	-13.0	254.4
1963	(73.7)	76.8	20.4	16.8	147.2	261.2	-2.3	258.9	170.7	101.9	-13.7	258.9
1964	(74.1)	77.0	22.0	16.7	155.5	271.2	-1.9	269.3	177.4	107.6	-15.7	269.3
1965	(67.1)	69.3	23.5	16.7	162.2	271.7	-2.0	269.7	173.3	112.9	-16.5	269.7
1966	(75.4)	76.3	24.2	16.4	175.4	292.3	-2.4	289.9	187.9	120.9	-18.9	289.9
1967	(90.9)	92.0	24.0	16.1	190.6	322.7	-3.1	319.6	212.1	128.5	-21.0	319.6
1968	(99.6)	101.4	21.6	16.9	202.1	342.0	-3.6	338.4	229.5	133.1	-24.2	338.4
1969	(96.0)	97.9	20.1	15.5	210.7	344.2	-3.0	341.2	223.1	142.9	-24.8	341.2
1970	(88.7)	90.3	19.0	15.0	222.2	346.5	-3.0	343.5	220.8	150.2	-27.5	343.5
1971	(79.8)	81.2	18.3	15.2	242.0	356.7	-3.9	352.8	223.0	159.6	-29.8	352.8
1972	(75.2)	76.6	18.6	15.5	256.8	367.5	-3.0	364.5	232.0	166.9	-34.4	364.5
1973	(68.8)	70.0	18.0	15.4	267.0	370.4	-6.5	363.9	233.2	169.9	-39.2	363.9
1974	(67.8)	67.9	19.2	14.3	274.2	375.6	-8.8	366.8	231.9	172.5	-37.6	366.8
1975	(66.7)	67.1	20.8	14.6	295.1	399.4	-5.0	394.4	253.5	179.7	-38.8	394.4
1976	(64.5)	65.6	20.0	16.4	306.6	408.6	-5.0	403.6	266.6	179.9	-42.9	403.6
1977	(65.4)	66.7	18.1	17.4	312.4	414.6	-4.7	409.9	272.7	182.8	-45.6	409.9
1978	(66.0)	67.3	18.2	17.8	326.9	430.2	-4.6	425.6	283.3	190.4	-48.1	425.6
1979	(68.7)	68.3	18.8	17.5	333.2	437.8	-5.3	432.5	284.1	195.3	-46.9	432.5
1980	(68.6)	70.4	18.3	17.2	340.1	446.0	-4.5	441.5	286.2	199.3	-44.0	441.5

Table 1-7

1-8 NATIONAL INCOME ACCOUNTS (PURCHASES)
(\$ in Billions)

Calendar Year	Current Dollars					CY 1972 Dollars				
	GNP	National Defense	Other Federal	State & Local	All Other	GNP	National Defense	Other Federal	State & Local	All Other
1946	209.6	14.8	2.8	9.9	182.1	477.0	47.9	9.1	34.8	385.2
1947	232.8	9.0	3.7	12.8	207.3	468.3	25.8	10.3	39.3	392.9
1948	259.1	10.7	6.0	15.3	227.1	487.7	27.1	15.3	41.8	403.5
1949	258.0	13.2	7.2	18.0	219.6	490.7	31.5	17.4	47.4	394.4
1950	286.2	14.0	4.7	19.8	247.7	533.5	35.1	11.9	50.7	435.8
1951	330.2	33.5	4.8	21.8	270.1	576.5	71.1	10.2	51.3	443.9
1952	347.2	45.8	6.5	23.2	271.7	598.5	93.7	13.3	52.5	439.0
1953	366.1	48.6	8.9	25.0	283.6	621.8	96.8	17.8	55.4	451.8
1954	366.3	41.1	6.8	27.8	290.6	613.7	81.6	13.6	59.7	458.8
1955	399.3	38.4	6.0	30.6	324.3	654.8	75.2	11.7	64.0	503.9
1956	420.7	40.2	5.7	33.5	341.3	668.8	75.2	10.7	66.5	516.4
1957	442.8	44.0	5.9	37.1	355.8	680.9	79.0	10.8	70.3	520.8
1958	448.9	45.6	8.3	41.1	353.9	679.5	78.4	14.4	76.4	510.3
1959	486.5	45.6	8.3	43.7	388.9	720.4	77.7	14.1	78.9	549.7
1960	506.0	44.5	9.3	46.5	405.7	736.8	75.2	15.6	82.0	564.0
1961	523.3	47.0	10.4	50.8	415.1	755.3	78.3	17.3	87.1	572.6
1962	563.8	51.1	12.7	54.3	445.7	799.1	82.6	20.5	90.0	606.0
1963	594.7	50.3	14.3	59.0	471.1	830.7	79.5	22.7	95.4	633.1
1964	635.7	49.0	16.2	64.6	505.9	874.4	75.7	24.9	102.1	671.7
1965	688.1	49.4	17.8	71.1	549.8	925.9	73.8	26.7	109.1	716.3
1966	753.0	60.3	18.5	79.8	594.4	981.0	86.1	26.4	116.8	751.7
1967	796.3	71.5	19.5	89.3	616.0	1,007.7	98.4	26.9	123.1	759.3
1968	868.5	76.9	21.2	100.7	669.7	1,051.8	100.6	27.7	130.9	792.6
1969	935.5	76.3	21.2	110.4	727.6	1,078.8	95.3	26.5	134.9	822.1
1970	982.4	73.5	22.1	123.2	763.6	1,075.3	85.1	25.6	139.5	825.1
1971	1,063.4	70.2	26.0	137.5	829.7	1,107.5	75.8	28.1	145.5	858.1
1972	1,171.1	73.5	28.6	151.0	918.0	1,171.1	73.5	28.6	151.0	918.0
1973	1,306.6	73.5	28.7	167.3	1,037.1	1,235.0	69.6	27.0	155.9	982.5
1974	1,412.9	77.0	34.1	191.5	1,110.3	1,217.8	66.4	29.4	161.8	960.2
1975	1,528.8	83.7	39.4	215.4	1,190.3	1,202.3	65.6	30.9	166.1	939.7
1976	1,700.1	86.8	43.1	229.6	1,340.6	1,271.0	64.6	32.0	166.2	1,008.2
1977	1,887.2	94.3	50.8	248.9	1,493.2	1,332.7	66.0	35.6	167.6	1,063.5
1978	2,106.6	99.5	54.5	280.2	1,672.4	1,385.1	64.9	35.6	174.7	1,109.9
1979	2,343.0	103.4	58.9	302.6	1,878.1	1,430.0	62.6	35.7	175.2	1,156.5
1980	2,565.0	112.6	62.5	322.5	2,067.4	1,466.0	63.9	35.5	175.0	1,191.6

Table 1-8

1-9 NATIONAL INCOME ACCOUNTS (PURCHASES) PERCENTAGE DISTRIBUTION

Calendar/ Fiscal Year	Calendar Years					Fiscal Years				
	GNP	National Defense	Other Federal	State & Local	All Other	GNP	National Defense	Other Federal	State & Local	All Other
1946	100%	7.1	1.3	4.7	86.9					
1947	100%	3.9	1.6	5.5	89.0	100%	4.8	1.6	5.1	88.5
1948	100%	4.1	2.3	5.9	87.7	100%	3.9	1.7	5.6	88.8
1949	100%	5.1	2.8	7.0	85.1	100%	4.7	2.8	6.4	86.1
1950	100%	4.9	1.6	6.9	86.6	100%	4.9	2.4	7.1	85.6
1951	100%	10.1	1.5	6.6	81.8	100%	6.8	1.4	6.7	85.1
1952	100%	13.2	1.9	6.7	78.2	100%	12.4	1.6	6.7	79.3
1953	100%	13.3	2.4	6.8	77.5	100%	13.5	2.1	6.7	77.7
1954	100%	11.2	1.9	7.6	79.3	100%	12.5	2.3	7.2	78.0
1955	100%	9.6	1.5	7.7	81.2	100%	10.2	1.6	7.7	80.5
1956	100%	9.6	1.4	7.9	81.1	100%	9.5	1.5	7.8	81.2
1957	100%	9.9	1.3	8.4	80.4	100%	9.8	1.4	8.1	80.7
1958	100%	10.2	1.8	9.2	78.8	100%	10.1	1.5	8.8	79.6
1959	100%	9.4	1.7	9.0	79.9	100%	9.7	1.8	9.1	79.4
1960	100%	8.8	1.8	9.2	80.2	100%	9.0	1.7	9.0	80.3
1961	100%	9.0	2.0	9.7	79.3	100%	9.0	1.9	9.6	79.5
1962	100%	9.1	2.3	9.6	79.0	100%	9.0	2.1	9.6	79.3
1963	100%	8.5	2.4	9.9	79.2	100%	8.8	2.4	9.8	79.0
1964	100%	7.7	2.5	10.2	79.6	100%	8.1	2.5	10.1	79.3
1965	100%	7.2	2.6	10.3	79.9	100%	7.3	2.5	10.3	79.9
1966	100%	8.0	2.5	10.6	78.9	100%	7.5	2.6	10.4	79.5
1967	100%	9.0	2.4	11.2	77.4	100%	8.6	2.4	11.0	78.0
1968	100%	8.9	2.4	11.6	77.1	100%	9.0	2.4	11.4	77.2
1969	100%	8.1	2.3	11.8	77.8	100%	8.4	2.4	11.7	77.5
1970	100%	7.5	2.2	12.6	77.7	100%	7.8	2.3	12.1	77.8
1971	100%	6.6	2.5	12.9	78.0	100%	7.1	2.2	12.8	77.9
1972	100%	6.3	2.4	12.9	78.4	100%	6.5	2.6	12.9	78.0
1973	100%	5.6	2.2	12.8	79.4	100%	5.9	2.3	12.9	78.9
1974	100%	5.4	2.4	13.6	78.6	100%	5.5	2.2	13.1	79.2
1975	100%	5.5	2.6	14.1	77.8	100%	5.5	2.6	14.0	77.9
1976	100%	5.1	2.5	13.5	78.9	100%	5.3	2.5	13.8	78.4
1977	100%	5.0	2.7	13.2	79.1	100%	5.0	2.6	13.2	79.2
1978	100%	4.7	2.6	13.3	79.4	100%	4.8	2.6	13.3	79.3
1979	100%	4.4	2.5	12.9	80.2	100%	4.6	2.7	12.8	79.9
1980	100%	4.4	2.4	12.6	80.6	100%	4.6	2.5	12.9	80.0

Table 1-9

1-10 NATIONAL INCOME ACCOUNTS (PURCHASES)
(\$ in Billions)

Fiscal Years	Current \$					Constant FY 1972 \$				
	GNP	National Defense	Other Federal	State & Local	All Other	GNP	National Defense	Other Federal	State & Local	All Other
1947	222.4	10.7	3.6	11.4	196.7	484.4	32.0	10.8	37.1	404.5
1948	245.9	9.5	4.2	13.8	218.4	467.0	24.8	10.9	39.1	392.2
1949	261.6	12.2	7.3	16.7	225.4	482.0	28.7	17.1	42.9	393.3
1950	264.9	12.9	6.4	18.9	226.7	495.0	30.7	15.2	48.2	400.9
1951	312.0	21.3	4.4	20.8	265.5	547.3	47.5	9.8	49.5	440.5
1952	338.8	41.9	5.6	22.6	268.7	576.8	82.9	11.1	50.5	432.3
1953	360.1	48.5	7.6	24.0	280.0	602.8	93.7	14.7	52.1	442.3
1954	363.6	45.5	8.4	26.3	283.4	601.2	86.7	16.0	55.8	442.7
1955	381.0	38.7	6.1	29.3	306.9	620.6	73.8	11.6	60.3	474.9
1956	410.9	38.9	6.3	31.9	333.8	651.7	71.6	11.6	63.2	505.3
1957	433.3	42.3	5.9	35.3	349.8	662.9	74.2	10.4	66.3	512.0
1958	442.1	44.7	6.6	39.0	351.8	660.8	75.8	11.2	70.9	502.9
1959	473.3	46.0	8.7	42.9	375.7	695.0	75.5	14.3	76.2	529.0
1960	497.3	44.6	8.5	44.7	399.5	715.3	73.0	13.9	77.6	550.8
1961	508.3	45.7	9.7	48.7	404.2	722.7	73.5	15.6	82.3	551.3
1962	546.9	49.4	11.4	52.6	433.5	766.8	78.1	18.0	86.3	584.4
1963	576.3	50.7	13.6	56.4	455.6	794.8	77.9	20.9	89.8	606.2
1964	616.2	50.0	15.6	61.9	488.7	837.7	75.0	23.4	96.1	643.2
1965	657.1	48.1	16.7	67.4	524.9	877.2	70.5	24.5	102.1	680.1
1966	721.1	54.0	18.4	75.3	573.4	937.1	75.4	25.7	109.9	726.1
1967	774.4	66.9	18.8	84.9	603.8	975.1	90.4	25.4	116.9	742.4
1968	829.9	74.9	20.1	94.7	640.2	1,008.5	96.6	25.9	123.1	762.9
1969	903.7	76.1	21.9	105.8	699.9	1,048.6	94.0	27.0	133.2	794.4
1970	959.0	75.3	21.7	115.9	746.1	1,054.5	86.6	25.0	132.5	810.4
1971	1,019.3	72.1	22.7	130.9	793.6	1,066.2	77.3	24.3	138.7	825.9
1972	1,110.5	72.5	28.4	143.8	865.8	1,110.5	72.5	28.4	143.8	865.8
1973	1,237.5	73.3	28.4	159.3	976.5	1,185.7	68.7	26.6	149.3	941.1
1974	1,359.2	74.1	30.5	178.4	1,076.2	1,208.0	64.7	26.6	154.7	962.0
1975	1,457.3	80.3	37.6	203.7	1,135.7	1,170.5	63.0	29.5	158.7	919.3
1976	1,621.7	85.5	40.7	224.6	1,270.9	1,217.8	62.6	30.1	162.9	962.2
1977	1,834.0	92.3	48.4	241.8	1,451.5	1,288.9	63.1	33.1	161.0	1,031.7
1978	2,043.4	98.1	53.0	272.2	1,620.1	1,343.7	62.8	33.8	168.2	1,078.9
1979	2,289.4	105.1	60.9	294.0	1,829.4	1,394.3	62.3	36.1	167.6	1,128.3
1980	2,505.7	115.4	62.8	323.4	2,004.1	1,422.1	63.4	34.5	171.7	1,152.5

Table 1-10

1-11 NET U.S. PUBLIC SPENDING (FEDERAL, STATE, AND LOCAL) AS A SHARE OF GNP
(Percentage)

Fiscal Years	DoD	National Defense	Veterans Space and International	Debt Interest	Social & Economic Programs	Federal Offsets	Total	Federal Budget	State and Local Governments	Federal grants-in-aid	Total
1947	5.9	5.2	5.5	2.2	8.6	-.4	21.1	15.5	6.3	-.7	21.1
1948	4.1	3.2	4.5	2.1	9.3	-.4	18.6	12.1	7.2	-.7	18.6
1949	4.3	4.5	4.9	2.1	10.9	-.4	21.9	14.8	7.7	-.7	21.9
1950	4.4	4.7	5.1	2.2	12.3	-.5	23.8	16.1	8.6	-.9	23.8
1951	6.3	7.0	2.9	1.8	10.4	-.4	21.7	14.6	7.8	-.7	21.7
1952	11.4	12.8	2.4	1.7	10.5	-.4	27.0	20.0	7.7	-.7	27.0
1953	12.1	13.9	1.8	1.7	11.1	-.4	28.1	21.1	7.7	-.8	28.1
1954	11.0	12.7	1.7	1.7	11.4	-.3	27.1	19.5	8.4	-.9	27.1
1955	9.2	10.4	1.8	1.6	12.5	-.4	26.0	18.0	8.8	-.8	26.0
1956	8.6	9.7	1.8	1.5	12.6	-.4	25.2	17.2	8.9	-.9	25.2
1957	8.8	9.8	1.9	1.5	13.2	-.4	26.0	17.7	9.3	-.9	26.0
1958	8.9	9.9	2.0	1.6	14.7	-.4	27.7	18.7	10.2	-1.1	27.7
1959	8.8	9.7	1.8	1.5	15.8	-.5	28.4	19.5	10.3	-1.4	28.4
1960	8.3	9.1	1.8	1.7	15.6	-.5	27.6	18.5	10.4	-1.4	27.6
1961	8.5	9.2	1.9	1.6	16.7	-.5	28.9	19.2	11.1	-1.4	28.9
1962	8.6	9.0	2.3	1.5	16.8	-.5	29.1	19.5	11.0	-1.4	29.1
1963	8.3	8.7	2.3	1.6	16.8	-.5	28.9	19.3	11.1	-1.5	28.9
1964	8.0	8.4	2.4	1.6	17.0	-.5	28.8	19.2	11.2	-1.6	28.8
1965	7.0	7.2	2.4	1.6	17.0	-.5	27.7	18.0	11.3	-1.7	27.7
1966	7.5	7.6	2.4	1.6	17.3	-.5	28.4	18.7	11.5	-1.8	28.4
1967	8.7	8.8	2.3	1.6	18.4	-.6	30.5	20.4	12.1	-2.0	30.5
1968	9.3	9.5	2.0	1.7	19.1	-.7	31.6	21.5	12.3	-2.2	31.6
1969	8.6	8.8	1.8	1.7	19.4	-.6	31.1	20.4	12.9	-2.2	31.1
1970	8.0	8.2	1.7	1.9	20.6	-.7	31.7	20.5	13.7	-2.5	31.7
1971	7.3	7.4	1.7	1.9	22.6	-.8	32.8	20.7	14.8	-2.8	32.8
1972	6.8	6.9	1.7	1.9	23.1	-.7	32.8	20.9	15.0	-3.1	32.8
1973	5.9	6.0	1.5	1.8	22.8	-1.0	31.2	20.0	14.6	-3.4	31.2
1974	5.7	5.7	1.6	2.1	23.1	-1.2	31.3	19.8	14.6	-3.2	31.3
1975	5.8	5.9	1.8	2.1	26.0	-1.0	34.8	22.4	15.8	-3.4	34.8
1976	5.4	5.5	1.7	2.1	26.4	-.9	34.8	22.6	15.8	-3.6	34.8
1977	5.2	5.3	1.4	2.0	25.2	-.8	33.2	22.0	15.0	-3.7	33.2
1978	5.0	5.1	1.4	2.2	25.4	-.8	33.3	22.1	15.1	-3.8	33.3
1979	4.9	5.0	1.4	2.3	25.0	-.8	32.9	21.6	15.0	-3.6	32.9
1980	4.9	5.0	1.3	2.3	25.0	-.8	32.9	21.2	15.0	-3.3	32.9

Table 1-11

1-12 DEFENSE SHARES OF ECONOMIC AND BUDGETARY AGGREGATES
PERCENTAGES OF INDICATED TOTALS, FISCAL YEAR (FY) UNLESS CALENDAR YEAR (CY) INDICATED

YEAR	Percentage of Federal Budget				% of Net Public Spending		National Defense % of Public Employment				National Defense % of Labor Force		Percentage of GNP				National Defense Industry Purchases as % of Private Sector Output, CY	
	Unified Budget		Federal Funds Only		Federal-State-Local		Mil & Civ		Civ Only		Calendar Year		Budget Basis (FY)		NTA Basis Nat'l Def.		National Defense Industry Purchases as % of Private Sector Output, CY	
	Nat'l		Nat'l		Nat'l		Federal		Federal		Including		Nat'l		FY			
	DoD	Defense	DoD	Defense	DoD	Defense	Federal	Local	Federal	State & Local	Direct Hire	Industry	DoD	Defense	FY	CY		
1939	12.2	12.2	12.2	12.2	6.3	6.3	39.9	12.0	19.9	4.8	1.0	1.4	1.2	1.2	1.1	1.3	.7	
1940	15.7	15.3	16.5	16.6	8.3	8.4	46.6	15.0	24.1	6.0	1.4	2.3	1.6	1.6	1.6	2.2	1.4	
1941	43.9	44.3	45.2	45.6	27.2	27.5	72.4	35.7	38.7	11.6	3.8	9.9	5.5	5.5	5.4	11.0	9.6	
1942	60.3	71.0	60.8	71.6	48.8	57.4	82.8	54.0	55.9	22.9	8.6	26.9	15.2	17.9	19.3	31.2	28.6	
1943	74.6	83.6	74.3	83.4	67.6	75.8	89.9	71.7	66.5	33.8	17.0	39.8	33.0	37.0	39.5	41.5	36.6	
1944	78.7	85.5	77.8	84.6	72.4	78.7	91.6	75.9	67.2	34.9	20.4	41.1	35.6	38.7	41.8	41.5	34.9	
1945	82.5	88.3	80.6	86.3	75.7	81.0	91.6	76.8	68.8	38.0	20.8	35.7	35.3	37.8	40.7	34.6	25.7	
1946	72.8	75.3	71.5	73.9	61.5	63.5	77.3	49.1	52.5	23.6	8.4	10.5	19.9	20.6	19.3	7.1	1.3	
1947	38.2	33.6	37.9	33.3	28.1	24.7	65.8	33.5	40.7	15.1	4.0	5.2	5.9	5.2	4.8	3.9	.9	
1948	34.1	26.3	35.0	27.1	22.1	17.1	65.6	31.7	42.2	14.9	3.7	5.1	4.1	3.2	3.9	4.1	1.7	
1949	28.9	30.3	29.8	31.2	19.7	20.6	66.8	32.7	42.0	14.7	3.9	5.5	4.3	4.5	4.7	5.1	2.5	
1950	27.4	29.1	30.4	32.3	18.5	19.7	63.7	29.2	37.4	12.1	3.8	6.2	4.4	4.7	4.9	4.9	2.3	
1951	43.0	48.0	44.8	50.0	28.9	32.3	78.3	46.4	51.8	20.2	6.6	10.4	6.3	7.0	6.8	10.1	6.8	
1952	57.2	64.0	59.6	66.7	42.4	47.4	81.1	48.9	55.7	21.5	7.5	14.0	11.4	12.8	12.4	13.2	9.5	
1953	57.0	65.6	59.5	68.4	42.9	49.3	81.3	49.5	60.5	25.2	8.0	14.7	12.1	13.9	13.5	13.3	9.9	
1954	56.5	65.3	60.8	70.2	40.6	47.0	80.2	46.1	57.8	22.1	7.4	12.5	11.0	12.7	12.5	11.2	7.8	
1955	51.3	58.1	56.4	63.9	35.5	40.2	78.4	42.8	41.0	18.0	6.7	10.9	9.2	10.5	10.2	9.6	6.4	
1956	50.2	56.4	55.4	62.1	34.2	38.4	77.6	40.5	55.1	19.1	6.2	10.4	8.6	9.7	9.5	9.6	6.4	
1957	49.6	55.3	56.7	63.1	33.7	37.5	76.9	38.9	53.7	17.9	6.0	10.6	8.8	9.8	9.8	9.9	7.0	
1958	47.5	52.9	56.2	62.7	32.0	35.7	75.1	36.2	51.1	16.1	5.6	10.1	8.9	9.9	10.1	10.2	7.2	
1959	45.0	49.9	53.8	59.6	30.8	34.2	74.0	34.6	49.6	15.2	5.4	9.6	8.8	9.7	9.7	9.4	6.6	
1960	45.0	49.0	55.4	60.3	30.3	33.0	73.0	33.3	48.0	14.3	5.2	9.0	8.3	9.1	9.0	8.8	6.0	
1961	44.3	47.7	54.6	58.8	29.5	31.7	72.4	32.5	47.0	13.7	5.2	9.0	8.5	9.2	9.0	9.0	6.3	
1962	43.8	45.9	54.1	56.7	29.4	30.8	73.4	33.6	46.4	13.5	5.5	9.4	8.6	9.0	9.0	9.1	6.4	
1963	43.1	45.0	53.2	55.6	28.8	30.1	72.4	32.0	45.6	12.8	5.3	8.8	8.4	8.7	8.8	8.5	5.9	
1964	41.7	43.5	51.7	53.8	27.8	29.0	72.1	30.7	44.7	11.9	5.1	8.2	8.0	8.4	8.1	7.7	5.0	
1965	38.7	40.1	48.4	50.0	25.2	26.1	71.4	29.3	43.6	11.2	5.0	7.9	7.0	7.2	7.3	7.2	4.6	
1966	40.2	40.7	50.8	51.5	26.4	26.8	73.1	30.6	44.6	11.4	5.5	8.9	7.5	7.6	7.5	8.0	5.3	
1967	42.6	43.1	53.1	53.8	28.5	28.9	74.2	31.5	46.3	11.9	5.9	9.9	8.7	8.8	8.6	9.0	6.2	
1968	43.2	44.0	54.0	55.0	29.4	30.0	74.1	31.3	45.4	11.5	6.0	9.9	9.3	9.5	9.0	8.9	6.1	
1969	42.1	43.0	52.3	53.4	27.7	28.3	73.2	30.1	44.6	11.0	5.7	9.2	8.6	8.8	8.4	8.2	5.3	
1970	39.2	40.0	49.3	50.3	25.4	25.8	70.8	27.1	42.0	9.8	5.1	8.0	8.0	8.2	7.9	7.5	4.7	
1971	35.2	35.9	45.5	46.3	22.3	22.7	68.4	24.5	40.4	9.0	4.5	6.9	7.3	7.4	7.1	6.6	3.9	
1972	32.4	33.0	42.2	43.0	20.6	21.0	66.0	21.9	39.8	8.6	4.0	6.3	6.7	6.9	6.5	6.3	3.7	
1973	29.6	30.2	39.2	39.9	18.9	19.3	65.1	20.7	38.5	7.9	3.7	5.8	5.9	6.0	5.9	5.6	3.2	
1974	28.8	28.8	38.8	38.9	18.2	18.3	63.8	19.7	37.9	7.7	3.5	5.5	5.7	5.7	5.5	5.4	3.1	
1975	26.0	26.2	35.4	35.6	16.7	16.9	62.9	18.7	36.8	7.2	3.4	5.3	5.8	5.9	5.5	5.5	3.3	
1976	24.0	24.4	32.6	33.1	15.6	15.9	62.6	18.0	36.4	6.9	3.2	5.1	5.4	5.5	5.3	5.1	3.0	
1977	23.7	24.2	32.3	33.0	15.7	16.0	62.6	17.6	36.1	6.6	3.1	4.9	5.2	5.3	5.0	5.0	3.1	
1978	22.9	23.3	31.0	31.7	15.1	15.4	61.9	17.3	35.6	6.5	3.0	4.7	5.0	5.1	4.8	4.7	3.1	
1979	22.7	23.2	31.0	31.7	14.8	15.2	61.8	17.0	35.1	6.3	2.9	4.7	4.9	5.0	4.6	4.4	3.1	
1980	23.1	23.7	32.1	33.0	14.9	15.3	61.8	16.8	35.0	6.2	2.8	4.7	4.9	4.0	4.6	4.4		

Table 1-12

Table 1-12

1-13 MILITARY ASSISTANCE PROGRAM
(\$ Millions)

Fiscal Year	Current Prices			Constant FY 1980 Prices		
	Total Obligational Authority	Budget Authority	Outlays	Total Obligational Authority	Budget Authority	Outlays
1945	1,273	1,273	1,273	5,240	5,240	5,455
1946	499	499	499	1,818	1,818	1,981
1947	44	6	44	139	18	147
1948	259	259	259	760	760	754
1949	368	350	368	1,040	990	1,008
1950	1,101	1,400	128	3,080	3,918	365
1951	4,434	5,442	903	12,306	15,030	2,671
1952	5,531	5,452	2,353	15,553	15,318	6,660
1953	2,810	4,188	3,906	8,130	11,877	10,797
1954	1,741	3,172	3,608	4,968	8,776	10,011
1955	1,822	1,159	2,247	4,742	3,076	5,817
1956	2,382	987	2,582	5,947	2,599	6,474
1957	2,125	1,772	2,106	5,101	4,304	4,956
1958	1,950	1,342	2,189	4,585	3,203	5,026
1959	1,515	1,411	2,236	3,583	3,357	5,047
1960	1,365	1,353	1,631	3,198	3,169	3,714
1961	1,787	1,687	1,351	4,090	3,876	3,016
1962	1,530	1,524	1,337	3,515	3,505	3,002
1963	1,305	1,010	1,406	3,002	2,368	3,147
1964	989	930	1,209	2,253	2,127	2,688
1965	988	1,027	1,126	2,196	2,281	2,471
1966	1,010	1,058	1,003	2,162	2,261	2,132
1967	742	1,176	858	1,534	2,395	1,753
1968	576	312	654	1,144	635	1,284
1969	679	520	789	1,297	1,002	1,491
1970	447	330	731	817	606	1,323
1971	1,452	1,655	999	2,510	2,857	1,725
1972	927	2,928	806	1,535	4,831	1,339
1973	1,122	2,766	531	1,756	4,356	848
1974	3,299	7,825	819	4,897	11,667	1,232
1975	1,523	5,656	999	2,075	7,761	1,381
1976	1,355	6,521	501	1,724	8,384	649
1977	37	-1,347	183	46	-1,685	230
1977	943	-67	-665	1,131	-79	-800
1978	891	1,806	143	1,000	2,028	161
1979	927	3,053	477	982	3,235	508
1980	834	2,760	516	834	2,760	516

1-14 CIVIL DEFENSE
(\$ Millions)

Fiscal Year	Current Prices			Constant FY 1980 Prices		
	Total Obligational Authority	Budget Authority	Outlays	Total Obligational Authority	Budget Authority	Outlays
1954	-	-	- 3	-	-	- 7
1962	239	257	90	573	616	209
1963	125	126	203	298	299	454
1964	111	112	107	260	262	243
1965	102	105	93	232	240	208
1966	105	107	86	232	235	187
1967	101	101	100	216	215	208
1968	86	86	108	177	177	216
1969	61	60	87	122	121	170
1970	70	70	80	134	134	149
1971	73	73	75	131	133	132
1972	78	78	75	134	134	127
1973	82	83	74	133	136	121
1974	81	82	75	123	125	116
1975	85	82	86	119	115	122
1976	86	86	80	113	113	106
1977	18	19	18	22	24	23
1977	86	87	93	105	107	114
1978	92	92	82	105	105	94
1979	98	98	96	104	104	102
1980	110	110	105	110	110	105

Table 1-4

2. BUDGET AUTHORITY (BA)

Budget authority for National Defense is summarized in Tables 2-1 and 2-2, the latter in current and constant prices. It is important to bear in mind that the BA request is in three parts, as shown in Table 2-1, each with several subdivisions.

- Appropriations enacted or regular appropriation requests transmitted to the Congress, by far the largest part of the total. For FY 1978 and FY 1979, this includes all amounts enacted. The FY 1980 amounts are as transmitted to the Congress with the FY 1980 budget in January 1979. Some of these appropriations are covered by annual legislative authorizations and some are not. This matter is covered in the section on authorizations.
- Supplementals and contingent estimates. The FY 1979 supplemental estimates were transmitted to the Congress with the FY 1980 budget, in January 1979. The contingent amount (\$2,236 million for FY 1980) has not yet been transmitted to the Congress, and will probably not be transmitted until the next session (that is, in January 1980). The contingent amounts -- while not formally transmitted to the Congress -- are a part of the National Defense budget total which the Congress will be addressing in this session. A separate section provides details on supplementals and contingent estimates (Section 4).
- Trust funds, receipts, etc. are also a part of the National Defense BA and outlay totals, although they do not involve any appropriation action by the Congress and, with one exception, they do not involve legislative action for FY 1980. These will be discussed in more detail later in this section.

The FY 1980 request of \$138,243 million in National Defense budget authority, then, which will be addressed in the congressional budget process in this session, includes \$136,684 million transmitted with regular appropriation requests; \$2,236 million in contingent estimates to be transmitted in the next session; less a credit of \$677 million for trust fund and receipt transactions which will not, by and large, be considered by the Congress in this session at all.

Tables 2-3 through 2-5 present data on FY 1978-79-80 budget authority by appropriation act and individual account, in current and constant prices. These tables are arranged to show amounts enacted or transmitted to date, and also to show the probable amounts that will be required after contingent amounts are transmitted to the Congress.

Table 2-6 shows details on trust funds and receipts by agency and account.

Stockpile sales and other receipts are credited to National Defense, under the 1967 budget concepts. These receipts are treated as offsets (reductions) to BA and outlays, although the proceeds are deposited in the Treasury as miscellaneous receipts. The rationale for this is that the budget should show the net cost of each function. Defense and other functions are charged when the items are acquired and credited when they are sold.

The FY 1980 estimates for stockpile sales (\$238 million) include \$60 million which can be accomplished under existing legislation and \$178 million for which new legislation will be required. If this legislation is denied, Defense budget authority will be \$178 million greater than shown.

DoD offsetting receipts, as reflected in Table 2-6, are projected to increase from FY 1978 to FY 1979, and again from FY 1979 to FY 1980. Offsetting receipts are collections from the public that arise out of the business-type or market-oriented activities of the Department. These collections are deposited into special "receipt" accounts at the Treasury. All collections deposited into such receipt accounts are offset against budget authority and outlay totals at the agency level as compared with other cash collections (such as revolving fund receipts and reimbursements) which are deducted from outlays at the account level.

Offsetting receipts come from a wide variety of sources. Some examples of the types of routine receipts are fees and other charges for services under the Freedom of Information Act, commissions on pay telephone stations, landing fees at airports, rentals of land and equipment and other similar charges. These types of receipts account for around 40% of the total offsetting receipts in the Army, Navy and Air Force. The balance of the receipts in the military departments come from recoveries under foreign military sales programs. Offsetting receipts in the Defense Agencies consist entirely of proceeds from the sale of scrap and salvage material.

Offsetting receipts increase \$86.1 million from FY 1979 to FY 1980; \$81 million in the non-FMS area and \$5.1 million in the FMS area. The \$81 million is due to an increase in the receipts from the sale of scrap and salvage. Starting in FY 1979, the property disposal programs of the Defense Logistics Agency and the Military Services are financed by direct appropriations in the operating accounts and the practice of reimbursing the operating accounts from the proceeds of the sales has been discontinued. Because the amounts of reimbursements to the operating accounts lag a quarter, disbursements are still being made to the FY 1978 operating accounts in the first quarter of FY 1979. Taking these disbursements into account, there is a nominal growth in the proceeds from the sale of scrap and salvage from FY 1979 to FY 1980.

2-1 NATIONAL DEFENSE ESTIMATES, FY 1980
(\$ Thousands)

	Budget Authority	Current Authority	Outlays	
			Prior Balances	Total
Submitted in January 1979:				
Defense Appropriation Act 1/	129,572,194	83,229,720	34,304,050	117,533,770
Military Construction	3,733,200	1,197,847	2,246,153	3,444,000
Treasury, Postal Service	338,950	267,617	54,821	322,438
HUD, Independent Agencies	9,825	7,209	2,663	9,872
State, Justice, Commerce	7,363	7,042	291	7,333
Public Works	3,022,288	1,606,945	1,360,790	2,967,735
Total Submitted in Jan 1979	<u>136,683,820</u>	<u>86,316,380</u>	<u>37,968,768</u>	<u>124,285,148</u>
(DoD included Above)	(133,241,167)	(84,367,940)	(36,546,203)	(120,914,413)
Contingencies for Later Submission:				
10/1/79 Pay Increase - Military	1,346,000	1,346,000	-	1,346,000
- Civilian	648,910	631,600	-	631,600
- Retired	15,200	15,200	-	15,200
FY 1980 Wage Board Increases	165,000	161,200	-	161,200
Military Trailer Allowance	8,000	8,000	-	8,000
Family Separation Allowance	13,100	13,000	-	13,000
Quarters Allowance	9,700	9,700	-	9,700
Officer Personnel Management Act	23,300	23,300	-	23,300
PCS Mileage Allowance	40,400	40,400	-	40,400
Dual Compensation	-30,000	-30,000	-	-30,000
Administrative Duty Pay	-2,000	-2,000	-	-2,000
Officer Uniform Maint. Allowance	-1,377	-1,400	-	-1,400
Total, FY 1980 Contingent Amounts	<u>2,236,233</u>	<u>2,215,000</u>	-	<u>2,215,000</u>
Trust Funds, Receipts, Etc.				
DoD	-436,100	-473,455	44,312	-429,143
Stockpile	-237,600	-237,600	-	-237,600
Other Defense Related	-3,002	-3,002	-	-3,002
Net, Trust Funds, Receipts, Etc.	<u>-676,702</u>	<u>-714,057</u>	<u>44,312</u>	<u>-669,745</u>
TOTAL, National Defense	<u>138,243,351</u>	<u>87,817,323</u>	<u>38,013,080</u>	<u>125,830,403</u>
	(135,041,300)	(86,109,485)	(36,590,515)	(122,700,000)

Table 2-1

1/ Includes \$12,627 thousand in B/A and \$12,027 thousand in outlays for intelligence community oversight activities and \$51,600 thousand in both B/A and outlays for the CIA retirement and disability fund.

2-2 NATIONAL DEFENSE BUDGET AUTHORITY SUMMARY
(\$ Thousands)

	CURRENT PRICES			CONSTANT (FY 1980) PRICES		
	FY 1978	FY 1979	FY 1980	FY 1978	FY 1979	FY 1980
Defense Appropriation Act:						
Enacted/Regular Estimates	112,527,522	117,325,251	129,572,194			
Supplementals Submitted		4,168,634				
Contingencies			2,216,951			
Total	112,527,522	121,493,885	131,789,145	127,262,577	128,717,463	131,789,145
Military Construction:						
Enacted/Regular Estimates	2,986,664	3,880,863	3,733,200			
Supplementals Submitted		239,680				
Contingencies			19,282			
Total	2,986,664	4,120,543	3,752,482	3,411,181	4,395,608	3,752,482
Treasury, Postal Service, Etc.:						
Enacted/Regular Estimates	127,386	146,138	338,950			
Supplementals Submitted		2,285				
Total	127,386	148,423	338,950	144,724	157,428	338,950
HUD - Independent Agencies:						
Enacted/Regular Estimates	6,633	7,045	9,825			
Supplementals Submitted		2,041				
Total	6,633	9,086	9,825	7,536	9,637	9,825
State, Justice, Commerce, Etc.:						
Enacted/Regular Estimates	6,225	5,260	7,363			
Supplementals Submitted		1,240				
Total	6,225	6,500	7,363	7,072	6,894	7,363
Public Works:						
Enacted/Regular Estimates		2,580,783				
Supplementals Submitted		33,176				
Total	2,513,693	2,613,959	3,022,288	2,855,820	2,772,549	3,022,288
Total, Appropriations:						
Enacted/Regular Estimates	118,168,123	123,945,340	136,683,820			
Supplementals Submitted		4,447,056				
Contingencies			2,236,233			
Total Appropriations	118,168,123	128,392,396	138,920,053	133,688,910	136,059,579	138,920,053
Trust Funds and Receipts:						
Existing Legislation	-241,897	-477,602	-499,102	-277,700	-509,462	-499,102
Proposed Legislation			-177,600			-177,600
Net, Trust Funds & Receipts	-241,897	-477,602	-676,702	-277,700	-509,462	-676,702
Total Budget Authority, National Defense	117,926,226	127,914,794	138,243,351	133,411,210	135,550,117	138,243,351

2-3 BUDGET AUTHORITY - DEFENSE APPROPRIATION ACT

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS			CONSTANT DOLLARS BASE YEAR IS FY 1980		
	FY 1978	FY 1979	FY 1980 SUBMITTED	FY 1978	FY 1979	FY 1980 W/CONTINGENCIES
MILITARY FUNCTIONS						
MILITARY PERSONNEL						
Military Personnel, Army	9,176,733	9,694,800	9,754,500	10,247,293	10,235,768	10,245,456
Military Personnel, Navy	6,444,413	6,801,000	6,892,500	7,196,233	7,180,467	7,235,115
Military Personnel, Marine Corps	2,022,200	2,124,500	2,135,000	2,257,761	2,243,019	2,243,341
Military Personnel, Air Force	7,568,090	7,908,400	7,876,400	8,449,450	8,349,446	8,272,576
Reserve Personnel, Army	532,600	566,300	597,600	594,913	597,870	623,960
Reserve Personnel, Navy	225,400	236,000	184,100	252,014	249,236	192,105
Reserve Personnel, Marine Corps	82,424	87,700	87,000	92,134	92,607	90,455
Reserve Personnel, Air Force	183,800	198,700	214,700	205,267	209,790	223,699
National Guard Personnel, Army	772,500	801,100	874,200	862,517	845,707	914,581
National Guard Personnel, Air Force	237,600	264,600	273,500	265,171	279,351	286,232
TOTAL - MILITARY PERSONNEL	27,245,760	28,683,100	28,889,500	30,422,753	30,283,261	30,327,520
Retired Pay, Defense	9,179,600	10,318,500	11,451,500	10,766,306	11,129,795	11,465,800
OPERATION AND MAINTENANCE						
Oper. and Maint., Army	8,631,789	9,386,467	9,907,400	9,754,474	9,934,428	10,108,855
Oper. and Maint., Navy	11,065,506	11,891,695	12,801,600	12,543,931	12,601,965	13,011,421
Oper. and Maint., Marine Corps	658,976	735,800	735,800	745,262	779,136	749,718
Oper. and Maint., Air Force	8,605,176	9,406,084	10,091,600	9,760,106	9,971,027	10,235,598
Oper. and Maint., Defense Agencies	2,955,322	3,106,484	3,578,200	3,342,338	3,288,245	3,640,409
Oper. and Maint., Army Reserve	391,494	420,300	418,100	441,746	444,509	425,451
Oper. and Maint., Navy Reserve	319,290	382,900	301,600	364,149	406,943	301,997
Oper. and Maint., Marine Corps Reserve	16,613	19,900	20,967	19,013	21,178	21,027
Oper. and Maint., Air Force Reserve	384,849	393,300	410,600	434,382	415,861	419,912
Oper. and Maint., Army Nat'l Guard	766,346	795,700	791,400	862,758	840,477	803,053
Oper. and Maint., Air Nat'l Guard	849,107	951,900	1,039,500	959,087	1,007,466	1,051,437
Rifle Practice, Army	365	375	-	413	397	-
Claims, Defense	82,500	87,500	113,200	94,643	93,207	113,200
Contingencies, Defense	2,500	2,500	-	2,868	2,663	-
Court of Military Appeals, Defense	1,735	1,840	2,033	1,955	1,945	2,079
Foreign Currency Fluctuations, Defense	-	500,000	-	-	534,500	-
XIII Winter Olympic Games	-	2,000	10,000	-	2,138	10,000
Misc Exprd, Air Force	-	-	-	-	-	-
TOTAL - OPERATION AND MAINTENANCE	34,731,568	38,084,745	40,222,000	39,327,125	40,346,085	40,894,157

Table 2-3

2-3 BUDGET AUTHORITY - DEFENSE APPROPRIATION ACT (CONT'D)

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS			CONSTANT DOLLARS BASE YEAR IS FY 1980		
	FY 1978	FY 1979	FY 1980 SUBMITTED	FY 1978	FY 1979	FY 1980 W/CONTINGENCIES
PROCUREMENT						
Aircraft Procurement, Army	656,100	949,709	946,400	726,490	993,807	946,400
Missile Procurement, Army	554,220	764,700	1,250,500	621,547	805,460	1,250,500
Procurement of W&TCV, Army	1,408,563	1,511,100	1,888,900	1,586,780	1,595,336	1,888,900
Procurement of Ammunition, Army	1,159,300	1,248,100	1,343,400	1,299,551	1,314,399	1,343,400
Other Procurement, Army	1,408,625	1,752,150	1,694,200	1,572,374	1,841,199	1,694,200
Aircraft Procurement, Navy	3,528,900	4,358,700	3,967,900	3,949,659	4,585,821	3,967,900
Weapons Procurement, Navy	2,238,100	1,979,600	1,973,500	2,515,384	2,087,208	1,973,500
Shipbuilding and Conversion, Navy	5,760,500	4,594,300	6,173,200	6,583,396	4,906,212	6,173,800
Other Procurement, Navy	2,176,410	2,647,600	2,694,500	2,440,327	2,788,240	2,694,500
Procurement, Marine Corps	435,750	356,000	284,200	483,018	372,757	284,200
Aircraft Procurement, Air Force	5,823,300	7,144,707	7,931,200	6,510,510	7,512,678	7,931,200
Missile Procurement, Air Force	1,751,300	1,513,500	2,288,600	1,977,340	1,599,472	2,288,600
Other Procurement, Air Force	2,300,345	2,368,150	2,671,100	2,606,606	2,506,968	2,693,900
Procurement, Defense Agencies	327,826	274,600	294,000	366,754	288,875	294,000
Proc. of Aircraft & Missiles, Navy	-	-	-	-	-	-
Proc. of Equip. & Missiles, Army	-	-	-	-	-	-
TOTAL - PROCUREMENT	29,529,239	31,462,916	35,402,200	33,239,736	33,198,432	35,425,000
RESEARCH, DEVELOP., TEST & EVAL.						
RDT&E, Army	2,408,327	2,709,464	2,927,000	2,733,579	2,873,990	2,949,859
RDT&E, Navy	4,018,291	4,521,871	4,484,000	4,574,026	4,802,978	4,510,652
RDT&E, Air Force	4,165,266	4,597,640	5,005,100	4,768,120	4,896,915	5,024,160
RDT&E, Defense Agencies	754,278	917,387	1,086,600	860,376	975,272	1,087,703
Dir. of Test & Eval., Defense	25,000	27,600	33,400	28,225	29,184	33,400
TOTAL - RESEARCH, DEVELOP., TEST & EVAL.	11,371,162	12,773,962	13,536,100	12,964,326	13,578,339	13,605,774

Table 2-3

2-3 BUDGET AUTHORITY - DEFENSE APPROPRIATION ACT (CONT'D)

	CURRENT DOLLARS			CONSTANT DOLLARS BASE YEAR IS FY 1980		
	FY 1978	FY 1979	FY 1980 SUBMITTED ^{1/}	FY 1978	FY 1979	FY 1980 WITH CONTINGENCIES
Special Foreign Currency Program	2,480	14,362	6,667	2,711	14,929	6,677
<u>Revolving and Management Funds</u>						
Army Stock Fund	100,000	74,000	-	115,559	79,106	-
Navy Stock Fund	30,457	-	-	35,196	-	-
Marine Corps Stock Fund	1,900	-	-	2,196	-	-
Air Force Stock Fund	286,707	26,800	-	331,315	28,649	-
Defense Stock Fund	4,300	-	-	4,969	-	-
Total - Revolving and Management Funds	423,364	100,800	-	489,235	107,755	-
Total - Department of Defense	112,483,173	121,438,385	129,507,967	127,212,192	128,658,596	131,724,918
Central Intelligence Agency	35,100	43,500	51,600	39,877	46,139	51,600
Intelligence Community Oversight	9,249	12,000	12,627	10,508	12,728	12,627
Total - Defense Appropriation Act	112,527,522	121,493,885	129,572,194	127,262,577	128,717,463	131,789,145
Supplemental Request Included Above		-4,168,634				
Enacted FY 1979 (Less Transfers & Adjustments)		117,325,251				

^{1/} Does not include contingencies of \$2,216,951

2-4 BUDGET AUTHORITY - MILITARY CONSTRUCTION ACT

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS			CONSTANT DOLLARS BASE YEAR IS FY 1980		
	FY 1978	FY 1979	FY 1980 SUBMITTED 1/	FY 1978	FY 1979	FY 1980 N/CONTINGENCIES
MILITARY CONSTRUCTION						
Military Construction, Army	527,769	829,543	722,300	600,457	885,127	727,800
Military Construction, Navy	471,556	761,198	551,900	538,216	813,225	554,684
Military Construction, Air Force	415,566	520,631	539,700	476,002	557,289	539,700
Mil. Con., Defense Agencies	49,429	217,557	244,300	56,602	232,786	244,300
Mil. Con., Army National Guard	49,400	52,200	20,000	56,581	55,854	20,000
Mil. Con., Air National Guard	43,300	44,750	30,000	49,595	47,882	30,000
Mil. Con., Army Reserve	51,162	37,100	25,000	58,511	39,645	25,116
Mil. Con., Naval Reserve	21,700	21,856	15,000	24,851	23,380	15,000
Mil. Con., Air Force Reserve	11,200	13,000	10,000	12,835	13,910	10,000
TOTAL - MILITARY CONSTRUCTION	1,641,082	2,498,029	2,158,200	1,873,650	2,669,098	2,166,600
FAMILY HOUSING						
Family Housing, Construction	43,700	132,365	3,900	50,035	141,630	3,900
Family Housing, Debt Payment	35,382	28,900	30,600	40,887	30,894	30,600
Family Housing, Operations	1,266,000	1,459,749	1,535,500	1,444,876	1,552,383	1,546,382
Homeowners Asst Funds, Def.	1,500	1,500	5,000	1,733	1,603	5,000
TOTAL - FAMILY HOUSING	1,346,582	1,622,514	1,575,000	1,537,531	1,726,510	1,585,882
TOTAL - MILITARY CONSTRUCTION ACT	2,986,664	4,120,543	3,733,200	3,411,181	4,395,608	3,752,482
Supplemental Request Included Above		239,680				
Enacted FY 1979		3,880,863				

1/ Does not include contingencies of \$19,282

Table 2-4

2-5 BUDGET AUTHORITY - DEFENSE RELATED ACTIVITIES AND CIVIL DEFENSE

	CURRENT DOLLARS				CONSTANT DOLLARS		
	FY 1978	FY 1979 ENACTED	FY 1979 W/SUPPLEMENTAL	FY 1980	FY 1978	FY 1979	FY 1980
Treasury, Postal Service and General Government Appropriations Act:							
Salaries and expenses, Federal Property Resources Activities (GSA)	2,188	18,675	18,675	-	2,486	19,808	-
Expenses, Defense Production Act (GSA)	-	-	-	1,519			1,519
Stockpile Operations (GSA)	-	-	-	198,310			198,310
Expenses, Federal Emergency Management Agency	125,198	127,463	129,748	139,121	142,238	137,620	139,121
Total, Treasury, Postal, etc.	127,386	146,138	148,423	338,950	144,724	157,428	338,950
Department of Housing and Urban Development - Independent Agencies Appropriation Act:							
Salaries and expenses, Selective Service System	6,633	7,045	9,086	9,825	7,536	9,637	9,825
Departments of State, Justice, and Commerce, the Judiciary and Related Agencies Appropriation Act:							
Salaries and expenses, Renegotiation Board	6,225	5,260	6,500	7,363	7,072	6,894	7,363
Public Works for Water and Power Development and Energy Research Appropriation Act:							
Department of Energy - Atomic Energy Defense Activities	2,513,693	2,580,783	2,613,959	3,022,288	2,855,820	2,772,549	3,022,288

Table 2-5

Chart 3-3 presents a perspective in terms of the various budget categories, again for DoD. The left bar shows the \$135.5 billion in FY 1980 TOA in terms of the various appropriation categories. The right bar shows a breakdown of outlays, modified as necessary to take account of facts of life. As noted, \$36.6 billion in outlays will be from prior balances (largely amounts under contract on September 30, 1979) and \$11.4 billion goes for retired pay. Deducting \$48.0 billion for these two relatively fixed items from the outlay total, the remaining outlays are \$74.7 billion.

Of that \$74.7 billion, 2/3 (\$50.2 billion) goes for the military and civil service payroll, leaving \$24.5 billion. Most of that remainder goes for nonpay operating costs, a large part of which are tied to the base structure and difficult to control in the short run.

The remaining \$9.2 billion in outlays are in the investment area, shown in the 3 lower segments. These add to \$9.2 billion, compared to \$52.8 billion in TOA shown in the lower 3 segments of the left bar. Thus, in the investment area of the budget, a \$5.74 change in TOA (or BA) produces a \$1 change in outlays.

This chart makes clear that, if outlays are to change significantly, the payroll area must be involved.

The FY 1980 budget is based on a personnel plan, including the assumption that 457,000 military personnel will leave and 457,000 will be recruited, as illustrated in Table 3-4. (A similar plan would apply to civil service employees.) If the military payroll is to be cut, there are only two ways to do it:

- . Separate more than 457,000 people. (The 457,000 separations, in themselves, will not reduce the budget at all -- the budget already contemplates that these people will leave.)
- . Recruit less than 457,000 people.

If the first course is chosen, there would be heavy one-time separation costs. If, instead, it is decided to recruit less people, savings would be at the rate of about \$573 per month, as shown. Thus for personnel who would be recruited in October 1979, FY 1980 payroll costs would be about \$6,883; for those in September 1980, FY 1980 payroll costs would be a few hundred dollars. The average pay during FY 1980 for persons to be recruited in FY 1980 is about \$3,440. This means that it would be necessary to reduce recruiting by about 300,000 to reduce pay costs by \$1 billion.

The only remaining possibility is to separate more people, as noted. Considering one-time separation costs, notification period, and other factors, first-year savings are small.

This means that the payroll for FY 1980 is not significantly variable. Returning to Chart 3-3, it is clear that FY 1980 outlays in total are not significantly variable.

Tables 3-5 through 3-7 show outlays under the various appropriation acts, by account title. The tables show spending from regular estimates, supplementals and contingencies, and also show a breakdown of spending from current and prior balances.

Table 3-8 shows outlays for trust funds and receipt items, by account. These types of accounts were explained in the discussion of budget authority.

It is necessary to emphasize that the outlay figures for FY 1979 and FY 1980 are based upon estimates and assumptions. One major assumption is that the Congress will enact the appropriations requested in the full amounts and in accordance with the congressional budget schedule. Delays or changes will, of course, affect the outlay estimates.

As noted, the outlay figures also reflect estimates of the amounts to be spent in FY 1979 and FY 1980 from prior balances, and also estimates of the amounts of new budget authority to be spent each year, with the residual carried over to later years. These are the best estimates DoD can prepare, based upon accounting records and judgment, but they can be off the mark for many reasons including unforeseen changes in production rates.

A third area of uncertainty involves legislative assumptions. For FY 1980, the estimates assume approval of legislation to reform the blue collar pay system, and to allow additional sales from the stockpile. If this legislation is not enacted, outlays will be higher than shown.

Fourth, the outlay estimates are based upon projections of certain programmed cost factors. The numbers of military personnel (active, reserve and retired) may vary from the plan, and certain costs may also vary. Flying-hour programs, steaming hours, and maintenance schedules are subject to change.

At this juncture, it is necessary to emphasize that any estimate of outlays is subject to some error -- up or down.

3-1 NATIONAL DEFENSE ESTIMATES, FY 1980
(\$ Thousands)

	Budget Authority	Current Authority	Outlays Prior Balances	Total
Submitted in January 1979:				
Defense Appropriation Act 1/	129,572,194	83,229,720	34,304,050	117,533,770
Military Construction	3,733,200	1,197,847	2,246,153	3,444,000
Treasury, Postal Service	338,950	267,617	54,821	322,438
HUD, Independent Agencies	9,825	7,209	2,663	9,872
State, Justice, Commerce	7,363	7,042	291	7,333
Public Works	3,022,288	1,606,945	1,360,790	2,967,735
Total Submitted in Jan 1979	<u>136,683,820</u>	<u>86,316,380</u>	<u>37,968,768</u>	<u>124,285,148</u>
(DoD included Above)	(133,241,167)	(84,367,940)	(36,546,203)	(120,914,413)
Contingencies for Later Submission:				
10/1/79 Pay Increase - Military	1,346,000	1,346,000	-	1,346,000
- Civilian	648,910	631,600	-	631,600
- Retired	15,200	15,200	-	15,200
FY 1980 Wage Board Increases	165,000	161,200	-	161,200
Military Trailer Allowance	8,000	8,000	-	8,000
Family Separation Allowance	13,100	13,000	-	13,000
Quarters Allowance	9,700	9,700	-	9,700
Officer Personnel Management Act	23,300	23,300	-	23,300
PCS Mileage Allowance	40,400	40,400	-	40,400
Dual Compensation	-30,000	-30,000	-	-30,000
Administrative Duty Pay	-2,000	-2,000	-	-2,000
Officer Uniform Maint. Allowance	-1,377	-1,400	-	-1,400
Total, FY 1980 Contingent Amounts	<u>2,236,233</u>	<u>2,215,000</u>	-	<u>2,215,000</u>
Trust Funds, Receipts, Etc.				
DoD	-436,100	-473,455	44,312	-429,143
Stockpile	-237,600	-237,600	-	-237,600
Other Defense Related	-3,002	-3,002	-	-3,002
Net, Trust Funds, Receipts, Etc.	<u>-676,702</u>	<u>-714,057</u>	<u>44,312</u>	<u>-669,745</u>
TOTAL, National Defense	<u>138,243,351</u>	<u>87,817,323</u>	<u>38,013,080</u>	<u>125,830,403</u>
	(135,041,300)	(86,109,485)	(36,590,515)	(122,700,000)

Table 3-1

1/ Includes \$12,627 thousand in B/A and \$12,027 thousand in outlays for intelligence community oversight activities and \$51,600 thousand in both B/A and outlays for the CIA retirement and disability fund.

3-2 NATIONAL DEFENSE OUTLAY SUMMARY
(\$ Thousands)

	FY 1978	FY 1979	FY 1980	Distribution of FY 1980 Outlays	
				Current Authority	Prior Balances
Defense Appropriation Act					
Enacted/regular estimates	99,925,456	106,280,862	117,533,770		
Supplementals submitted		2,724,054	2,207,227		
Contingencies					
Total	99,925,456	109,004,916	119,740,997	85,436,947	34,304,050
Military Construction					
Enacted/regular estimates	3,336,277	3,241,950	3,444,000		
Supplementals submitted		53,050	7,773		
Contingencies					
Total	3,336,277	3,295,000	3,451,773	1,205,620	2,245,153
Treasury, Postal Service, etc.	112,151	151,860	322,438	267,617	54,821
HUD - Independent Agencies					
Enacted/regular estimates	6,122	7,339	9,872		
Supplementals submitted		1,440			
Total	6,122	8,779	9,872	7,209	2,663
State, Justice, Commerce, etc.					
Enacted/regular estimates	6,198	5,594	7,333		
Supplementals submitted		1,048			
Total	6,198	6,642	7,333	7,042	291
HEW	-9	-	-	-	-
Public Works					
Enacted/regular estimates	2,070,294	2,491,568	2,967,735		
Supplementals submitted		17,500			
Total	2,070,294	2,509,068	2,967,735	1,606,945	1,360,790
Total Appropriations					
Enacted/regular estimates	105,456,489	112,179,173	124,285,148		
Supplementals submitted		2,797,092	2,215,000		
Contingencies					
Total Appropriations	105,456,489	114,976,265	126,500,148	88,531,380	37,968,768
Trust Funds and Receipts					
Existing legislation	-270,320	-472,815	-492,145		
Proposed legislation			-177,600		
Net, trust funds and receipts	-270,320	-472,815	-669,745	-714,057	44,312
Total Budget Authority					
National Defense	105,186,169	114,503,450	125,830,403	87,817,323	38,013,080

3-3 DEFENSE TOA AND OUTLAYS - FY 1980
(\$ Billions)

TOA \$135.5	
RETIRED PAY	\$11.5
MILITARY PERSONNEL	\$30.3
O&M	\$40.9
PROCUREMENT	\$35.4
RD&E	\$13.6
ALL OTHER	\$3.8

OUTLAYS \$122.7	
PRIOR BALANCES	\$36.6
RETIRED PAY	\$11.4
MILITARY PERSONNEL	\$29.4
CIVIL SERVICE PAYROLL	\$20.8
NON-PAY OPERATING COSTS	\$15.3
PROCUREMENT	\$2.8
RD&E	\$6.1
ALL OTHER	\$0.3

3-4 FY 1980 MILITARY PERSONNEL PLAN

	<u>Strength in Thousands</u>
September 30, 1979 strength	2,050
Accessions during FY 1980	+ 457
Separations during FY 1980	<u>- 457</u>
September 30, 1980 strength	2,050

	<u>FY 1980 Average</u>
Average Pay Rates <u>a/</u>	
E-1	6,883
E-2	7,587
E-3	8,278

a/ Includes basic pay, quarters and subsistence allowance and FICA. Assumes 5.5% increase 10/1/79.

3-5 OUTLAYS - DEFENSE APPROPRIATION ACT

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS			FY 1980 DISTRIBUTION		
	FY 1978	FY 1979	FY 1980	FY 1980 W/CONTINGENCIES	CURRENT AUTHORITY	PRIOR BALANCES
MILITARY FUNCTIONS						
MILITARY PERSONNEL						
Military Personnel, Army	9,197,825	9,545,000	9,594,000	10,071,540	10,006,445	65,095
Military Personnel, Navy	6,384,533	6,705,000	6,792,000	7,124,235	7,040,292	83,943
Military Personnel, Marine Corps	2,007,804	2,084,000	2,088,000	2,192,581	2,171,923	20,698
Military Personnel, Air Force	7,526,267	7,820,000	7,822,000	8,207,938	8,110,096	97,842
Reserve Personnel, Army	518,782	547,000	578,000	601,779	563,405	38,374
Reserve Personnel, Navy	213,765	228,000	184,000	190,668	160,065	30,603
Reserve Personnel, Marine Corps	82,559	85,000	85,000	88,078	80,565	7,513
Reserve Personnel, Air Force	175,257	189,000	204,000	212,122	202,159	9,963
National Guard Personnel, Army	733,557	766,000	834,000	869,616	806,910	62,706
National Guard Personnel, Air Force	234,999	251,000	266,000	277,732	263,767	13,965
TOTAL - MILITARY PERSONNEL	27,075,348	28,220,000	28,447,000	29,836,289	29,405,627	430,662
Retired Pay, Defense	9,171,474	10,281,000	11,435,000	11,449,229	11,408,516	40,713
OPERATION AND MAINTENANCE						
Oper. and Maint., Army	8,476,147	9,128,000	9,651,000	9,868,122	8,267,443	1,600,679
Oper. and Maint., Navy	10,319,924	11,158,000	12,121,000	12,326,642	9,515,460	2,811,182
Oper. and Maint., Marine Corps	624,998	676,000	723,000	726,772	588,913	137,859
Oper. and Maint., Air Force	8,541,356	8,983,000	9,730,000	9,916,137	8,851,475	1,064,662
Oper. and Maint., Defense Agencies	2,857,253	3,016,000	3,416,000	3,468,125	3,132,938	335,187
Oper. and Maint., Army Reserve	393,712	408,000	410,000	416,520	377,966	38,554
Oper. and Maint., Navy Reserve	306,707	359,000	312,000	312,287	221,355	90,932
Oper. and Maint., Marine Corps Reserve	14,712	16,000	20,000	20,039	13,645	6,394
Oper. and Maint., Air Force Reserve	370,131	386,000	405,000	413,388	379,567	33,821
Oper. and Maint., Army Nat'l Guard	746,371	755,000	757,000	766,844	678,821	88,023
Oper. and Maint., Air Nat'l Guard	845,784	930,000	1,021,000	1,031,871	958,890	72,981
Rifle Practice, Army	334	377	42	42	-	42
Claims, Defense	79,329	83,000	112,000	112,000	101,880	10,120
Contingencies, Defense	-	1,023	758	758	-	758
Court of Military Appeals, Defense	964	1,800	2,000	2,043	1,963	80
Foreign Currency Fluctuations, Defense	-	-	-	-	-	-
XIII Winter Olympic Games	-	1,800	9,200	9,200	9,000	200
Misc Exprd, Air Force	49	-	-	-	-	-
TOTAL - OPERATION AND MAINTENANCE	33,577,779	35,905,000	38,690,000	39,390,790	33,099,316	6,291,474

Table 3-5

3-5 OUTLAYS - DEFENSE APPROPRIATION ACT (CONT'D)

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS				FY 1980 DISTRIBUTION	
	FY 1978	FY 1979	FY 1980	FY 1980 W/CONTINGENCIES	CURRENT AUTHORITY	PRIOR BALANCES
PROCUREMENT						
Aircraft Procurement, Army	380,259	417,000	625,000	625,000	33,528	591,472
Missile Procurement, Army	417,738	284,000	557,000	557,000	60,352	496,648
Procurement of W&TCV, Army	837,290	847,000	1,151,000	1,151,000	9,570	1,141,430
Procurement of Ammunition, Army	731,689	859,000	946,000	946,000	130,703	815,297
Other Procurement, Army	839,617	961,000	1,212,000	1,224,535	69,453	1,155,082
Aircraft Procurement, Navy	2,601,666	2,965,000	3,337,000	3,337,000	479,869	2,857,131
Weapons Procurement, Navy	1,302,388	1,428,000	1,709,000	1,709,000	124,716	1,584,284
Shipbuilding and Conversion, Navy	3,047,606	3,880,000	3,844,000	3,844,000	183,110	3,660,890
Other Procurement, Navy	1,910,874	1,965,000	2,309,000	2,336,181	316,232	2,019,949
Procurement, Marine Corps	306,214	324,000	359,000	359,000	11,026	347,974
Aircraft Procurement, Air Force	3,989,465	4,587,000	5,417,000	5,417,000	418,271	4,998,729
Missile Procurement, Air Force	1,376,242	1,541,000	1,635,000	1,631,328	344,845	1,286,483
Other Procurement, Air Force	1,969,235	2,145,000	2,352,000	2,349,865	1,254,469	1,095,396
Procurement, Defense Agencies	219,657	238,000	268,000	268,000	47,465	220,535
Proc. of Aircraft & Missiles, Navy	28,390	25,000	20,000	20,000	-	20,000
Proc. of Equip. & Missiles, Army	17,824	10,000	8,000	8,000	-	8,000
TOTAL - PROCUREMENT	19,975,554	22,476,000	25,749,000	25,782,909	3,483,609	22,299,300
RESEARCH, DEVELOP., TEST & EVAL.						
RDT&E, Army	2,342,208	2,498,000	2,800,000	2,820,528	1,867,394	953,134
RDT&E, Navy	3,824,871	4,221,000	4,430,000	4,456,185	2,747,099	1,709,086
RDT&E, Air Force	3,626,026	4,188,000	4,766,000	4,787,712	2,780,316	2,007,396
RDT&E, Defense Agencies	690,994	798,000	992,000	992,585	581,035	411,550
Dir. of Test & Eval., Defense	23,865	21,000	27,000	27,000	4,342	22,658
TOTAL - RESEARCH, DEVELOP., TEST & EVAL.	10,507,964	11,726,000	13,015,000	13,084,010	7,980,186	5,103,824

Table 3-5

3-5 OUTLAYS - DEFENSE APPROPRIATION ACT (CONT'D)

	FY 1978	FY 1979	FY 1980 SUBMITTED ^{1/}	FY 1980 W/CONTINGENCIES	FY 1980 DISTRIBUTION CURRENT AUTHORITY	PRIOR BALANCES
Special Foreign Currency Program	2,355	3,021	4,099	4,099	66	4,033
Revolving and Management Funds						
Def. Prod. Guar., Navy	-719	15	-484	-484	-	-484
Def. Prod. Guar., Defense Agencies	- 5	-	-	-	-	-
Laundry Service, Naval Academy	131	-	-	-	-	-
Army Stock Fund	-186,056	64,300	- 48,800	- 48,800	-	- 48,800
Navy Stock Fund	33,393	132,800	2,400	2,400	-	2,400
Marine Corps Stock Fund	- 1,643	18,000	10,500	10,500	-	10,500
Air Force Stock Fund	104,650	71,000	45,900	45,900	-	45,900
Defense Stock Fund	-245,383	11,000	83,100	83,100	-	83,100
Army Industrial Fund	- 4,511	41,035	- 29,545	- 29,545	-	- 29,545
Navy Industrial Fund	- 62,941	56,635	36,310	36,310	-	36,310
Marine Corps Industrial Fund	-355	- 1,380	891	891	-	891
Air Force Industrial Fund	- 36,126	- 52,384	24,362	24,362	-	24,362
Defense Industrial Fund	- 10,201	- 2,978	5,410	5,410	-	5,410
Army Management Fund	9,709	-	-	-	-	-
Navy Management Fund	- 29,756	-	-	-	-	-
Air Force Management Fund	1,194	849	-	-	-	-
Total - Revolving and Management Funds	-428,619	338,892	130,044	130,044	-	130,044
Total - Department of Defense	99,881,855	108,949,913	117,470,143	119,677,370	85,377,320	34,300,050
Central Intelligence Agency	35,100	43,500	51,600	51,600	51,600	-
Intelligence Community Oversight	8,501	11,503	12,027	12,027	8,027	4,000
Total - Defense Appropriations Act	99,925,456	109,004,916	117,533,770	119,740,997	85,436,947	34,304,050
Supplemental Request Included Above		2,724,054				
Enacted FY 1979 (Less Transfers & Adjustments)		106,280,862				

Table 3-5

37

^{1/} Does not include contingencies of \$2,207,227

3-6 OUTLAYS - MILITARY CONSTRUCTION ACT

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS				FY 1980 DISTRIBUTION	
	FY 1978	FY 1979	FY 1980 SUBMITTED	FY 1980 W/CONTINGENCIES	CURRENT AUTHORITY	PRIOR BALANCES
MILITARY CONSTRUCTION						
Military Construction, Army	626,549	577,000	598,000	598,317	38,993	559,324
Military Construction, Navy	604,256	588,600	497,000	497,347	67,304	430,043
Military Construction, Air Force	481,137	494,000	614,000	614,000	31,001	582,999
Mil. Con., Defense Agencies	23,113	24,000	78,000	78,000	7,035	70,965
Mil. Con., Army National Guard	58,038	47,000	48,000	48,000	1,920	46,080
Mil. Con., Air National Guard	40,532	38,000	43,000	43,000	1,728	41,272
Mil. Con., Army Reserve	52,607	45,000	40,000	40,005	1,205	38,800
Mil. Con., Naval Reserve	29,789	26,000	20,000	20,000	1,008	18,992
Mil. Con., Air Force Reserve	15,483	15,000	13,000	13,000	960	12,040
TOTAL - MILITARY CONSTRUCTION	1,931,504	1,854,000	1,951,000	1,951,669	151,154	1,800,515
FAMILY HOUSING						
Family Housing, Construction	212,803	97,000	98,000	98,000	112	97,888
Family Housing, Debt Payment	31,417	39,000	34,000	34,000	32,552	1,448
Family Housing, Operations	1,158,773	1,300,000	1,355,000	1,362,104	1,016,576	345,528
Homeowners Asst Fund, Def.	1,780	5,000	6,000	6,000	5,226	774
TOTAL - FAMILY HOUSING	1,404,773	1,441,000	1,493,000	1,500,104	1,054,466	445,638
TOTAL - MILITARY CONSTRUCTION ACT	3,336,277	3,295,000	3,444,000	3,451,773	1,205,620	2,246,153
Supplemental Request Included Above		53,050				
Enacted FY 1979 (less transfers & adjustments)		3,241,950				

1/ Does not include contingencies of \$7,773.

Table 3-6

3-7 OUTLAYS - DEFENSE-RELATED ACTIVITIES AND CIVIL DEFENSE
(Thousands)

	<u>FY 1978</u>	<u>FY 1979 ENACTED</u>	<u>FY 1979 W/SUPPLEMENTAL</u>	<u>FY 1980</u>	<u>FY 1980 DISTRIBUTION CURRENT AUTHORITY</u>	<u>PRIOR BALANCES</u>
Treasury, Postal Service and General Government Appropriations Act:						
Operating Expenses (GSA)	2,188	18,640	18,640	-	-	-
Stockpile Operations (GSA)	-	-	-	180,978	180,978	-
Expenses, Defense Production Act (GSA)	-	-	-	1,519	1,519	-
New Silver Dollar Program (GSA)	6	-	-	-	-	-
Federal Emergency Management Agency	109,957	133,220	133,220	139,941	85,120	54,821
Total, Treasury, Postal, etc.	<u>112,151</u>	<u>151,860</u>	<u>151,860</u>	<u>322,438</u>	<u>267,617</u>	<u>54,821</u>
Department of Housing and Urban Development - Independent Agencies Appropriation Act:						
Salaries and expenses, Selective Service System	6,122	7,339	8,779	9,872	7,209	2,663
Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act:						
Salaries and expenses, Renegotiation Board	6,198	5,594	6,642	7,333	7,042	291
Public Works for Water and Power and Energy Research Appropriation Act:						
Department of Energy, Atomic Energy Defense Activities	2,070,294	2,491,568	2,509,068	2,967,735	1,606,945	1,360,790
Health, Education & Welfare - Emergency Med. Act	-9	-	-	-	-	-

Table 3-7

3-8 OUTLAYS - TRUST FUNDS, RECEIPTS, ETC.
(\$ In Thousands)

Department of Defense:	FY 1978	FY 1979	FY 1980	FY 1980 Distribution	
				Current Authority	Prior Balances
Offsetting Receipts, Army	-161,846	-143,000	-147,900	-147,900	-
Offsetting Receipts, Navy	- 20,251	- 80,200	- 67,700	- 67,700	-
Offsetting Receipts, Air Force	- 30,752	-115,400	-128,200	-128,200	-
Offsetting Receipts, Defense	63,731	- 12,100	- 93,000	- 93,000	-
Total - Deductions for Offsetting Rcpts	-149,118	-350,700	-436,800	-436,800	-
<u>Trust Funds</u>					
Army General Gift Fund (Trust)	42	59	62	62	-
USN Academy General Gift Fund (Trust)	139	199	176	176	-
USN Academy Museum Fund (Trust)	92	685	382	382	-
Navy General Gift Fund (Trust)	143	100	100	74	26
Ships Stores Profit, Navy (Trust)	10,837	9,600	9,800	9,800	-
Ofc of Naval Records & History Fund (Trust)	1	9	10	10	-
Air Force General Gift Fund (Trust)	31	5	4	4	-
Surcharge Coll., Sales of Comm Stores, A(TR)	- 8,309	1,856	1,738	- 42,507	44,245
Midshipmen's Store, USN Academy (TR)	- 57	888	-	- 1,041	1,041
Surcharge Coll., Sales of Comm Stores, N(TR)	- 2,552	2,036	6,005	6,005	-
Surcharge Coll., Sales of Comm Stores, MC(TR)	- 2,856	3,450	180	180	-
Surcharge Coll., Sales of Comm Stores, AF(TR)	- 13,858	- 4,000	- 2,000	-	- 2,000
Air Force Cadet Fund (TR)	293	500	1,000	-	1,000
Total - Trust Funds	- 16,054	15,387	17,457	- 26,855	44,312
Intragovernmental Trust Fund, Navy	- 11,050	- 9,600	- 9,800	- 9,800	-
Total - Department of Defense	-176,222	-344,913	-429,143	-473,455	44,312
<u>General Services Administration</u>					
Intrafund Transaction	- 1,819	- 60,000	-	- 60,000	-
Stockpile Sales: Existing Legislation	- 89,810	- 65,400	- 60,000	- 60,000	-
Proposed Legislation	-	-	-177,600	-177,600	-
Treasury (Proprietary Receipts from the Public)	- 2,467	- 2,500	- 3,000	- 3,000	-
Renegotiation Board	- 2	- 2	- 2	- 2	-
Total, Defense Related	- 94,098	-127,902	-240,602	-240,602	-
Total, National Defense	-270,320	-472,815	-669,745	-714,057	44,312

Table 3-8

4. SUPPLEMENTALS AND CONTINGENCIES

Table 4-1 shows a summary of the supplemental requests for budget authority for FY 1979, and the contingent requests included in the FY 1980 estimates. Table 4-2 shows the related outlays.

The distribution by appropriation act is based upon an estimate of where these items would fall when submitted.

Table 4-3 represents a listing of legislative proposals which impact FY 1980-84 budget authority and outlays. Details are provided in Chapter 11.

4-1 SUPPLEMENTAL AND CONTINGENT ESTIMATES INCLUDED IN NATIONAL DEFENSE TOTALS
(Budget Authority, \$ Thousands)

	Defense Appro. Act	Construc- tion	Treasury, Postal, Etc.	State, Justice Etc.	HUD, Indep. Agencies	Public Works	Total
FY 1979 supplemental requests:							
10/1/78 pay increase - military	1,294,172				211		1,294,383
- civilian	309,200	4,997	1,952	137	95	1,176	317,557
FY 1979 wage board increases	237,100	3,622	333				241,055
Currency revaluation		95,761					95,761
Subsistence	77,600						77,600
BAQ and PCS	42,700						42,700
Increased manning levels (AF Reserve)	4,100						4,100
Retired pay (CPis, legislation, etc.)	178,662						178,662
Program changes supplemental	2,025,100	135,300					2,160,400
Renegotiation Board				1,103			1,103
Selective Service					1,735		1,735
DoE (Atomic Energy, Defense activities)						32,000	32,000
Total, FY 1979 supplementals	<u>4,168,634</u>	<u>239,680</u>	<u>2,285</u>	<u>1,240</u>	<u>2,041</u>	<u>33,176</u>	<u>4,447,056</u>
FY 1980 contingent amounts: a/							
10/1/79 pay increase - military	1,346,000						1,346,000
- civilian	635,010	13,900					648,910
- retired	15,200						15,200
FY 1980 wage board increases	159,618	5,382					165,000
Military trailer allowance	8,000						8,000
Family separation allowance	13,100						13,100
Quarters allowance	9,700						9,700
Officer personnel management act	23,300						23,300
PCS mileage allowance	40,400						40,400
Dual compensation	-30,000						-30,000
Administrative duty pay	-2,000						-2,000
Officer uniform maintenance allowance	-1,377						-1,377
Total, FY 1980 contingent amounts	<u>2,216,951</u>	<u>19,282</u>					<u>2,236,233</u>

a/ The distribution of contingent amounts by appropriation bill, shown here, represents an estimate of where these amounts would fall when submitted. The distribution shown here is used throughout.

Table 4-1

4-2 SUPPLEMENTAL AND CONTINGENT ESTIMATES INCLUDED IN NATIONAL DEFENSE TOTALS
(Outlays, \$ Thousands)

	Defense Appro. Act	Construc- tion	Treasury, Postal, Etc.	State, Justice Etc.	HUD, Indep. Agencies	Public Works	Total
FY 1979 supplemental requests:							
10/1/78 pay increase - military	1,294,172						1,294,172
- civilian	305,495	4,900					310,395
FY 1949 wage board increases	234,525	3,550					238,075
Currency revaluation		36,030					36,030
Subsistence	77,600						77,600
BAQ and PCS	42,700						42,700
Increased manning levels (AF Reserve)	4,100						4,100
Retired pay (CPIs, legislation, etc.)	178,662						178,662
Program changes supplemental	586,800	8,570					595,370
Renegotiation Board				1,048			1,048
Selective Service					1,440		1,440
DoE (Atomic Energy, Defense activities)						17,500	17,500
	<u>2,724,054</u>	<u>53,050</u>	<u> </u>	<u>1,048</u>	<u>1,440</u>	<u>17,500</u>	<u>2,797,092</u>
FY 1980 contingent amounts: a/							
10/1/79 pay increase - military	1,346,000						1,346,000
- civilian	625,997	5,603					631,600
- retired	15,200						15,200
FY 1980 wage board increases	159,030	2,170					161,200
Military trailer allowance	8,000						8,000
Family separation allowance	13,000						13,000
Quarters allowance	9,700						9,700
Officer personnel management act	23,300						23,300
PCS mileage allowance	40,400						40,400
Dual compensation	-30,000						-30,000
Administrative duty pay	-2,000						-2,000
Officer uniform maintenance allowance	-1,400						-1,400
Total, FY 1980 contingent amounts	<u>2,207,227</u>	<u>7,773</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>2,215,000</u>

a/ The distribution of contingent amounts by appropriation bill, shown here, represents an estimate of where these amounts would fall when submitted. The distribution down here is used throughout.

Table 4-2

Tables 5-2 and 5-4 present similar chronologies for outlays.

Table 5-5 is a detailed chronology of DoD TOA, BA, appropriations and outlays for FY 1978. Table 5-6 provides comparable FY 1979 information. Table 5-7 shows the starting point for FY 1980. These chronologies have been presented to congressional committee staffs in the past.

5-1 NATIONAL DEFENSE BUDGET AUTHORITY, FY 1978
(\$ Millions)

	January 1977 Estimate	Request as Amended	Congressional Action	Other Changes	FY 1978 Column of FY 1979 Budget	Changes in CY 1978	FY 1978 Final
Submitted for congressional action in CY 1977							
Defense Appropriation Act	116,738	112,444	-2,692	-	109,752	+2,776	112,528 <u>b/</u>
Military construction	2,706	3,016	-37	-	2,978	+8	2,987
Treasury, Postal Service	329	329	-199	-	130	-3	127
(Civil Defense included above)	(90)	(90)	(-)	(-)	(90)	(+2)	(92) <u>c/</u>
HUD, independent agencies	6	6	-	-	6	-	7
State, Justice, Commerce	6	6	-	-	6	-	6
Public works	2,380	2,380	-138	+270	2,512	+1	2,514
Total submitted in CY 1977	122,166	118,181	-3,067	+270	115,385	+2,783	118,168
(DoD included above)	(119,488)	(115,504)	(-2,728)	(-)	(112,776)	(+2,694)	(115,470) <u>c/</u>
Contingencies and supplementals							
10/1/77 pay raise, including retired pay	2,057	2,057	-	-204	1,853	-1,853	-
FY 1978 wage boards	141	141	+184	-	325	-325	-
Retired pay (CPIs, legislation, etc.)	25	-	-	+212	212	-212	-
Military trailer allowance	8	8	8	-	-	-	-
Family separation allowance	29	29	-29	-	-	-	-
Retired family protection plan	7	7	-7	-	-	-	-
Quarters allowance	10	10	-10	-	-	-	-
Officer personnel management act	14	14	14	-	-	-	-
Dual compensation	-30	-30	+30	-	-	-	-
Cadet/midshipmen pay	-5	-5	+5	-	-	-	-
Fleet com. satellite	-	-	-	+59	59	-59	-
Subsistence	-	-	-	+32	32	-32	-
Currency revaluation	-	-	-	+187	187	-187	-
Cruise missile/F-14	-	-	-	+424	+424	-424	-
B-1/SRAM-B	-	-	-	-463	-463	+463	-
Foreign national indirect hire pay raises	128	128	-	-6	122	-122	-
Total DoD	2,384	2,359	+151	+240	2,750	-2,750	-
Defense-related	-	-	-	+73	73	-73	-
Total, contingencies and supplementals	2,384	2,359	+151	+313	2,823	-2,823	-
Trust funds, receipts, etc.							
Net DoD	-168	-168	-	-94	-262	+114	-148
Stockpile transactions	-290	-290	+229	-70	-131	+40	-92
Other defense-related	-3	-3	-	+1	-2	-1	-2
Net, trust funds, receipts, etc.	-461	-461	+229	-163	-395	+153	-242
Total, National Defense (DoD included above)	124,089 (121,704)	120,079 <u>a/</u> (117,695) <u>a/</u>	-2,687 (-2,577)	+420 (+146)	117,813 (115,264)	+113 (+ 58)	117,926 (115,322)
<u>a/</u> Includes amendments totalling \$-4,009.6 million, as follows:							
Carter revisions	-2,775.0						
CGN-42	+ 193.8						
Intelligence (classified)	+ 5.0						
B-1 (reductions)	-1,433.4						
	<u>-4,009.6</u>						
<u>b/</u> Includes \$35.1 million for the CIA retirement and disability fund and \$9.2 million for Intelligence Community Staff covered in the DoD Appropriation Act.							
<u>c/</u> Civil Defense transferred out of DoD military functions effective with FY 1980 Budget.							

Table 5-1

5-2 NATIONAL DEFENSE OUTLAYS, FY 1978
(\$ Millions)

	January 1977 Estimate	Request as Amended	Congressional Action	Other Changes	FY 1978 Column of FY 1979 Budget	Changes in CY 1978	FY 1978 Final
Submitted for congressional action in CY 1977							
Defense Appropriation Act	103,770	103,313	-1,408	-2,609	99,296	+630	99,925 b/
Military construction	3,564	3,576	+8	-219	3,364	-28	3,336
Treasury, Postal Service	327	327	-197	+5	134	-22	112
(Civil Defense included above)	(92)	(92)	(-)	(+4)	(96)	(+2)	(98) c/
HUD, independent agencies	6	6	+1	-	8	-1	6
State, Justice, Commerce	6	6	-	-	6	-	6
Public works	2,162	2,162	-66	+212	2,308	-237	2,070
Total submitted in CY 1977	109,835	109,390	-1,663	-2,612	105,116	+340	105,456
(DoD included above)	(107,380)	(106,936)	(-1,401)	(-2,824)	(102,710)	(+508)	(103,218) c/
Contingencies and supplementals							
10/1/77 pay raise, including retired pay	1,999	1,999	-	-159	1,840	-1,840	-
FY 1978 wage boards	135	135	+183	-	318	-318	-
Retired pay (CPIs, legislation, etc.)	26	-	-	+212	212	-212	-
Military trailer allowance	8	8	-8	-	-	-	-
Family separation allowance	29	29	-29	-	-	-	-
Retired family protection plan	7	7	-7	-	-	-	-
Quarters allowance	10	10	-10	-	-	-	-
Officer personnel management act	14	14	-14	-	-	-	-
Dual compensation	-30	-30	+30	-	-	-	-
Cadet/midshipman pay	-5	-5	+5	-	-	-	-
Fleet com. satellite	-	-	-	+6	6	-6	-
Subsistence	-	-	-	+32	32	-32	-
Currency revaluation	-	-	-	+183	183	-183	-
Cruise missile/F-14	-	-	-	+183	183	-183	-
B-1/SRAM-B	-	-	-	-47	-47	+47	-
Foreign national indirect hire pay raises	123	123	-	-4	119	-119	-
Total DoD	2,315	2,290	+151	+407	2,847	-2,847	-
Defense-related	-	-	-	+53	53	-53	-
Total, contingencies and supplementals	2,315	2,290	+151	+459	2,900	-2,900	-
Trust funds, receipts, etc.							
Net DoD	-172	-172	-	-85	-258	+81	-176
Stockpile transactions	-290	-290	-	+159	-131	+40	-92
Other defense-related	-3	-3	-	+1	-2	-1	-2
Net, trust funds, receipts, etc.	-465	-465	-	+75	-390	+120	-270
Total, National Defense (DoD included above)	111,685 (109,523)	111,215 a/ (109,053)	-1,512 (-1,251)	-2,077 (-2,503)	107,626 (105,300)	-2,440 (-2,258)	105,186 (103,042)
a/ Includes amendments totalling -\$469.7 million, as follows:							
Carter revisions	-357.0						
CGN-42	+ 15.9						
Intelligence (classified)	+ 4.3						
B-1 (reductions)	-132.9						
	<u>-469.7</u>						
b/ Includes \$35.1 million for the CIA retirement and disability fund and \$8.5 million for Intelligence Community Staff covered in the DoD Appropriation Act.							
c/ Civil Defense transferred out of DoD military functions effective with FY 1980 Budget.							

Table 5-2

5-3 NATIONAL DEFENSE BUDGET AUTHORITY, FY 1979
(\$ Millions)

	FY 1979 Request	Congressional Action	Other Changes	FY 1979 Column of FY 1980 Budget	Concurrent Resolution
Submitted for congressional action in CY 1978					
Defense Appropriation Act	119,300	-1,960	-15	117,325 ^{a/}	119,104
Military construction	4,253	-372	-	3,881	3,881
Treasury, Postal Service	314	-168	-	146	223
(Civil Defense included above)	(97)	(-)	(-97) ^{b/}		
HUD, independent agencies	10	-2	-	7	9
State, Justice, Commerce	7	-2	-	5	5
Public works	2,802 ^{c/}	-221	-	2,581	2,596
Total submitted in CY 1978	126,686	-2,725	-15	123,945	125,818
(DoD included above)	(123,597)	(-2,334)	(-112) ^{b/}	(121,151)	(122,985)
Contingencies and supplementals					
10/1/78 pay raises	2,085	-	-477	1,608	
FY 1979 wage board pay increases	166	+75	-	241	
Military trailer allowance	8	-8	-	-	
Family separation allowance	29	-29	-	-	
Retired family protection plan	7	-7	-	-	
Quarters allowance	10	-10	-	-	
Officer personnel management act	14	-14	-	-	
Sea pay	16	-16	-	-	
Dual compensation	-30	+30	-	-	
Program changes supplemental	-	-	+2,160	2,160	
Currency revaluation	-	-	+96	96	
Subsistence	-	-	+78	78	
BAQ and PCS	-	-	+43	43	
Increased manning levels (AF Reserve)	-	-	+4	4	
Retired pay (CPIs, legislation, etc.)	-	-	+179	179	
Total DoD	2,305	+21	+2,082	4,408	
Defense-related	-	-	+39	39	
Total, contingencies and supplementals	2,305	+21	+2,121	4,447	1,756
Trust funds, receipts, etc.					
Net DoD	-335	-	-15	-350	-335
Stockpile transactions	-242	-	+117	-125	-253
Other defense-related	-2	-	-	-3	-2
Net, trust funds, receipts, etc.	-579	-	+102	-478	-590
Total, National Defense	128,412	-2,704	+2,207	127,915	127,000 ^{d/}
(DoD included above)	(125,567)	(-2,313)	(+1,956)	(125,209)	(124,422) ^{d/}

^{a/} Includes \$43.5 million for CIA retirement and disability fund and \$12.0 million for Intelligence Community Staff.

^{b/} Civil Defense transferred out of DoD military functions effective with FY 1980 Budget.

^{c/} As amended, original request was \$2,825 thousand.

^{d/} Rounding upward of \$16 million required to balance.

Table 5-3

5-4 NATIONAL DEFENSE OUTLAYS, FY 1979
(\$ Millions)

	FY 1979 Request	Congressional Action	Other Changes	FY 1979 Column of FY 1980 Budget	Concurrent Resolution
Submitted for congressional action in CY 1978					
Defense Appropriation Act	109,781	-587	-2,913	106,281 ^{a/}	105,218
Military construction	3,412	-29	-141	3,242	3,155
Treasury, Postal Service	317	-165	-	152	215
(Civil Defense included above)	(98)	(-)	(98) ^{b/}		
HUD, independent agencies	9	-3	-	6	8
State, Justice, Commerce	7	-	-	7	5
Public works	2,536	-44	-	2,492	2,416
Total submitted in CY 1978	116,061	-828	-3,054	112,179	111,017
(DoD included above)	(113,238)	(-618)	(-3,152) ^{b/}	(109,468)	(108,373)
Contingencies and supplementals					
10/1/78 pay raises	2,072	-	-467	1,605	
FY 1979 wage board pay increases	163	+75	-	238	
Military trailer allowance	8	-8	-	-	
Family separation allowance	29	-29	-	-	
Retired family protection plan	7	-7	-	-	
Quarters allowance	10	-10	-	-	
Officer personnel management act	14	-14	-	-	
Sea pay	16	-16	-	-	
Dual compensation	-30	+30	-	-	
Program changes supplemental	-	-	+595	595	
Currency revaluation	-	-	+36	36	
Subsistence	-	-	+78	78	
BAQ and PCS	-	-	+43	43	
Increased manning levels (AF Reserve)	-	-	+4	4	
Retired pay (CPIs, legislation, etc.)	-	-	+179	179	
Total DoD	2,288	+22	+468	2,777	
Defense-related	-	-	+20	20	
Total, contingencies and supplementals	2,288	+22	+488	2,797	1,745
Trust funds, receipts, etc.					
Net DoD	-326	-	-19	-345	-335
Stockpile transactions	-242	-	+117	-125	-253
Other defense-related	-2	-	-	-3	-2
Net, trust funds, receipts, etc.	-570	-	+97	-473	-590
Total, National Defense (DoD included above)	117,779 (115,200)	-806 (-596)	-2,469 (-2,704)	114,503 (111,900)	112,400 ^{c/} (110,011) ^{c/}

a/ Includes \$43.5 million for CIA retirement and disability fund and \$11.5 million for Intelligence Community Staff.

b/ Civil Defense transferred out of DoD military functions effective with FY 1980 Budget.

c/ Rounding upward of \$228 million required to balance.

Table 5-4

5-5 CHRONOLOGY OF FY 1978 ESTIMATES
(\$ Thousands)

		DoD Appropriation Act	Mil Con/ Family Housing	Civil Defense	Contingencies	Total for Congressional Action	Trust Funds, Receipts, etc.	Grand Total
January 1977 (FY 1978 Budget)	TOA	116,756,980	2,888,300	90,000	2,384,300	122,119,580		122,119,580
	BA	116,692,880	2,705,600	90,000	2,384,300	121,872,780	-168,300	121,704,480
	Approp	116,692,880	2,821,440	90,000	2,384,300	121,988,620		121,988,620
	Outlays	103,724,300	3,564,000	92,000	2,315,000	109,695,300	-172,300	109,523,000
Carter Amendment (February 1977)	TOA	-3,060,000	+310,000	-	-25,000	-2,775,000		-2,775,000
	BA	-3,060,000	+310,000	-	-25,000	-2,775,000		-2,775,000
H. Doc 95-93, March 8, 1977	Approp	-3,060,000	+310,000	-	-25,000	-2,775,000		-2,775,000
	Outlays	-344,200	+12,200	-	-25,000	-357,000		-357,000
Carter Request	TOA	113,696,980	3,198,300	90,000	2,359,300	119,344,580		119,344,580
	BA	113,632,880	3,015,600	90,000	2,359,300	119,097,780	-168,300	118,929,480
	Approp	113,632,880	3,131,440	90,000	2,359,300	119,213,620		119,213,620
	Outlays	103,380,100	3,576,200	92,000	2,290,000	109,338,300	-172,300	109,166,000
Other Amendments	TOA	-1,234,600				-1,234,600		-1,234,600
H. Doc 95-145 5/4/77	BA	-1,234,600				-1,234,600		-1,234,600
H. Doc 95-161 5/19/77	Approp	-1,234,600				-1,234,600		-1,234,600
B-1 Amnd. (July 77)	Outlays	-112,656				-112,656		-112,656
(Memo/B-1 Amnd. Included above)	(TOA/BA/Approp) (Outlays)	(-1,433,400) (-132,900)				(-1,433,400) (-132,900)		(-1,433,400) (-132,900)
Request as amended in CY 1977	TOA	112,462,380	3,198,300	90,000	2,359,300	118,109,980		118,109,980
	BA	112,398,280	3,015,600	90,000	2,359,300	117,863,180	-168,300	117,694,880
	Approp	112,398,280	3,131,440	90,000	2,359,300	117,979,020		117,979,020
	Outlays	103,267,444	3,576,200	92,000	2,290,000	109,225,644	-172,300	109,053,344
Congressional Action on FY 1978 Estimates	TOA	-2,421,264	+52,075			-2,369,189		-2,369,189
	BA	-2,690,564	-37,880			-2,728,444		-2,728,444
	Approp	-2,690,564	-37,880			-2,728,444		-2,728,444
	Outlays	-1,420,800	+7,500			-1,413,300		-1,413,300
Congressional Action on FY 77 Supplemental(USUHS)	TOA	+12,465				+12,465		+12,465
	Outlays	+11,900				+11,900		+11,900
Congressional Action on FY 76 DoD Authorization (Army Reserve Trng. Ctr)	TOA		+662			+662		+662
	BA		+662			+662		+662
	Outlays		+100			+100		+100
Status after Congressional Action	TOA	110,053,581	3,251,037	90,000	2,359,300	115,753,918		115,753,918
	BA	109,707,716	2,978,382	90,000	2,359,300	115,135,398	-168,300	114,967,098
	Approp	109,707,716	3,093,560	90,000	2,359,300	115,250,576		115,250,576
	Outlays	101,858,544	3,583,800	92,000	2,290,000	107,824,344	-172,300	107,652,044
Other Changes in CY 1977	TOA	153,400	16,493	-	-32,800	137,093		137,093
	BA	-	-	-	-32,800	-32,800	-93,705	-126,505
	Approp	-	-	-	-32,800	-32,800		-32,800
	Outlays	-2,609,069	-219,414	4,474	-32,800	-2,856,809	-85,200	-2,942,009

Table 5-5

5-5 CHRONOLOGY OF FY 1978 ESTIMATES (CONT'D)
(\$ Thousands)

		DoD Appropriation Act	Mil Con/ Family Housing	Civil Defense	Contingencies	Total for Congressional Action	Trust Funds, Receipts, etc.	Grand Total
FY 1978 Base for Supplemental/Rescission	TOA	110,206,981	3,267,530	90,000	2,326,500	115,891,011		115,891,011
	BA	110,707,716	3,978,382	90,000	2,326,500	115,102,598	-262,005	114,840,593
	Approp	109,707,716	3,093,560	90,000	2,326,500	115,217,776		115,217,776
	Outlays	99,249,475	3,364,386	96,474	2,257,200	104,967,535	-257,500	104,710,035
FY 1978 Supplemental/ Rescission Request	TOA	3,201,998	9,653	1,600	-2,326,500	886,751		886,751
	BA	2,738,598	9,653	1,600	-2,326,500	423,351		423,351
	Approp	3,201,998	9,653	1,600	-2,326,500	886,751		886,751
	Outlays	2,836,025	9,614	1,526	-2,257,200	589,965		589,965
(Memo/Rescission Included Above)	(BA)	(-463,400)				(-463,400)		(-463,400)
	(Outlays)	(-47,400)				(-47,400)		(-47,400)
FY 1978 Estimate (January 1978)	TOA	113,408,979	3,277,183	91,600		116,777,762		116,777,762
	BA	112,446,314	2,988,035	91,600		115,525,949	-262,005	115,263,944
	Approp	112,909,714	3,103,213	91,600		116,104,527		116,104,527
	Outlays	102,085,500	3,374,000	98,000		105,557,500	-257,500	105,300,000
FY 1978 Supplemental Amendment (May 1978)	TOA	120,264	71,840			192,104		192,104
	BA	120,264	71,840			192,104		192,104
	Approp	120,264	71,840			192,104		192,104
	Outlays	99,100	2,600			101,700		101,700
Congressional Action in 1978 on Supplemental/ Rescissions	TOA	-335,769	-72,993			-408,762		-408,762
	BA	-335,769	-72,993			-408,762		-408,762
	Approp	-335,769	-72,993			-408,762		-408,762
	Outlays	-322,485	-11,753			-334,238		-334,238
Status after final Congressional Action	TOA	113,193,474	3,276,030	91,600		116,561,104		116,561,104
	BA	112,230,809	2,986,882	91,600		115,309,291	-262,005	115,047,286
	Approp	112,694,209	3,102,060	91,600	-	115,887,869		115,887,869
	Outlays	101,862,115	3,364,847	98,000		105,324,962	-257,500	105,067,462
Other Changes	TOA	+58,508	-33,989	-91,600		-67,081		-67,081
	BA	+252,364	-218	-91,600		+160,546	+114,206	+274,752
	Approp	-200	-	-91,600		-91,800		-91,800
	Outlays	-1,980,260	-28,570	-98,000		-2,106,830	+81,278	-2,025,552
Final FY 1978	TOA	113,251,982	3,242,041			116,494,023		116,494,023
	BA	112,483,173	2,986,664			115,469,837	-147,799	115,322,038
	Approp	112,694,009	3,102,060			115,796,069		115,796,069
	Outlays	99,881,855	3,336,277			103,218,132	-176,222	103,041,910

Table 5-5 (Cont'd)

SUMMARY OF CONTINGENCIES & SUPPLEMENTALS, FY 1978
 (Budget Authority, \$ Thousands)
 (Addendum to 5-5)

	<u>January 1977</u>	<u>January 1978</u>	<u>Change</u>
10/1/77 Pay Raise	2,044,000	1,835,140	-208,860
FY 1978 Wage Boards	269,200	446,647	+177,447
Retired Pay	13,300	229,600	+216,300
Fleet Comm. Sat.	-	58,700	+58,700
Subsistence	-	32,336	+32,336
Currency Revaluation	-	187,028	+187,028
Cruise Missile/F-14	-	423,800	+423,800
B-1/SRAM-B	-	-463,400 ^{1/}	-463,400
FNIH - Memo	<u>(127,800)</u>	<u>(121,772)</u>	<u>(-6,028)</u>
Subtotal, Supplementals	2,326,500	2,749,851	+423,351
Retirement Modernization Leg.	25,000	-	-25,000
Military Trailer Allowance	8,000	-	-8,000
Family Separation Allowance	29,000	-	-29,000
Quarters Allowance	9,900	-	-9,900
Officer's Personnel Mgt. Act.	13,500	-	-13,500
Dual Compensation	-30,000	-	+30,000
Cadet/Midshipmen Pay	-4,500	-	+4,500
Retired Family Protection Plan	<u>6,900</u>	<u>-</u>	<u>-6,900</u>
Total, All Contingencies & Supplementals	2,384,300	2,749,851	+365,551

^{1/} Rescission of Prior Year funds does not affect TOA and Appropriations.

FINANCING ADJUSTMENTS (TGA LESS BA)
(\$ in Thousands)
(Addendum to 5-5)

	<u>Submitted</u>	<u>Congressional Action</u>	<u>P Y Rescission</u>	<u>Other Changes</u>	<u>FY 1978 Est. (January 1978)</u>
Military Personnel, Army		1,167			1,167
Military Personnel, Navy		888			888
Military Personnel, Air Force		910			910
Total, Military Personnel		2,965			2,965
Operation & Maintenance, Army				8,800	8,800
Operation & Maintenance, Air Force				90,800	90,800
Operation & Maintenance, Def. Agencies		9,500			9,500
Total, Operation & Maintenance		9,500		99,600	109,100
Aircraft Procurement, Army				2,600	2,600
Procurement of Ammunition, Army		57,500		36,200	93,700
Other Procurement, Army		2,700		15,000	17,700
Weapons Procurement, Navy		52,700			52,700
Shipbuilding & Construction, Navy		42,000			42,000
Other Procurement, Navy		10,000			10,000
Procurement, Marine Corps		9,800			9,800
Aircraft Procurement, Air Force		34,400	462,000		496,400
Missile Procurement, Air Force		44,600	1,400		46,000
Other Procurement, Air Force		4,800			4,800
Total, Procurement		258,500	463,400	53,800	775,700
RDT&E, Army	10,000				10,000
RDT&E, Navy	30,000				30,000
RDT&E, Air Force	24,100	10,800			34,900
Total, RDT&E	64,100	10,800			74,900
Total, DoD Act:	64,100	281,765	463,400	153,400	962,665
Military Construction/Family Hsg.	182,700	89,955		16,493	289,148
Total, DoD:	246,800	371,720	463,400	169,893	1,251,813

BA/Appropriation Differences

DoD Appropriation Act. Pending rescission of FY 1977 appropriations affecting FY 1978 BA. Aircraft Procurement, Air Force, \$462,000; Missile Procurement, Air Force, \$1,400.

Military Construction/Family Housing. Appropriation applied to debt reduction, Family Housing, \$115,178.

5-6 CHRONOLOGY OF FY 1979 ESTIMATES
\$ Thousands)

		DoD Approp. Act	MILCON/ Family Housing	Civil Defense	Subtotal	Contingencies	Total for Congressional Action	Trust Funds, Receipts, Etc.	Grand Total
January 1978 (FY 1979 Budget)	TOA	119,247,100	4,351,500	96,500	123,695,100	2,304,900	126,000,000		126,000,000
	BA	119,247,100	4,253,000	96,500	123,596,500	2,304,900	125,901,500	- 334,908	125,566,592
	Approp.	119,247,100	4,372,200	96,500	123,715,800	2,304,900	126,020,700		126,020,700
	Outlays	109,727,800	3,412,000	98,000	113,237,800	2,288,000	115,525,800	- 325,800	115,200,000
Congressional Action on FY 1979 Estimates	TOA	-1,924,979	-328,960	-	-2,253,939	-	-2,253,939	-	-2,253,939
	BA	-1,961,979	-372,137	-	-2,334,116	-	-2,334,116	-	-2,334,116
	Approp.	-2,046,979	-372,137	-	-2,419,116	-	-2,419,116	-	-2,419,116
	Outlays	-588,629	-29,163	-	-617,792	-	-617,792	-	-617,792
Status After Congressional Action	TOA	117,322,121	4,022,540	96,500	121,441,161	2,304,900	123,746,061		123,746,061
	BA	117,285,121	3,880,863	96,500	121,262,484	2,304,900	123,567,384	-334,908	123,232,476
	Approp.	117,200,121	4,000,063	96,500	121,296,684	2,304,900	123,601,584		123,601,584
	Outlays	109,139,171	3,382,837	98,000	112,620,008	2,288,000	114,908,008	-325,800	114,582,208
Other Changes in CY 1978	TOA	-15,370	+2,659	-96,500	-109,211	-53,600	-162,811		-162,811
	BA	-15,370	-	-96,500	-111,870	-53,600	-165,470	-14,792	-180,262
	Approp.	-200	-	-96,500	-96,700	-53,600	-150,300		-150,300
	Outlays	-2,913,312	-140,887	-98,000	-3,152,199	-53,600	-3,205,799	-19,113	-3,224,912
FY 1979 Base for Supplementals	TOA	117,306,751	4,025,199	-	121,331,950	2,251,300	123,583,250		123,583,250
	BA	117,269,751	3,880,863	-	121,150,614	2,251,300	123,401,914	-349,700	123,052,214
	Approp.	117,199,921	4,000,063	-	121,199,984	2,251,300	123,451,284		123,451,284
	Outlays	106,225,859	3,241,950	-	109,467,809	2,234,400	111,702,209	-344,913	111,357,296
FY 1979 Supplemental Request	TOA	4,168,634	239,680	-	4,408,314	-2,251,300	2,157,014		2,157,014
	BA	4,168,634	239,680	-	4,408,314	-2,251,300	2,157,014		2,157,014
	Approp.	4,168,634	239,680	-	4,408,314	-2,251,300	2,157,014		2,157,014
	Outlays	2,724,054	53,050	-	2,777,104	-2,234,400	542,704		542,704
FY 1979 Estimate (January 1979)	TOA	121,475,385	4,264,879	-	125,740,264	-	125,740,264		125,740,264
	BA	121,438,385	4,120,543	-	125,558,928	-	125,558,928	-349,700	125,209,228
	Approp.	121,368,555	4,239,743	-	125,608,298	-	125,608,298		125,608,298
	Outlays	108,949,913	3,295,000	-	112,244,913	-	112,244,913	-344,913	111,900,000

Table 5-6

SUMMARY OF CONTINGENCIES & SUPPLEMENTALS, FY 1979
 (Budget Authority, \$ thousands)
 (Addendum to 5-6)

	<u>January 1978</u>	<u>January 1979</u>	<u>Change</u>
10/1/78 Pay Raise	2,069,000	1,608,369	-460,631
FY 1979 Wage Boards	166,200	240,722	+74,522
Retired Pay	16,100	178,662	+162,562
Currency Revaluation	-	95,761	+95,761
Subsistence	-	77,600	+77,600
BAQ and PCS	-	42,700	+42,700
Increased Manning Levels	-	4,100	+4,100
Program Changes Supplemental	<u>-</u>	<u>2,160,400</u>	<u>+2,160,400</u>
Subtotal, Supplementals	2,251,300	4,408,314	+2,157,014
Military Trailer Allowance	8,000	-	-8,000
Family Separation Allowance	28,600	-	-28,600
Retired Family Protection Plan	7,200	-	-7,200
Quarters Allowance	9,900	-	-9,900
Officer Personnel Mgmt. Act	13,900	-	-13,900
Sea Pay	16,000	-	-16,000
Dual Compensation	<u>-30,000</u>	<u>-</u>	<u>+30,000</u>
Total, All Supplementals & Contingencies	2,304,900	4,408,314	+2,103,414

FINANCING ADJUSTMENTS (TOA LESS BA)
(\$ in thousands)
(Addendum to 5-6)

	<u>Submitted</u>	<u>Congressional Action</u>	<u>Other Changes</u>	<u>FY 1979 Est. (January 1979)</u>
Other Procurement, Air Force	_____	37,000	_____	37,000
Total, DoD Appropriation Act:		37,000		37,000
Military Construction/Family Housing	98,500	43,177	2,659	144,336
Total, DoD	98,500	80,177	2,659	181,336

BA/Appropriation Differences

DoD Appropriation Act:

BA transfers from prior year appropriations:

Procurement Ammunition, Army	30,000
Other Procurement, Army	40,000
RDT&E, N	15,000
	<u>85,000</u>

BA transferred to Department of Labor under EO 12086 out of current appropriations;
Operation and Maintenance, Army

-15,170

BA in excess of appropriations

69,830

Military Construction/Family Housing:

Appropriations applied to debt reduction:

Family Housing	-119,200
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Total DoD, appropriations in excess
of BA

49,370

5-7 CHRONOLOGY OF FY 1980 ESTIMATES
(\$ Thousands)

		<u>DoD Approp. Act</u>	<u>MILCON/ Family Housing</u>	<u>Subtotal</u>	<u>Contingencies</u>	<u>Total for Congressional Action</u>	<u>Trust Funds, Receipts, Etc.</u>	<u>Grand Total</u>
January 1979	TOA	129,507,967	3,755,800	133,263,767	2,236,233	135,500,000		135,500,000
(FY 1980 Budget)	BA	129,507,967	3,733,200	133,241,167	2,236,233	135,477,400	-436,100	135,041,300
	Approp.	129,507,967	3,856,625	133,364,592	2,236,233	135,600,825		135,600,825
	Outlays	117,470,143	3,444,000	120,914,143	2,215,000	123,129,143	-429,143	122,700,000

Table 5-7

6. LEGISLATIVE AUTHORIZATIONS

Nearly 100% of the National Defense estimates are for activities within the legislative purview of the Armed Services Committee of the House and Senate. Practically all National Defense Budget Authority is subject to the annual appropriation process. (In fact, \$138.9 billion is subject to appropriation, with trust funds and receipts netting to a credit amount.) As can be seen in Table 6-1, the Defense Appropriation Act itself accounts for 93% of the National Defense total. The remainder of the estimates is scattered under several headings.

Table 6-1 shows how the National Defense estimates relate to the annual legislative authorization process, as distinct from continuing legislation. As shown, \$46.9 billion -- or 1/3 of the appropriated total -- is subject to specific annual authorization of the amounts to be appropriated. Another \$55.9 billion is covered by the annual authorization process through the authorization of military and civilian strengths. (In these cases, the appropriation dollar amounts are not specified in authorization legislation.) Effectively, then, the annual authorization process encompasses about \$102.8 billion, nearly three-fourths of the appropriated total. The \$36.1 billion that is not subject to annual legislative authorization includes \$23.1 billion for nonpay O&M costs; \$8.6 billion for procurement of ammunition and other nonsystems procurement; \$3.9 billion for nonpay military personnel costs; and \$0.5 billion for other programs.

Table 6-1 also shows that \$178 million in projected stockpile sales are subject to legislation.

Table 6-2 presents a summary of the authorizations enacted and requested for DoD. (This excludes contingencies and the Defense functions of DoE and FEMA.)

Table 6-3 shows personnel authorizations enacted and requested for DoD.

Table 6-4 shows budget authority for items covered by the Defense Appropriation Authorization Bill, FY 1978-81. The FY 1978 and FY 1979 columns show amounts authorized and appropriated. The appropriated columns reflect the status as of January 1979, including transfers, rescissions and supplemental requests as of that time. The FY 1980 and FY 1981 columns show the requests now pending, and also show the amounts that would apply including the 10/1/79 and 10/1/80 pay raises for RDT&E.

Table 6-5 shows the same data in constant (FY 1980) prices.

Table 6-6 is a matrix showing the relationship of the authorization requests now pending in the Defense Appropriation Authorization Bill to the appropriation requests now pending in the Defense Appropriation Bill.

6-1 NATIONAL DEFENSE BUDGET ESTIMATES
AND ASC LEGISLATIVE ACTIONS, FY 1980
(PRESIDENT'S ESTIMATES, BUDGET AUTHORITY, \$ MILLIONS)

	<u>Request</u>	<u>Authorization or Other Legislation</u>	<u>Pay</u>	<u>Total</u>
Defense Appropriation Act	129,572 a/	40,098 b/	53,731	93,829
Military Construction/Family Housing	3,733	3,638		3,638
Atomic Energy and Other Defense-Related Contingencies	3,378	3,131		3,131
10/1/79 Civilian & Military Pay Raises	2,010		2,010	2,010
FY 1980 Wage Board Pay Raises	165		165	165
Military Trailer Allowance	8	8		8
Family Separation Allowance	13	13		13
Quarters Allowance	10	10		10
Officer Personnel Management Act	23	23		23
PCS Mileage Allowance	40	40		40
Dual Compensation	- 30	- 30		- 30
Administrative Duty Pay	- 2	- 2		- 2
Officer Uniform Maintenance Allowance	- 1	- 1		- 1
Total Contingencies	2,236	61	2,175	2,236
Total Subject to Appropriation	138,920	46,928	55,906	102,834
Stockpile Sales	-238	-178		-178
Other Trust Funds and Receipts	-439			
Net, Trust Funds and Receipts	-677	-178		-178
Total Budget Authority	<u>138,243</u>	<u>46,750</u>	<u>55,906</u>	<u>102,656</u>

a/ Includes \$51.6 million for CIA retirement fund and \$12.6 million for Intelligence Community Staff.

b/ Includes \$83.0 million for Ammunition Production Facilities authorized under the Military Construction Authorization Act.

Table 6-1

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6-2 APPROPRIATIONS SUBJECT TO AUTHORIZATION
(\$ Millions)

<u>Appropriation Category</u>	<u>FY 1978 Auth. Act</u>	<u>FY 1979 Auth. Act. b/</u>	<u>FY 1980 Requested</u>	<u>FY 1981 Requested</u>
Procurement	24,884	22,876	26,473	30,354
RDT&E	11,592	12,258	13,536	15,063
Special Foreign Currency	2	14	6	9
Military Construction	2,145 a/	2,427 a/	2,023 a/	2,955 a/
Family Housing	1,580	1,702	1,698	1,769

Table 6-2

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a/ Includes \$509.3 million in FY 1978; \$23.7 million in FY 1979; \$83.0 million in FY 1980; and \$35.2 million in FY 1981 for Ammunition Production Facilities funded under Procurement of Ammunition, Army.

b/ Supplemental authorization requested, as follows: Procurement, \$1,146.0 million; RDT&E, \$522.7 million; Military Construction, \$166.0 million; and Family Housing, \$60.3 million.

PERSONNEL AUTHORIZATIONS

	<u>FY 1977 AUTH. ACT</u>	<u>FY 1978 AUTH. ACT</u>	<u>FY 1979 AUTH. ACT</u>	<u>FY 1980 REQUESTED</u>	<u>FY 1981 REQUESTED</u>
ACTIVE MILITARY FORCES (E/S)	2,092,600	2,085,100	2,055,750 ²	2,050,000	2,050,000
RESERVE MILITARY FORCES (AVG.)	877,700	857,200	823,175	785,704	807,044
CIVILIAN PERSONNEL (E/S) (INCLUDES FOREIGN NATIONALS)	1,031,000	1,018,600 ¹	1,005,500 ¹	985,146	978,146
AVERAGE MILITARY TRAINING STUDENT LOADS	251,439	248,894	217,145	230,473	229,720

Table 6-3

¹ ACT PROVIDES SECRETARY OF DEFENSE AUTHORITY TO INCREASE THIS NUMBER BY NOT TO EXCEED 1¼ PERCENT.

² INCLUDES 2,800 RESERVE COMPONENT PERSONNEL ON FULL-TIME ACTIVE DUTY INCLUDED IN THE ACTIVE DUTY AUTHORIZATION

6-4 BUDGET AUTHORITY FOR ITEMS COVERED BY DEFENSE AUTHORIZATION BILL

CURRENT PRICES
(\$ Thousands)

	FY 1978		FY 1979 ^{a/}		FY 1980		FY 1981	
	Authorized	Appropriated	Authorized	Appropriated	Request	With Contingency	Request	With Contingency
Procurement								
Aircraft								
Army	682,500	656,100	972,400	949,709	946,400	946,400	1,242,900	1,242,900
Navy - Marine Corps	3,573,700	3,528,900	4,381,100	4,358,700	3,967,900	3,967,900	4,714,100	4,714,100
Air Force	7,951,500	5,823,300 ^{b/}	7,287,700	7,144,707	7,931,200	7,931,200	9,138,600	9,138,600
Missiles								
Army	562,700	554,220	765,900	764,700	1,250,500	1,250,500	1,481,800	1,481,800
Navy	1,865,500	1,827,716	1,583,700	1,565,500	1,548,300	1,548,300	1,693,300	1,693,300
Marine Corps	110,600	83,270	23,100	22,800	20,500	20,500	33,500	33,500
Air Force	1,890,700	1,751,300 ^{b/}	1,626,500	1,513,500	2,288,600	2,288,600	2,644,700	2,644,700
Naval Vessels	6,191,200	5,760,500	5,305,200	4,594,300	6,173,800	6,173,800	6,534,900	6,534,900
Tracked Combat Vehicles								
Army	1,441,300	1,342,763	1,419,400	1,402,800	1,692,500	1,692,500	1,818,400	1,818,400
Marine Corps	74,800	74,268	24,300	24,300	13,000	13,000	62,900	62,900
Torpedoes and Related Support Equipment	326,700	314,100	366,800	313,700	267,200	267,200	381,900	381,900
Other Weapons								
Army	96,000	65,800	109,000	108,300	196,400	196,400	430,400	430,400
Navy	114,600	96,284	126,000	100,400	158,000	158,000	174,300	174,300
Marine Corps	2,400	2,400	30,200	30,424	18,700	18,700	2,600	2,600
Air Force	-	-	300	300	-	-	-	-
Total, Procurement	24,884,200	21,880,921	24,021,600	22,894,140	26,473,000	26,473,000	30,354,300	30,354,300
Research, Development, Test & Evaluation								
Army	2,441,782	2,408,327	2,735,301	2,709,464	2,927,000	2,949,857	2,993,225	3,043,657
Navy & Marine Corps (Incl SFCP)	3,844,518	4,020,771	4,542,268	4,527,283	4,489,341	4,515,993	4,570,586	4,629,391
Air Force	4,114,670	4,165,266	4,551,100	4,597,640	5,005,100	5,024,160	6,272,640	6,314,693
Defense Agencies	1,193,261	779,278	957,900	944,987	1,120,000	1,121,103	1,234,838	1,237,273
Total, RDT&E	11,594,231	11,373,642	12,786,569	12,779,374	13,541,441	13,661,113	15,071,289	15,225,014
Total	36,478,431	33,254,563	36,808,169	35,673,514	40,014,441	40,084,113	45,425,589	45,579,314

Table 6-4

^{a/} Includes supplemental authorization and appropriation requests, as follows:

Aircraft, Air Force	259,500	RDT&E, Army	73,600
Missile, Army	27,800	RDT&E, Navy	38,000
Naval Vessels	834,700	RDT&E, Air Force	386,600
Other Weapons, Navy	24,000	RDT&E, DA	24,500
	1,146,000		522,700

^{b/} Reflects rescissions of FY 1977 appropriations, as follows:

Aircraft, Air Force	- 462,000
Missiles, Air Force	- 1,400
	- 463,400

6-5 BUDGET AUTHORITY FOR ITEMS COVERED BY DEFENSE AUTHORIZATION BILL
CONSTANT FY 1980 PRICES
(\$ Thousands)

	FY 1978		FY 1979 ^{a/}		FY 1980		FY 1981	
	Authorized	Appropriated	Authorized	Appropriated	Request	With Contingency	Request	With Contingency
Procurement								
Aircraft								
Army	755,722	726,490	1,017,552	993,807	946,400	946,400	1,199,920	1,199,920
Navy and Marine Corps	3,999,801	3,949,659	4,609,388	4,585,821	3,967,900	3,967,900	4,531,586	4,531,586
Air Force	8,926,754	6,510,510 ^{b/}	7,663,036	7,512,678	7,931,200	7,931,200	8,789,854	8,789,854
Missiles								
Army	631,057	621,547	806,724	805,460	1,250,500	1,250,500	1,421,961	1,421,961
Navy	2,096,622	2,054,156	1,669,787	1,650,598	1,548,300	1,548,300	1,623,527	1,623,527
Marine Corps	122,597	92,303	24,187	23,873	20,500	20,500	32,311	32,311
Air Force	2,134,732	1,977,340 ^{b/}	1,718,891	1,599,472	2,288,600	2,288,600	2,531,618	2,531,618
Naval Vessels	7,075,622	6,583,396	5,665,376	4,906,212	6,173,800	6,173,800	6,133,292	6,133,292
Tracked Combat Vehicles								
Army	1,623,659	1,512,655	1,498,524	1,480,999	1,692,500	1,692,500	1,740,592	1,740,592
Marine Corps	82,914	82,324	25,444	25,444	13,000	13,000	60,667	60,667
Torpedoes and Related Support Equipment	367,176	353,015	386,739	330,752	267,200	267,200	366,164	366,164
Other Weapons								
Army	108,146	74,125	115,076	114,337	196,400	196,400	411,983	411,983
Navy	128,798	108,213	132,849	105,858	158,000	158,000	167,118	167,118
Marine Corps	2,660	2,660	31,622	31,856	18,700	18,700	2,508	2,508
Air Force	-	-	318	318	-	-	-	-
Total, Procurement	28,056,260	24,648,393	25,365,513	24,167,485	26,473,000	26,473,000	29,013,101	29,013,101
Research, Development, Test & Evaluation								
Army	2,771,552	2,733,579	2,901,396	2,873,990	2,927,000	2,949,857	2,844,463	2,892,389
Navy and Marine Corps (Inc. SFCP)	4,376,108	4,576,737	5,124,092	4,808,604	4,489,341	4,515,993	4,340,523	4,396,391
Air Force	4,710,201	4,768,120	4,847,346	4,896,915	5,005,100	5,024,160	5,941,463	5,981,296
Defense Agencies	1,360,661	888,601	1,018,182	1,004,456	1,120,000	1,121,103	1,173,337	1,175,651
Total, RDT&E	13,218,522	12,967,037	13,891,016	13,583,965	13,541,441	13,661,113	14,299,786	14,445,727
Total	41,274,782	37,615,430	39,256,529	37,751,450	40,014,441	40,084,113	43,312,887	43,458,828

^{a/} Includes supplemental authorization and appropriation requests, as follows:

Aircraft, Air Force	272,865	RDT&E, Army	78,069
Missiles, Army	29,282	RDT&E, Navy	40,362
Naval Vessels	891,369	RDT&E, Air Force	411,765
Other weapons, Navy	25,305	RDT&E, DA	26,042
	1,218,821		556,238

^{b/} Reflects rescissions of FY 1977 appropriations, as follows:

Aircraft, Air Force	-516,521
Missiles, Air Force	-1,581

Table 6-5

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6-6 AUTHORIZATION TO APPROPRIATION MATRIX
FY 1980 BUDGET AUTHORITY
(\$ Thousands)

<u>Auth. & Approp. Identical</u>	<u>Authorization Title</u>	<u>Appropriation Title</u>
946,400	Aircraft, Army	Aircraft Procurement, Army
3,967,900	Aircraft, Navy & M.C.	Aircraft Procurement, Navy
7,931,200	Aircraft, Air Force	Aircraft Procurement, A.F.
1,250,500	Missiles, Army	Missile Procurement, Army
2,288,600	Missiles, Air Force	Missile Procurement, A.F.
6,173,800	Naval Vessels	Shipbuilding & Conversion, Navy
2,927,000	RDT&E, Army	RDT&E, Army
5,005,100	RDT&E, Air Force	RDT&E, Air Force
 <u>Auth. & Approp. on Different Basis a/</u>		
1,692,500	Tracked Combat Vehicles, Army	
<u>196,400</u>	Other Weapons, Army	
		Procurement of Weapons and Tracked Combat Vehicles, Army
1,888,900		
1,548,300	Missiles, Navy	
	Torpedoes and related support equipment, Navy	
267,200	Other weapons, Navy	
<u>158,000</u>		
1,973,500		Weapons Procurement, Navy
20,500	Missiles, Marine Corps	
13,000	Tracked Combat Vehicles, M.C.	
18,700	Other Weapons, M.C.	
<u>(232,000)</u>	Items not subject to authorization	
284,200		Procurement, Marine Corps
4,484,000		
<u>5,341</u>		RDT&E, Navy Special Foreign Currency Program
4,489,341	RDT&E, Navy and M.C.	
1,086,600		RDT&E, Defense Agencies
<u>33,400</u>		Director of Test and Evaluation
	RDT&E, Defense Agencies (of which 33,400 is for the activities of the Director of Test and Evaluation)	
1,120,000		

a/ Figures to left are authorization amounts; figures on right are appropriation amounts.
Figure in parenthesis is not covered by annual authorization.

NOTE: In addition, \$82,990 thousand for Ammunition Production Facilities is requested for authorization under the Military Construction Authorization Act; funds would be appropriated in Procurement of Ammunition, Army.

7. PROGRAM EXECUTION AND AVAILABLE BALANCES

FMS and MAP transactions and balances

In considering trends in unobligated and unexpended balances for DoD over the past few years, it is essential to have a clear understanding of the impact upon these balances of foreign military sales (FMS) transactions financed through a trust fund (Advances, Foreign Military sales). Over the period FY 1972-76, and through the FY 1978 budget, these FMS transactions had an immense impact upon DoD balances, primarily in two ways:

- . First, the balances in the trust fund itself grew to be very large.
- . Second, in performing FMS work on a reimbursable basis, DoD followed a practice of recording the FMS orders in the performing appropriations far in advance of the time that work would actually be performed. Under the standard bookkeeping rules, this tended to greatly overstate the unobligated balances in these appropriations, and to understate the obligated balances.

In late 1976 and in 1977, three major changes were made:

- . After consultation with the Congress, the military assistance program, including the trust fund, has been shifted from the National Defense function to the International Affairs function. Aside from the trust fund, MAP transactions and balances (such as those pertaining to grant aid or credit sales) had a relatively small impact upon the totals. As noted, though, the trust fund impact was very large.
- . Second, the concept of trust fund budget authority (and hence balances) was revised in connection with the FY 1978 budget. Under the new functional alignment, this no longer has a bearing upon the National Defense totals, but it should be noted.
- . Third, DoD's internal financial practices were revised so that FMS orders are credited to the performing appropriations only when the military service involved is actually ready to perform the work -- either by letting a contract or furnishing the items from stock. Under this new policy, the volume of unperformed FMS work (carried as unobligated balances in DoD appropriations) dropped from \$5.1 billion in September 1976 to just under \$1 billion in September 1977.

In the tables presented here, the direct MAP amounts -- the trust fund and other MAP accounts -- are in all cases excluded. The balances for DoD military functions are shown on two bases: (1) as reported, and as projected in the budget; and (2) adjusted to show separately the impact of unperformed FMS orders. These adjustments are important in appraising trends. For example, DoD's unobligated balances as reported

dropped from \$21 billion in September 1976 to \$20 billion in September 1977. Setting aside unperformed FMS orders, though, there was an increase -- from \$15.9 billion to \$19 billion. These adjustments do not affect unexpended balances. They involve equal and offsetting adjustments to obligated and unobligated balances. Both sets of figures are shown. In the discussion, we will refer to the adjusted data.

Key questions regarding balances

Aside from FMS transactions, and considering the matters of program execution and balances more generally, there are a half-dozen questions that need to be addressed. These are:

- . First, why are balances so large? Unexpended balances were \$73.6 billion at September 30, 1978, and are projected to grow to \$99 billion in September 1980. Why so large? The first point to note is that most of these balances -- 72.5% in 1978 and an estimated 76.6% in 1980 -- are obligated, that is, under contract. This elemental point -- that the bulk of the unexpended funds are obligated -- is sometimes overlooked or slurred over, making it appear that DoD has a \$99-billion pool of free money. Obligated balances are large because weapons are costly and complex, and require a long time to produce. These obligated balances represent the amounts under legal contract which have not yet been spent.
- . Second, why are unobligated balances so large? Unobligated balances -- amounts not yet under contract -- were \$20.2 billion in September 1978, and are slated to rise to \$23.2 billion in September 1980. Why are such large unobligated balances necessary? These unobligated balances stem primarily from two causes: full funding and good management. Under full funding, the Congress provides all the budget authority necessary to complete a weapon in the year in which it is approved. It would not be practicable -- indeed, it would be highly undesirable -- to attempt to let all the contracts in the first year. The Congress recognizes this, and provides 5 years in which to obligate shipbuilding funds and 3 years for other types of procurement. These matters are discussed more fully later. For the present, it is important to note that -- given full funding, good management practices, and large Defense procurement programs -- large unobligated balances are inevitable.
- . Third, why are balances rising? Unexpended balances rose from \$35.9 billion in June 1972 to \$73.6 billion in September 1978, and are estimated at \$99 billion in September 1980. Within those totals, obligated and unobligated balances both rise sharply. Why? Primarily, the balances are rising, in dollars, because the program is rising, in dollars. Depending upon the base year selected for comparison, one will find balances rising a bit more -- or a bit less -- than program volumes. Whatever year is selected, though, it is clear that increased program volumes account for at least most of the trend in balances.

- Fourth, what about variances between estimates and actual results? How large are these variances? What causes them? What do these variances signify? Comparing the January 1978 estimates for FY 1978 with the final results, outlays were 2.1% and direct obligations 0.3% less than projected. These variances contributed to variances in balances -- unexpended balances were 1.6% higher than projected. Within that difference, obligated balances were 1.1% and unobligated balances 2.6% higher than projected. Setting aside unperformed FMS orders, the obligated balances were 2.1% higher than the January projection, and unobligated balances were 0.1% higher.
- Fifth, what becomes of the money? This ought to be a key question, and it is striking that most who have reviewed or commented upon these matters have managed to avoid it altogether. For example, FY 1978 outlays were \$2.2 billion lower than DoD estimated in January 1978. This didn't mean that DoD therefore had \$2.2 billion more available at the end of FY 1978, though. Nearly \$200 million of expected funds were never provided to DoD in the first place (the Congress reduced the supplemental appropriation requests), and over \$1 billion in balances were returned to the Treasury. \$147 million of these balances are to be used to finance FY 1979 programs, in lieu of new budget authority. That, in brief, is where most of the \$2.2 billion went. It didn't result in a cash pileup in the DoD.
- Sixth, how does DoD compare in these matters with a reasonable par for the course? How does DoD compare with other agencies? DoD undertook major efforts starting in FY 1977, both to improve the quality of budget estimates and to ensure the execution of approved programs. The results were as indicated -- outlays, direct obligations and unexpended balances varied from estimates by 0.3% to 2.1%. This certainly was a vast improvement over the results of earlier years. It is possible that, with greater efforts, DoD could narrow these variances somewhat. In FY 1978, DoD's estimates were roughly 98% accurate. DoD can perhaps do better, but certainly cannot expect to achieve 100%. What is a reasonable margin for error? Is 2% far too much? 1%? 1/2 of 1%? This is worth a bit of thought. For Federal agencies other than DoD, are estimates normally well within 1% of perfect accuracy? Is DoD the only agency with variances in the 2% range? These are obvious questions, it would seem.

Trends in Programs and Balances

Table 7-1 shows key data for program execution and available balances, FY 1972-78.

Table 7-2 shows data for prime contract awards in current and constant prices, FY 1953-78.

In assessing trends in this connection, it is first of all necessary to break out amounts for direct payroll, and to segregate this from amounts for purchases from industry. This is done in Table 7-1. The direct payroll amounts here include the military personnel appropriations in total, military retired pay, and the civil service payroll. All other amounts are shown as industry purchases. Unexpended balances for payroll are very small, and there are no unobligated balances (except in very minor amounts, in highly unusual cases).

Further, obligations and outlays for the payroll accounts are much easier to predict. To appraise balances in relation to program trends, then, it is necessary to concentrate on the purchase segment of the program.

The top part of Table 7-1 shows that -- even in current prices -- amounts for industry purchases were relatively flat from FY 1972 through FY 1975. Thus:

- . TOA rose from \$36.2 billion to \$39.7 billion, or by \$3.5 billion -- less than 10%.
- . Obligations (contracts) rose by \$2.7 billion -- about 7%.
- . Outlays rose by \$3.4 billion -- less than 10%.

Unexpended balances increased significantly from 1972 to 1974, then essentially levelled off.

Things changed dramatically in FY 1976 and FY 1977:

- . Purchase TOA rose by \$7 billion (17.6%) from FY 1975 to FY 1976 and by another \$9.8 billion (21%) from FY 1976 to FY 1977. From FY 1977 to FY 1978, the growth was 8.5%, as shown.
- . Purchase obligations rose very little from FY 1975 to FY 1976 -- by \$2.6 billion, or 6.5%. However, purchase obligations rose by \$10.6 billion -- 25% -- from FY 1976 to FY 1977. Thus it took the Department about a year to step up the contracting pace to the higher program levels the Congress has approved. From FY 1977 to FY 1978, purchase obligations rose by 10.6%, trending with TOA.
- . Purchase outlays -- which of course lag obligations -- rose only about 2% from FY 1975 to FY 1976, but rose by \$5 billion (13%) from FY 1976 to FY 1977 and by 8.6% from FY 1977 to FY 1978, as shown.
- . Balances climbed sharply, essentially in line with the higher program volumes. From FY 1975 to FY 1977, purchase TOA and unexpended balances rose by 42.3%. Note that obligated balances -- the pipeline under contract -- rose by more than 50% from FY 1976 to FY 1978.

The lower part of the table presents the data in constant (FY 1972) prices. In constant prices, purchase TOA fell sharply from FY 1972 to FY 1975. Sharp increases were provided in FY 1976 and FY 1977. The trend was essentially level, FY 1977 to FY 1978.

Purchase obligations (contracts) also fell sharply in constant prices FY 1972-75, and failed to pick up in FY 1976. They rose sharply (16.3%) in FY 1977. The growth was 3.1% in FY 1978, as shown.

Purchase outlays lagged the obligation trend, and the decline extended through FY 1976. The FY 1977 upturn (5.7%) was lower than the obligation rise. So was the growth in FY 1978, as shown.

Data for two widely-used series -- prime contract awards and net new orders for manufacturers of capital goods, Defense -- are also shown. Both of these series show very sharp real increases in Defense contracting in FY 1977 to FY 1978 -- the first such rises since FY 1972. Table 7-2 provides some historical perspective on this point. Note that the FY 1977 and FY 1978 real increases in prime contract awards (10.4% and 10%) are the largest since the Vietnam buildup years (1966-67). Indeed, this is only the second time in the past decade that real increases have been registered.

Data for net new orders for manufacturers of capital goods, Defense, are available only since FY 1969. The figures for this series are:

	(\$ in Millions)	
	Current Prices	Constant FY 1972 Prices
FY 1969	26,603	30,455
FY 1970	22,165	24,272
FY 1971	20,391	21,250
FY 1972	20,103	20,103
FY 1973	20,266	19,422
FY 1974	23,957	21,002
FY 1975	26,345	20,242
FY 1976	26,086	18,667
FY 1977	31,741	21,172
FY 1978	42,990	26,893

This series is maintained by Census in current prices, and it should be noted that the FY 1969-77 actual figures are somewhat different than those reported a year ago. It should also be noted that both of these series include amounts for foreign military sales, not directly relatable to defense TOA, direct obligations and purchase outlays.

Over the past two years, then, various Defense aggregates -- contracting, outlays, and balances -- have been changing at different rates as the higher FY 1976 and FY 1977 purchase programs have been fed into the system.

What about balances? They have risen, over these years, essentially in line with programs. Unexpended balances at the end of FY 1978 were \$73.6 billion, as shown, equivalent to 120.1% of purchase TOA (\$56.6 billion). That is, the unexpended pipeline was equivalent to just over one year's worth of purchase program. Here are the figures for the years FY 1972-77.

	Year-end Balances as Percent of Purchase TOA						
	6/30/72	6/30/73	6/30/74	6/30/75	9/30/76	9/30/77	9/30/78
Obligated	68.8%	74.7%	79.9%	79.1%	75.7%	77.1%	87.1%
Unobligated	30.4%	31.5%	34.2%	31.7%	34.1%	33.6%	33.0%
Unexpended	99.2%	106.2%	114.1%	110.8%	109.8%	110.8%	120.1%

Obligated balances (amounts under contract) were quite high relative to program levels, at 87.1% in FY 1978. Unobligated balances relative to program were, at 33%, in the normal range.

Table 7-1 provides another bit of perspective on the rise in balances, expressing them in constant prices. As shown, unexpended balances in FY 1972 prices were \$35.9 billion in FY 1972 and \$46 billion in FY 1978, a rise of \$10.1 billion in real terms. Program growth from FY 1972 to FY 1978 would account for \$2.1 billion of this; the remaining \$7.9 billion real increase would result from the difference in program/balance relationships between FY 1972 and FY 1978.

To summarize, unexpended balances in current prices grew by \$37.7 billion from FY 1972 to FY 1978. This included:

	(\$ Billions)
Program growth	\$ 2.1
Change in program/balance relationship	7.9
FY 1972-78 inflation	27.7
Total increase	\$37.7

In short, one can make comparisons in current dollars, with the result that the trend in balances is essentially fully explained (depending upon the base year chosen) in terms of dollar program trends.

Alternatively, if one begins with a comparison in terms of constant prices, it is clear that the rise in balances is largely due to inflation.

Trends in balances

Table 7-3 shows obligated, unobligated and unexpended balances, 1972-78. An appropriation-category breakdown is provided for balances related to unperformed FMS orders. Note that these unperformed amounts -- carried in the DoD appropriation accounts -- were \$5,084 million at 9/30/76, and dropped to \$994 million at 9/30/77, largely due to the change in financing practices described in last year's edition of this publication.

This adjustment is a very important one in appraising trends in DoD balances. Note that the unobligated balances as reported dropped from \$21,031 million at 9/30/76 to \$20,000 million at 9/30/77. Allowing for the FMS-order change, though, there was an increase for direct DoD programs -- from \$15,947 million to \$19,006 million, as shown.

Table 7-4 shows obligated and unobligated balances, 1972-80, exclusive of FMS-related balances.

Obligated balances

As shown in Table 7-4, the bulk of the unexpended balances are obligated -- that is, under contract. Obligated balances comprised 69.4% of total unexpended balances in June 1972, and 72.5% of the total in September 1978. This proportion is projected to rise to 76.6% in September 1980.

The largest part of the obligated balances is in the procurement title, where obligated balances rise from \$17 billion in 1972 and \$17.8 billion in 1973 to \$51.4 billion projected for 1980. These increases relate to the trend in the procurement program as follows:

FY	(Procurement, \$ Millions)		
	TOA	Obligated Balance, end	Obligated Balances as % of TOA
1972	18,526	17,039	92.0%
1973	18,222	17,842	97.9%
1974	17,443	18,493	106.0%
1975	17,320	18,656	107.7%
1976	21,293	21,543	101.2%
1977	27,515	28,099	102.1%
1978	30,346	35,954	118.5%
1979	31,500	43,863	139.2%
1980	35,402	51,437	145.3%

From FY 1972 through FY 1977, the obligated balance at year end was equivalent to roughly one year's TOA. This relationship will change in FY 1978 and FY 1979, because the TOA growth curve has flattened out. Note that procurement TOA grew by 22.9% from FY 1975 to FY 1976, and by

29.2% from FY 1976 to FY 1977; growth is 10.3% from FY 1977 to FY 1978 and 3.8% from FY 1978 to FY 1979. The pipeline under contract will grow sharply in FY 1978 and FY 1979 fed, in significant part, by the rise in funding in earlier years. The relationship of the pipeline to annual programs will thus be disproportional for a time.

The next largest obligated balances are forecast in the O&M area, where the September 1980 estimate is \$11 billion. Note that these balances rose especially sharply in the 1972-74 period (they were unusually low in 1972), due primarily to the increasing scope and complexity of the maintenance effort financed through O&M. Since FY 1974, the trend in these balances has been roughly proportional to the trend in O&M costs other than pay. O&M nonpay costs rise from \$12.1 billion in FY 1974 to \$21.2 billion in FY 1979, a growth of 75%. Obligated balances, as shown, rise by 87.7% over the same period. The long-term liability for separation pay for certain foreign national employees is carried in these accounts, and has risen sharply in recent years. This would help to explain why balances have grown somewhat more than the non-pay trend. Civilian payroll costs, which have risen sharply, are also a factor (albeit a minor one) in the balance trend.

RDT&E obligated balances are projected at \$5,858 million, up 62.5% since June 1972. TOA is up 79.4% over the same period.

Military construction balances are difficult to address meaningfully in these terms, due to the very sharp TOA increases and decreases in recent years. TOA rose sharply from FY 1977 to FY 1978, rises sharply from FY 1978 to FY 1979, then is projected to decline again in FY 1980. In general, obligated balances through the 1970's have been equivalent to about one year's worth of program. The changing operations/construction mix also makes it difficult to address family housing balances in these terms.

For the military personnel appropriations, the obligated balance in September 1980 is estimated at 5.1% of FY 1980 TOA. The percentages were 2.7% in 1972, 3.8% in 1973, 5% in 1974, and 3.7% in 1975.

Stock fund obligated balances are projected at \$3,161 million for September 1980, equivalent to 14.8% of the obligation incurred by these funds (\$21.3 billion). The comparable percentages were 12.5% in 1972 and 15.1% in 1973.

Note that industrial fund obligated balances are net negative (deduct) amounts. Obligated balances are the net of (a) outstanding contracts and orders for which payments have not yet been made to the suppliers less (b) uncollected amounts for orders received from others. The industrial funds receive large amounts of project orders for the production of weapons and components, R&D, maintenance and other work in DoD facilities. Some of this work necessarily extends over a significant period of time. The unbilled balances of these orders are greater

at any time than the outstanding obligations of the industrial funds for pay and supplies. Hence the credit entries. The counterpart of this entry is shown in the section on unobligated balances. Note that the industrial funds reflect unobligated balances of \$2,836 million for FY 1980, for example. These balances result largely from the same unperformed orders. This netting approach is in accordance with standard Federal practice, and is necessary to produce a correct net DoD position in the totals. It might be helpful to provide these data for industrial funds:

	(\$ in Millions)		
	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1980</u>
Unexpended balance, end of year	\$451	\$793	\$617
Obligations incurred	\$8,984	\$8,813	\$14,381
Unexpended balance as a percent of obligations incurred	5.0%	8.4%	4.3%

To summarize, then, obligated balances have increased sharply in recent years, more than doubling from June 1972 to September 1978. When assessed in terms of appropriation categories, these increases were well in line with program trends. Obligated balances will rise faster than annual TOA in FY 1979 and FY 1980, due to the factors noted above: the flattening out of the procurement TOA trend, the partial FY 1978 construction moratorium and the construction program falloff in FY 1980.

Unobligated balances

It should be emphasized that unobligated balances per se are not evidence of excessive funding or mismanagement. Some level of unobligated balance is inevitable, and is completely consistent with good management and sound fund control. Major defense procurements are complex, and involve production over extended periods of time with several contractors. Given this underlying fact, balances must exist in some form. Two points are of particular importance in this connection:

- First, full funding -- under this practice, which has been followed by the Congress for many years, funds are appropriated for a complete weapon in the year in which that weapon is approved by the Congress. Thus, some part of the funds requested for ships or aircraft for FY 1980 will not be obligated until FY 1981 or later -- but those funds will be necessary to cover the total anticipated price of the weapons requested in FY 1980.
- Second, good management -- it simply would be impracticable to attempt to obligate all the funds for a given weapon in the first year. Some of the components have relatively short lead-times. It would not make sense to order them, pay for them, and hold them in inventory long before they were needed. Technical and cost factors are such that better results can be obtained by deferring contracting to the point dictated by lead-time.

These unobligated balances are not a pool of free money. They relate to specific programs approved by the Congress, not yet completed. In the procurement appropriation category, where most of the unobligated balances are, these funds are accounted for under 44 separate appropriation headings. No funds can be shifted from or to any of these headings except in accordance with law. (The appropriation acts generally provide for certain specific transfers, and provide for transfer authority in a specific amount -- \$750 million for FY 1979. The latter is subject to case-by-case approval by the committees.) Within each of the 44 appropriation headings, there is an elaborate system for line-item reprogramming controls under which the approval of congressional committees (usually four) is required for any significant shift of funds from one line item to another.

It should be noted that these balances are not analogous to cash in an individual or business sense. They are not analogous, say to an individual's noninterest-earning checking account. These balances have nothing to do with the public debt; or with cash balances in the Treasury, outlays, or taxes that must be collected. These latter items are influenced by the amounts spent (outlays), and an aircraft's cost is not determined by the basis upon which the Congress appropriates funds (full-funding or incremental-funding).

The Congress has recognized these factors, and provides several years in which to obligate funds: 5 years for shipbuilding and military construction; 3 years for other procurement appropriations, and 2 years for RDT&E. Revolving funds are no-year funds.

Procurement appropriations. As shown in Table 7-4, procurement appropriations account for the largest portion by far of the unobligated balances -- 73% of the FY 1980 estimate. Shipbuilding is a large part of the total procurement balance, as shown in Table 7-4. Note that shipbuilding makes up 38% of the total unobligated procurement balances projected for FY 1979, and a similar large proportion in all the years shown.

The production time on a ship is often 5 years or more. For many nuclear-powered ships, advance procurement funds are requested 2 years in advance of the funding for the ship itself, because of the extremely long lead-time on the nuclear components. After funds are provided for the ship itself, contracting extends over a 5-year period. The contract for the ship itself is let in the first year. In the second year, contracts are let for major items to be built into the ship, such as components of the armaments and fire control system. In the third and subsequent years, contracts are let for shorter-lead-time items and for items not built into the ship. Obligations pursuant to escalation clauses, changes and other items are also recorded over these years. About 52% of the shipbuilding funds are obligated in the first year, 22% in the second, 12% in the third, and 7% each year in the 4th and 5th years.

The unobligated shipbuilding funds projected for September 1980, therefore, include 48% of the FY 1980 program, 26% of the FY 1979 program, 14% of the FY 1978 program, and 7% of the FY 1977 program.

Table 7-5 offers another rough relationship. Note that the FY 1980 shipbuilding unobligated balance is projected as equivalent to 99.2% of FY 1980 TOA. This is below the percentages pertaining for most of the years shown.

For the remainder of the procurement appropriations, unobligated balances are projected at \$10.8 billion for September 1980 as shown in Table 7-5. These appropriations are obligated at a much faster rate than the shipbuilding appropriation. About 63% of these funds are obligated in the first year, 29% in the second year, and 8% in the third year. The unobligated balances estimated for September 1980 include 37% of the FY 1980 program and 8% of the FY 1979 program.

In an aircraft program, for example, all major items are normally obligated in the first year; airframe, engine, armaments and major avionics. Ground support equipment, certain spares, and technical documentation are normally obligated in the second year. Short lead-time items, engineering changes, escalation and definitization amounts (if any) are obligated in the second or third year.

As shown in Table 7-5, the unobligated balances projected for September 1980 are equivalent to 37% of FY 1980 TOA. On this rough basis of comparison, these balances are projected at a lower level than pertained from 1974 through 1977.

In summary, the trend in balances for these procurement appropriations is well in line with the program trend, and the balances projected for September 1979 are consistent with orderly program execution.

Industrial funds. As shown in Table 7-4, the second largest category of unobligated balances (following procurement) is the industrial fund area. These balances are the counterpart of the negative obligated balances also shown in Table 7-4, and have been discussed in the section covering obligated balances.

Military construction is the third largest category of unobligated balances, with \$1.3 billion projected for September 1978. The trend in balances and TOA has been as follows:

	(\$ in Millions)								
	<u>FY 72</u>	<u>FY 73</u>	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
Unobligated bal. end of period	1,527	1,412	1,692	1,440	1,482	1,800	1,527	1,597	1,488
TOA	1,262	1,550	1,831	1,834	2,148	2,392	1,860	2,608	2,167
Unobligated bal. as % of TOA	121%	91%	92%	79%	69%	75%	82%	61%	69%

The FY 1978 and FY 1980 percentage comparisons are distorted by the sharp program drops in those years, while closing balances are still affected by the much larger programs of earlier years.

The military construction program through FY 1976 was usually slowed because of late congressional action. With timely enactment of these programs, DoD expects a high rate of first-year obligation. Note that the unobligated balance at September 1979 is projected at 61% of FY 1979 TOA -- a much lower figure than in earlier years.

RDT&E unobligated balances are projected at \$1,077 million at September 1980, equivalent to 7.9% of the FY 1980 program. This percentage was 6.8% in 1972, but fell to the 4% level for the next three years. The balances from 1975 through 1978 were in the 6% to 7.5% range. Efforts are made to execute all contracts for RDT&E programs in the first year, but inevitably there are unforeseeable developments which cause some slippage to the second year. The 7.9% factor, based on experience, is a prudent allowance for this.

The unobligated balance for operation and maintenance for September 1979 and September 1980 relates exclusively to the \$500 million provided in the FY 1979 Appropriation Act under the heading, "Foreign currency fluctuations, Defense."

FY 1977 shortfalls in direct obligations and outlays

Table 7-6 shows the variance between the January 1978 estimates and actual direct obligations for FY 1978. Direct obligations in FY 1977 were \$113.8 billion, or \$357 million (0.3%) below the January estimate.

As shown, these variances were uniformly quite small. For the six largest appropriation categories, the variances were less than 2%.

Table 7-7 shows variations in direct obligations and in unobligated balances for each procurement appropriation.

Table 7-8 shows the variance in FY 1978 outlays: they were \$2.1 billion below the estimate, a variance of 2.1%. This outlay variance did not derive primarily from the shortfall in direct obligations. Rate variances were the major factor.

Variances in Balances: What became of the money?

Table 7-6, 7-7, and 7-8 also make it possible to determine how these program variances related to ending balances. Or, to put it more bluntly: what became of the money?

It is necessary to consider unexpended balances and unobligated balances separately. We will begin with unexpended balances. Note, in

Table 7-8, that outlays were \$2,160 million less than projected, but unexpended balances were \$1,163 million higher than projected. Clearly, the entire outlay shortfall did not wind up in higher DoD balances. Several things happened to prevent this. Here is the track:

	(\$ Millions)
Outlay shortfall	\$2,160
Congressional reductions and nonenactment (largely reductions in pay supplemental request)	-187
Unexpended balances returned to Treasury, net (written off)	<u>-1,041</u>
Total not provided or written off	<u>-1,228</u>
Increase in unexpended balances after cuts and write-offs	932
Applicable receipts	+114
Stock fund orders	<u>+117</u>
Variance in unexpended balance from January 1978 estimate	<u>\$1,163</u>

Thus, to begin with, it's important to note that DoD never had -- or has since written off -- over half of the funds involved in the outlay shortfall.

The two last items in the bridge are technical. Deposits to miscellaneous receipts (credit, or deduct, expenditures) were lower than expected by \$114 million. There are no balances for these transactions, and this variance must be entered here. The stock fund change relates to the volume of unfilled customer orders.

The track for direct obligations/unobligated balances is much simpler to follow. Table 7-6 shows that the variance in direct obligations was \$357 million. The variance in non-FMS balances was, however, \$30 million. Write-offs and other changes took care of practically the entire shortfall.

To summarize, then, shortfalls in estimated obligations or outlays do not simply wind up as added cash for the Pentagon. These shortfalls are very well covered by established arrangements -- by specific legal arrangements, and by actions which the Congress itself takes. The amounts involved are large. As noted, write-offs alone amounted to over \$1 billion at 9/30/78. Another \$1.2 billion was written off at 9/30/77. For the 10 years previous (includes 9/30/76) the write-offs were \$4.3 billion. We have discussed the transfers of FY 1978 and prior balances to finance the FY 1979 program. Table 7-9 summarizes transfers for the years FY 1972-78.

All of this is, unfortunately, very technical and difficult to follow. It's essential that these points be understood, though, if one is attempting to relate trends and variances to Defense funding needs. Perhaps because the matter is difficult and technical, those outside DoD who have addressed this matter have shied away from what ought to be a key question: what becomes of the money?

Some Government-wide comparisons

Table 7-10 provides a basis for putting Defense balances -- size, trend, and variances -- into perspective.

As to the size of DoD balances relative to others, here are some key comparisons as of 9/30/78.

- . Unexpended balances were \$632 billion in total. Defense accounted for \$73.6 billion (11.6%) of these balances; balances in other agencies were \$558.4 billion.
- . Unobligated balances were \$251.6 billion in total. Defense accounted for \$21.3 billion (8.5%) of these balances, other agencies accounted for \$230.3 billion.
- . Setting aside trust funds, and considering only Federal funds, the figures are:
 - .. Unexpended balances -- \$456.7 billion in total. DoD had \$73.4 billion (16.2%), other agencies \$379.3 billion.
 - .. Unobligated balances -- \$115.7 billion in total. DoD had \$21.2 billion (18.3%) and other agencies had \$94.6 billion.

Spending/balance relationships should be considered:

- . For the unified budget, DoD in FY 1978 accounted for 22.8% of total outlays, 11.6% of the unexpended balances and 8.5% of the unobligated balances.
- . For Federal funds alone (setting aside trust funds) DoD accounted in FY 1977 for 31% of total outlays, 16.2% of the unexpended balances and 18.3% of the unobligated balances.

Considering the growth in balances from 1972 to 1978:

- . Unexpended balances in total grew by \$362.5 billion. Defense accounted for \$37.7 billion (10.4%) of this increase, other agencies for \$324.8 billion.
- . Unexpended balances for Federal funds alone, setting aside trust funds, grew by \$308.2 billion. Defense accounted for \$37.6 billion (12.2%) of this rise, other agencies for \$270.6 billion.

- . Unobligated balances in total grew by \$74.4 billion. Defense accounted for \$9.4 billion (12.6%) of this rise, other agencies for \$65 billion.
- . Unobligated balances for Federal funds alone, setting aside trust funds, rose by \$44.6 billion. Defense accounted for \$9.4 billion (21.1%) of this rise, other agencies for \$35.2 billion.

The September 1978 balances were significantly higher than the amounts estimated in January 1978. These variances were as follows:

- . \$18 billion for unexpended balances in total. Defense accounted for \$1.1 billion of this variance, other agencies for \$16.9 billion.
- . \$16.9 billion for unexpended Federal funds, excluding trust funds. Defense accounted for \$1 billion of this variance, other agencies for \$15.9 billion.
- . \$31.2 billion for unobligated balances in total. Defense accounted for \$0.6 billion of this variance, other agencies for \$30.6 billion.
- . \$28.6 billion for unobligated Federal fund balances, excluding trust funds. Defense accounted for \$0.6 billion of this variance, other agencies for \$28 billion.

In percentage terms, the variances were as follows:

- . For unexpended balances in total -- 1.6% for Defense, 3.1% for other agencies.
- . For unexpended balances of Federal funds, excluding trust funds -- 1.6% for Defense, 4.3% for other agencies.
- . For unobligated balances in total -- 2.6% for Defense, 15.3% for other agencies.
- . For unobligated balances of Federal funds, excluding trust funds -- 2.6% for Defense, 42.3% for other agencies.

As to estimates of outlays (not shown in Table 7-10), the key comparisons are:

- . In total, Defense missed the January 1978 estimate by \$2.2 billion, or 2.1%. Other agencies missed by \$9.2 billion, or 2.6%.
- . For Federal funds alone, excluding trust funds, Defense missed by \$2.1 billion, or 2.0%. Other agencies by \$5.9 billion, or 2.5%.

There are no Government-wide figures on direct obligations. Figures are presented on "Obligations incurred, net," for the unified budget and for Federal funds only. This represents obligations incurred less reimbursements. The concept is a tricky one, and care should be taken in drawing any conclusions from it. For what it is worth, the FY 1978 figures in total are as follows:

- . For Defense, an estimate of \$114.3 billion, an actual of \$112.9 billion. The variance was \$1.4 billion, or 1.2%.
- . For other agencies, an estimate of \$406 billion, an actual of \$383.9 billion. The variance was \$22.1 billion, or 5.4%.

For Federal funds alone, excluding trust funds, the figures were:

- . For Defense, an estimate of \$114.3 billion, an actual of \$112.9 billion. The variance was \$1.4 billion, or 1.2%.
- . For other agencies, an estimate of \$277.9 billion, an actual of \$260.6 billion. The variance was \$17.3 billion, or 6.2%.

From all this, at least two statements appear to be in order. First, Defense doesn't appear to be alone in terms of rising balances, variances from estimates, and so forth. And, second, the first statement doesn't appear to need qualification if the trust funds are set aside.

7-1 PROGRAM EXECUTION AND AVAILABLE BALANCES, MILITARY FUNCTIONS
(\$ in Billions)

Current Prices	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	% Change FY 1977-78
TOA:								
Direct Payroll	40.3	41.6	43.4	46.5	49.2	51.7	55.2	+ 6.8%
Industry purchases	36.2	37.3	38.3	39.7	46.7	56.5	61.3	+ 8.5%
Total	76.5	78.9	81.7	86.2	95.9	108.2	116.5	+ 7.7%
Direct obligations:								
Direct payroll	40.3	41.7	43.5	46.5	49.2	51.7	55.2	+ 6.8%
Industry purchases	37.1	35.5	36.1	39.8	42.4	53.0	58.6	+ 10.6%
Total	77.3	77.1	79.6	86.3	91.6	104.7 a/	113.8	+ 8.7%
Outlays:								
Direct payroll	40.1	41.2	43.0	46.5	48.8	51.5	55.1	+ 7.0%
Industry purchases	34.9	32.0	34.6	38.4	39.1	44.1	47.9	+ 8.8%
Total	75.1	73.2	77.6	84.9	87.9	95.6	103.0	+ 7.8%
Unexpended balances, end FY: b/								
Obligated	24.9	27.9	30.6	31.4	35.4	43.6	53.4	+ 22.2%
Unobligated	11.0	11.8	13.1	12.6	15.9	19.0	20.2	+ 6.3%
Total	35.9	39.6	43.7	44.0	51.3	62.6	73.6	+ 17.4%
Prime contract awards worldwide	38.3	36.9	40.1	45.8	46.9	55.6	65.2	+ 17.3%
Net new orders for manufacturers of capital goods - Defense	20.1	20.3	24.0	26.3	26.1	31.7	43.0	+ 35.4%
Unobligated balances as percentage of purchase TOA	30.4%	31.6%	34.2%	31.7%	34.0%	33.6%	33.0%	NA
<u>Constant (FY 1972) Prices</u>								
TOA:								
Direct payroll	40.3	38.2	36.9	36.7	36.3	35.7	35.5	- 0.6%
Industry purchases	36.2	35.0	32.4	30.6	33.8	37.9	38.3	+ 1.2%
Total	76.5	73.2	69.4	67.3	70.2	73.6	73.8	+ 0.3%
Direct obligations:								
Direct payroll	40.3	38.2	36.9	36.7	36.3	35.7	35.5	- 0.6%
Industry purchases	37.0	33.1	30.4	30.6	30.6	35.6	36.7	+ 3.1%
Total	77.3	71.3	67.3	67.3	66.9	71.3	72.2	+ 1.3%
Outlays:								
Direct payroll	40.1	37.8	36.6	36.7	36.0	35.5	35.4	- 0.3%
Industry purchases	34.9	30.8	30.4	29.5	28.1	29.6	30.1	+ 1.5%
Total	75.1	68.6	67.0	66.3	64.1	65.2	65.5	+ 0.5%
Unexpended balances, end FY:								
Obligated	24.9	26.1	25.9	24.2	25.6	29.5	33.4	+ 13.2%
Unobligated	11.0	11.0	11.1	9.7	11.5	12.8	12.6	- 1.6%
Total	35.9	37.2	37.0	33.8	37.1	42.3	46.0	+ 8.7%
Prime contract awards worldwide	38.3	35.4	35.2	35.2	33.6	37.1	40.8	+ 10.0%
Net new orders for manufacturers of capital goods - Defense	20.1	19.4	21.0	20.2	18.7	21.2	26.9	+ 26.9%

a/ Does not reflect \$1.4 billion prior-year adjustment for construction for Saudi Arabia.

b/ Obligated and unobligated figures are adjusted to eliminate FMS orders carried in DoD accounts. This does not affect unexpended balances (see Table 7-3). FY 1976 figures are as of 9/30/76.

Table 7-1

7-2 PRIME CONTRACT AWARDS
(\$ in Millions)

FY	Current Prices		FY 1972 Prices		Current Price Change (%)		Constant Price Change (%)	
	Worldwide	U.S.	Worldwide	U.S.	Worldwide	U.S.	Worldwide	U.S.
1953	31,812	28,394	52,731	47,065				
1954	13,279	11,868	21,956	19,623	- 58.3	- 58.2	- 58.4	- 58.3
1955	16,583	15,472	26,312	24,549	+ 24.9	+ 30.4	+ 19.8	+ 25.1
1956	19,590	18,185	29,809	27,671	+ 18.1	+ 17.5	+ 13.3	+ 12.7
1957	21,457	19,856	30,924	28,617	+ 9.5	+ 9.2	+ 3.7	+ 3.4
1958	24,197	22,753	34,612	32,546	+ 12.8	+ 14.6	+ 11.9	+ 13.7
1959	25,312	23,902	35,975	33,971	+ 4.6	+ 5.0	+ 3.9	+ 4.4
1960	23,689	22,462	33,279	31,555	- 6.4	- 6.0	- 7.5	- 7.1
1961	25,584	24,305	35,791	34,002	+ 8.0	+ 8.2	+ 7.5	+ 7.8
1962	29,255	27,800	40,128	38,132	+ 14.3	+ 14.4	+ 12.1	+ 12.1
1963	29,379	28,108	39,487	37,779	+ .4	+ 1.1	- 1.6	- .9
1964	28,796	27,470	38,471	36,700	- 2.0	- 2.3	- 2.6	- 2.9
1965	27,997	26,631	36,851	35,053	- 2.8	- 3.1	- 4.2	- 4.5
1966	38,243	35,713	48,753	45,527	+ 36.6	+ 34.1	+ 32.3	+ 29.9
1967	44,633	41,817	54,958	51,491	+ 16.7	+ 17.1	+ 12.7	+ 13.1
1968	43,756	41,241	52,055	49,063	- 2.0	- 1.4	- 5.3	- 4.7
1969	41,986	39,310	48,066	45,003	- 4.0	- 4.7	- 7.7	- 8.3
1970	35,977	33,570	39,398	36,762	- 14.3	- 14.6	- 18.0	- 18.3
1971	34,517	32,444	35,971	33,811	- 4.1	- 3.4	- 8.7	- 8.0
1972	38,292	36,283	38,292	36,283	+ 10.9	+ 11.8	+ 6.5	+ 7.3
1973	36,920	34,741	35,384	33,296	- 3.6	- 4.2	- 7.6	- 8.2
1974	40,131	37,761	35,180	33,103	+ 8.7	+ 8.7	- .6	- .6
1975	45,758	43,355	35,154	33,308	+ 14.0	+ 14.8	- .1	+ .6
1976	46,934	44,680	33,585	31,972	+ 2.6	+ 3.1	- 4.5	- 4.0
1977	55,572	52,752	37,067	35,186	+ 18.4	+ 18.1	+ 10.4	+ 10.1
1978	65,185	61,174	40,777	38,268	+ 17.3	+ 16.0	+ 10.0	+ 8.8

Table 7-2

7-3 DEPARTMENT OF DEFENSE BALANCES
(\$ in Millions)

	<u>6/30/72</u>	<u>6/30/73</u>	<u>6/30/74</u>	<u>6/30/75</u>	<u>9/30/76</u>	<u>9/30/77</u>	<u>9/30/78</u>	<u>Estimates</u>		<u>9/30/78 Projected in January 1978</u>
<u>Obligated Balances</u>								<u>9/30/79</u>	<u>9/30/80</u>	
Obligated balances, excl. FMS orders	24,893	27,854	30,611	31,420	35,359	43,638	53,411	64,751	75,865	52,315
Unperformed FMS orders	<u>-887</u>	<u>-914</u>	<u>-2,003</u>	<u>-4,154</u>	<u>-5,084</u>	<u>-994</u>	<u>-1,050</u>	<u>-428</u>	<u>-548</u>	<u>-532</u>
Net obligated balances	<u>24,005</u>	<u>26,941</u>	<u>28,608</u>	<u>27,266</u>	<u>30,275</u>	<u>42,644</u>	<u>52,361</u>	<u>64,323</u>	<u>75,316</u>	<u>51,783</u>
<u>Unobligated Balances</u>										
Unperformed FMS orders:										
Procurement	854	857	1,912	3,465	3,742	951	1,020	421	541	516
RDT&E	5	8	10	10	46	43	24	-	-	15
Military construction	28	42	49	651	1,193	-	-	-	-	-
Industrial funds	<u>-</u>	<u>8</u>	<u>32</u>	<u>29</u>	<u>103</u>	<u>-</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>-</u>
Total, unperformed FMS orders	887	914	2,003	4,154	5,084	994	1,050	428	548	532
All other programs	<u>10,984</u>	<u>11,776</u>	<u>13,119</u>	<u>12,577</u>	<u>15,947</u>	<u>19,006</u>	<u>20,217</u>	<u>22,061</u>	<u>23,174</u>	<u>20,188</u>
Net unobligated balances	<u>11,872</u>	<u>12,689</u>	<u>15,122</u>	<u>16,731</u>	<u>21,031</u>	<u>20,000</u>	<u>21,267</u> a/	<u>22,488</u>	<u>23,722</u>	<u>20,719</u>
<u>Unexpended Balances</u>	35,877	39,630	43,731	43,997	51,305	62,644	73,628	86,811	99,039	72,502

NOTE: The net obligated balances, net unobligated balances, and unexpended balances show the DoD military functions figures as reported and as projected in the FY 1979 budget.

a/ Of which \$6,652 million was committed.

7-4 DOD OBLIGATED AND UNOBLIGATED BALANCES BY APPROPRIATION CATEGORY,
EXCLUSIVE OF UNPERFORMED FMS ORDERS
(\$ Millions)

	<u>6/30/72</u>	<u>6/30/73</u>	<u>6/30/74</u>	<u>6/30/75</u>	<u>9/30/76</u>	<u>9/30/77</u>	<u>9/30/78</u>	<u>Est.</u> <u>9/30/79</u>	<u>Est.</u> <u>9/30/80</u>	<u>9/30/78 as</u> <u>Forecast in</u> <u>Jan 1978</u>
Obligated balances:										
Military personnel	624	890	1,204	920	1,045	824	647	1,110	1,553	1,277
Retired pay	14	16	34	32	32	23	21	59	75	52
O&M	1,947	3,015	4,485	4,308	5,242	6,313	7,739	9,419	10,951	7,797
Procurement	17,039	17,842	18,493	18,656	21,543	28,099	35,954	43,863	52,437	34,761
RDT&E	3,605	3,568	3,117	2,840	3,214	3,885	4,521	5,406	5,858	4,542
Military construction	1,083	1,435	1,312	2,029	2,029	2,092	2,075	2,649	2,965	2,045
Family housing	276	385	522	579	782	701	659	828	964	694
Special Foreign Currency	4	9	8	6	4	4	4	9	16	5
Industrial funds	-988	-902	-917	-723	-1,435	-1,625	-1,986	-2,044	-2,220	-1,911
Stock funds	1,211	1,513	2,256	2,674	2,826	3,287	3,689	3,367	3,161	2,987
Other revolving & mgt. funds	23	25	1	19	-6	-2	19	19	19	-8
Pay raises/legislation	-	-	-	-	-	-	-	-	21	-
Trust funds	8	8	43	28	29	38	67	64	64	37
Total, obligated balances	24,847	27,803	30,557	31,370	35,306	43,638	53,411	64,750	75,865	52,277
Unobligated balances:										
Military personnel	1	1	-	-	-	3	-	-	-	-
Retired pay	-	-	-	-	-	-	-	-	-	-
O&M	66	104	35	23	153	10	-	500	500	-
Procurement	6,870	7,716	8,837	8,948	11,041	13,957	14,792	15,870	16,950	15,189
RDT&E	519	315	361	331	666	650	845	1,008	1,077	616
Military construction	1,527	1,412	1,692	1,440	1,482	1,800	1,527	1,597	1,488	1,560
Family housing	329	449	521	489	282	238	232	245	190	175
Special Foreign Currency	21	9	5	3	2	2	1	7	3	1
Industrial funds	1,439	1,640	1,566	1,283	2,238	2,206	2,681	2,698	2,836	2,510
Stock funds	152	54	17	-	-	-	-	-	-	-
Other revolving & mgt. funds	23	27	51	18	18	24	22	21	22	22
Trust funds	36	46	29	40	64	117	116	115	108	114
Total, unobligated balances	10,980	11,772	13,114	12,575	15,947	19,006	20,217	22,061	23,174	20,188
Unexpended balances	35,827	39,575	43,672	43,946	51,252	62,644	73,628	86,811	99,039	72,464
Shipbuilding balances:										
Obligated	4,143	4,490	5,304	5,565	6,573	7,653	9,273	10,498	12,741	9,710
Unobligated	2,422	3,051	3,625	3,522	3,591	5,556	6,548	6,037	6,124	6,260
Unexpended	6,566	7,541	8,929	9,087	10,163	13,209	15,821	16,536	18,865	15,969

Table 7-4

7-5 PROCUREMENT APPROPRIATIONS
UNOBLIGATED BALANCES (EXCLUDING FMS) AND TOA
(\$ Millions)

	<u>6/30/72</u>	<u>6/30/73</u>	<u>6/30/74</u>	<u>6/30/75</u>	<u>9/30/76</u>	<u>9/30/77</u>	<u>9/30/78</u>	<u>Est.</u> <u>9/30/79</u>	<u>Est.</u> <u>9/30/80</u>	<u>9/30/78 as</u> <u>Forecast in</u> <u>January 1978</u>
Eq. & Missiles, Army (PEMA)	307	-	-	-	-	-	-	-	-	-
Aircraft, Army	39	74	112	130	125	168	175	250	259	235
Missiles, Army	148	217	304	163	143	102	90	129	209	210
Wpns. & Tr. Combat Veh., Army	61	25	100	182	316	318	274	375	371	434
Ammunition, Army	153	196	400	845	646	545	356	494	406	527
Other, Army	192	191	222	318	492	645	755	1,042	1,077	470
Aircraft & Missiles, Navy (PAMN)	1,103	1,202	275	-	-	-	-	-	-	-
Aircraft, Navy	-	4	1,071	752	1,140	1,001	1,011	1,176	1,160	1,119
Weapons, Navy	-	-	210	224	583	1,041	985	842	804	1,050
Other, Navy	375	502	444	424	754	666	729	807	845	595
Marine Corps	196	122	147	78	104	171	130	154	143	199
Aircraft, Air Force	1,051	1,283	1,189	1,36	1,709	2,213	2,154	3,033	3,600	2,565
Missiles, Air Force	462	506	448	430	665	708	802	665	964	680
Other, Air Force	328	318	262	457	700	726	638	727	836	729
Defense Agencies	35	25	24	37	76	97	145	139	151	116
Subtotal	4,448	4,665	5,212	5,425	7,450	8,401	8,243	9,832	10,826	8,929
Shipbuilding, Navy	2,422	3,051	3,625	3,522	3,591	5,556	6,549	6,038	6,124	6,260
Total, unobligated balances ex. FMS, proc. appropri.	<u>6,870</u>	<u>7,716</u>	<u>8,837</u>	<u>8,948</u>	<u>11,041</u>	<u>13,957</u>	<u>14,792</u>	<u>15,870</u>	<u>16,950</u>	<u>15,189</u>
TOA, ex. shipbuilding	15,513	15,314	13,942	14,202	17,341	21,815	24,566	26,906	29,228	24,518
TOA, shipbuilding	3,014	2,909	3,501	3,118	3,952	5,700	5,780	4,594	6,174	5,802
Procurement TOA	<u>18,526</u>	<u>18,222</u>	<u>17,443</u>	<u>17,320</u>	<u>21,293</u>	<u>27,515</u>	<u>30,346</u>	<u>31,500</u>	<u>35,402</u>	<u>30,321</u>
Unobligated balances as % of TOA:										
Shipbuilding	80.4%	104.9%	103.5%	113.0%	90.9%	97.5%	113.3%	131.4%	99.2%	107.9%
All Other	28.7%	30.5%	37.4%	38.2%	43.0%	38.5%	33.6%	36.5%	37.0%	36.4%
Total procurement	37.1%	42.3%	50.7%	51.7%	51.9%	50.2%	48.7%	50.4%	47.9%	50.1%

Table 7-5

7-6 VARIANCES FROM FY 1978 ESTIMATES: DIRECT OBLIGATIONS AND UNOBLIGATED BALANCES, DOD
(\$ Millions)

	Direct Obligations, FY 1978			Unobligated Balances, 9/30/78			Variance in Balances	
	January 1978 Estimate	Actual	Variance	January 1978 Estimate	Actual	Variance	FMS	Other
Military personnel	27,285	27,184	-101	-	-	-	-	-
Retired pay	9,240	9,173	-67	-	-	-	-	-
Operation & maintenance	34,978	34,902	-76	-	-	-	-	-
Total, annual accounts	<u>71,503</u>	<u>71,259</u>	<u>-244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Procurement	28,077	28,082	+5	15,705	15,812	+107	+504	-397
RDTE	11,441	11,246	-195	631	869	+238	+9	+229
Military construction	1,943	1,973	+30	1,560	1,527	-33	-	-33
Family housing	1,466	1,401	-65	175	232	+57	-	+57
Special foreign currency	3	2	-1	1	1	-	-	-
Industrial funds	-	-	-	2,510	2,687	+177	+6	+171
Stock funds	-	-	-	-	-	-	-	-
Other revolving & mgt. funds	-	-	-	22	22	-	-	-
Trust funds	-	-	-	114	116	+2	-	+2
Offsetting receipts	-263	-149	+114	-	-	-	-	-
Total, continuing accounts	<u>42,667</u>	<u>42,555</u>	<u>-112</u>	<u>20,719</u>	<u>21,267</u>	<u>+548</u>	<u>+518</u>	<u>+30</u>
Total, DoD	114,170	113,813	-357	20,719	21,267	+548	+518	+30

Table 7-6

Note: All these figures exclude Civil Defense. Amounts for Civil Defense were included in the January 1978 estimates, but such amounts are no longer carried in the DoD budget totals.

7-7 VARIANCES FROM FY 1978 ESTIMATES: DIRECT OBLIGATIONS AND UNOBLIGATED BALANCES, PROCUREMENT APPROPRIATIONS
(\$ in Millions)

	Direct Obligations, FY 1978			Unobligated Balances, 9/30/78			Variance in Balances	
	January 1978 Estimate	Actual	Variance	January 1978 Estimate	Actual	Variance	FMS	All Other
Aircraft procurement, Army	588	647	+59	258	183	-75	-15	-60
Missile procurement, Army	397	537	+140	291	130	-161	-41	-120
Procurement of weapons & Tracked combat vehicles, Army	1,279	1,397	+118	499	310	-189	-29	-160
Procurement of ammunition, Army	1,147	1,213	+66	574	452	-122	+49	-171
Other procurement, Army	1,575	1,326	-249	505	802	+297	+12	+285
Aircraft procurement, Navy	3,446	3,458	+12	1,144	1,031	-113	-5	-108
Weapons procurement, Navy	2,218	2,278	+60	1,050	998	-52	+13	-65
Other procurement, Navy	2,230	2,072	-158	595	734	+139	+5	+134
Procurement, Marine Corps	411	473	+62	199	130	-69	-	-69
Aircraft procurement, Air Force	5,428	5,885	+457	2,730	2,770	+40	+451	-411
Missile procurement, Air Force	1,741	1,600	-141	697	825	+128	+7	+121
Other procurement, Air Force	2,272	2,292	+20	768	752	-16	+76	-92
Procurement, Defense Agencies	305	277	-28	116	145	+29	-	+29
Total, excl. shipbuilding	23,037	23,454	+417	9,426	9,262	-164	+522	-686
Shipbuilding & conv., Navy	5,040	4,628	-412	6,279	6,550	+271	-18	+289
Total, procurement	28,077	28,082	+5	15,705	15,812	+107	+504	-397

Table 7-7

7-8 VARIANCES FROM FY 1978 ESTIMATES: OUTLAYS AND UNEXPENDED BALANCES, DOD
(\$ in Millions)

	FY 1978 Outlays			Unexpended Balances, 9/30/77		
	January 1978 Estimate	Actual	Variance	January 1978 Estimate	Actual	Variance
Military personnel	26,832	27,075	+243	1,277	647	-630
Retired pay	9,211	9,171	-40	52	21	-31
Operation and maintenance	33,494	33,578	+84	7,797	7,739	-57
Total, annual accounts	<u>69,537</u>	<u>69,824</u>	<u>+287</u>	<u>9,126</u>	<u>8,407</u>	<u>-718</u>
Procurement	21,552	19,976	-1,576	49,950	50,746	+797
RDT&E	10,714	10,508	-206	5,158	5,367	+208
Military construction	1,919	1,932	+13	3,606	3,602	-4
Family housing	1,455	1,403	-52	869	891	+22
Special foreign currency	3	2	-	6	5	-1
Industrial funds	-18	-114	-96	599	695	+96
Stock funds	291	-295	-586	2,987	3,689	+703
Other rev. & mgt. funds	7	-19	-26	14	41	+26
Trust funds	5	-27	-32	151	184	+33
Offsetting receipts	-263	-149	+114	-	-	-
Total, continuing accounts	<u>35,665</u>	<u>33,217</u>	<u>-2,448</u>	<u>63,340</u>	<u>65,221</u>	<u>+1,881</u>
Total, DoD	105,202	103,042	-2,160	72,464	73,628	+1,163

Table 7-8

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Note: All these figures exclude Civil Defense. Amounts for Civil Defense were included in the January 1978 estimates, but such amounts are no longer carried in the DoD budget totals.

7-9 TRANSFERS
(\$ Millions)

	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1977</u>	<u>FY 1978</u>
Budget authority transfers:								
Directed by Congress	-	21	-	152	47	-	-	100
Proposed by DoD, approved by Congress	<u>74</u>	<u>483</u>	<u>29</u>	<u>301</u>	<u>26</u>	<u>6</u>	<u>96</u>	<u>236</u>
Total, BA transfers	<u>74</u>	<u>504</u>	<u>29</u>	<u>453</u>	<u>73</u>	<u>6</u>	<u>96</u>	<u>336</u>
Balance transfers:								
Directed by Congress	1,198	1,317	486	496	267	31	257	258
Proposed by DoD, approved by Congress	<u>762</u>	<u>356</u>	<u>80</u>	<u>416</u>	<u>255</u>	<u>126</u>	<u>312</u>	<u>598</u>
Total, Balance transfers	<u>1,960</u>	<u>1,673</u>	<u>567</u>	<u>913</u>	<u>522</u>	<u>157</u>	<u>569</u>	<u>856</u>
Total transfers:								
Directed by Congress	1,198	1,337	486	649	314	31	257	358
Proposed by DoD, approved by Congress	<u>836</u>	<u>839</u>	<u>110</u>	<u>718</u>	<u>281</u>	<u>132</u>	<u>408</u>	<u>834</u>
Total transfers	<u><u>2,034</u></u>	<u><u>2,177</u></u>	<u><u>596</u></u>	<u><u>1,367</u></u>	<u><u>595</u></u>	<u><u>163</u></u>	<u><u>664</u></u>	<u><u>1,192</u></u>

Table 7-9

Table 8-5 shows the composition of CY 1977 GNP in terms of value added by sector, with related full-time equivalent employment figures.

Table 8-6 shows the product per full-time job in four specific industries (construction, durable manufacturing, nondurable manufacturing, and services) of particular interest in terms of defense and other public spending. The data are breakdowns of the totals presented in Table 8-5. The industries are those for which a spending breakout is shown in Table 8-4. The product per job varies significantly among the various sectors and is much higher than commonly supposed, ranging from \$23,071 to \$37,004. Compensation ranges from just over 1/2 to about 3/4 of the total, with the other items shown comprising the remainder. The average product per job (or the average cost of a job, as some would say) was \$25,713 for these four industries in total.

Table 8-7 shows the derivation of the estimates of industry employment related to DoD spending. Note that a product per full-time employee of \$25,685 is used for CY 1977 and that this amount is projected to rise at a slightly faster rate than the GNP deflator through 1980. DoD purchase spending is reduced by the amount of offshore purchases. The "cost-per-job" projected for CY 1980, then, is \$31,730, or about 31,500 jobs per \$1 billion of spending. This methodology is a much-simplified version of the BLS approach, for which data are available only for a few years (the latest is 1971). The results of the two approaches are almost identical with respect to Defense-related employment.

Table 8-8 shows a breakdown of U.S. public spending estimated for FY 1980 in terms of (a) the total of \$824 billion in spending that will have to be covered by taxes or borrowing, and (b) the \$501.6 billion that will wind up as direct payroll or purchases from industry. (These figures exclude government enterprises, except to the extent that they require a subsidy from tax funds or their earnings are credited to general funds.) Note that about 92% of National Defense spending goes for direct payroll and purchases from industry, while about 34% of nondefense Federal spending does. Nondefense Federal spending is estimated at \$405.4 billion. Setting aside net debt interest, the figure is \$359.7 billion. Of that, \$237.8 billion (66%) goes for payments to individuals. The remaining \$121.9 billion (34%) goes for direct payroll or purchases from industry by the Federal Government or (through grants) by state/local governments.

Table 8-9 shows data for four measures of employment in the U.S. economy: the BLS Household Series, the best-known, from which the unemployment rate is derived; the BLS Establishment Series; a Commerce Series covering full-time and part-time employment, related closely to the Establishment Series; and a Commerce Series covering full-time equivalent employment. The latter is the basis for the BLS and DoD estimates of Defense-related industry employment. Note, in Table 8-9, that this series can be matched almost exactly to the BLS establishment series. The unexplained private-sector difference is just 245,000 jobs -- about 1/3 of 1%.

As the Table shows, part-time employment is a very significant factor in the U.S. economy. For example, Commerce counts 83.8 million people employed, but equates this to full-time-equivalent employment (man-years) of 74.1 million. The difference, in terms of full-time jobs, is nearly 9.8 million. The Household series counts people, and records them as employed or not. This includes people who are employed 15 hours or more per week. There are also certain considerations with respect to domestic employment, self-employment, participants in family enterprises, and farms.

In order to compare spending and employment relationships, it is obviously necessary to use a common denominator for employment. Full-time equivalent employment is used here.

Spending/employment relationships

The major conclusion to be drawn from all these figures is that Defense spending involves about as much employment, dollar for dollar, as other types of spending. For example, in CY 1977:

- In the public sector (see Table 8-3) National Defense accounted for 18.4% of the payroll and 20.2% of the jobs.
- DoD purchases comprised 2.8% of private sector output, and 2.8% of the private sector jobs. (Compare Tables 8-5 and 8-7.)
- Counting DoE and other defense-related activities, National Defense purchased 2.9% of private sector output and accounted for 2.9% of private sector jobs.
- Overall, National Defense direct payroll and purchase spending (\$94.3 billion, see Table 8-4) was 5.0% of CY 1977 GNP. Defense accounted for 5.7% of full-time employment.

Regarding the latter figure, the numerators and denominators should be made clear. Direct National Defense employment was 3,145,000 (Table 8-3). Industry employment was 1,883,000 including 89,000 for DoE and other activities (see Table 8-7). Total Defense-related employment was thus 5,028,000. Total full-time employment for the economy, including the self-employed, was about 87.5 million. (79,508,000 shown in Table 8-5 plus about 8 million self-employed -- see Table 8-9.)

Using the BLS Household data, the relationships are slightly different. Total employment was 96.5 million in 1978, including part-time jobs, and National Defense full-time employment was 5,028,000 -- equivalent to 5.2% of the total. As noted, National Defense accounted for 5.0% of the GNP. Even on this basis -- comparing full-time Defense employment with a total that includes a large element of part-time employment -- Defense comes out slightly ahead on a job/dollar comparison.

In short, a dollar spent for defense has about the same employment impact as a dollar spent for other purposes. The point is emphasized.

because allegations have been made in recent years that defense spending somehow causes unemployment, or produces significantly less employment than other types of spending. Such allegations are based upon illegitimate comparisons such as these.

- . Comparing part-time jobs in non-defense activities with full-time defense jobs. For example, some have derived spectacular "jobs per billion" comparisons by comparing people employed a few hours a week in school lunch or vocational training with defense averages for full-time industry jobs.
- . Comparing payroll spending with total spending. The Bureau of Labor Statistics methodology, which DoD uses, indicates that 2/3 of spending with industry goes for payroll and 1/3 to taxes, interest, depreciation and profits. The cost-per-job in industry therefore appears high, relative to direct government payroll. Some allegations are based on comparing defense industry with non-defense direct payroll.
- . Comparing entry rates for non-defense activities with average rates for defense.
- . Ignoring wage changes over time. The cost-per-job has been rising rapidly in recent years. Some comparisons were made of the cost per defense job in the FY 1976 budget and non-defense job costs of 1971 vintage.

A glance at a few of the figures in the various tables will illustrate the potential here. For example, for CY 1977:

	<u>Defense</u>	<u>Non-defense</u>
Average compensation per full time direct employee (Table 8-3)	\$13,653	\$15,276
State and local only		(14,377)
Average cost-per-job for industry procurement (Table 8-7)	25,685	
Compensation included above	(17,365)	
Average private sector compensation (Table 8-3)		14,400

A spectacular result can be obtained by comparing the \$14,377 average for direct state and local government employment with the \$25,685 average for Defense industry procurement. The relationship was about the same for 1971, and BLS figures of that vintage thus have been misused. As shown in Table 8-7, product per full-time worker for Defense procurement is estimated at \$31,730 for FY 1980, or about 31,500 jobs per billion. That kind of figure might be compared with BLS estimates of past years of 125,000 or 175,000 jobs per \$1 billion -- including pay only, and part-time at that -- for school lunch and job training programs.

All of these points have been carefully noted by BLS, but those using the data have often been less than careful -- to put it mildly.

The rates of pay for people entering the rolls in Defense -- or anywhere else -- are of course lower than the average rates. Thus, the pay of a person entering the military is about \$7,000 per year and recruits entering during FY 1980 will receive only about half that, on the average -- since they'll be on board, on the average, only 6 months during that year. That's a spectacular 300,000 jobs per billion, by the arithmetic that some have used.

Over 900,000 people are involved part-time in the reserve components, and their pay and allowances are just over \$2 billion. That would provide 400,000 jobs per billion, by the same kind of reckoning.

These kinds of comparisons really aren't very helpful. It's necessary to compare full-time jobs with full-time jobs, government employment with government employment, industry procurement with industry procurement, average with average, entry rates with entry rates, and so on. When comparisons are made in these terms, there are no spectacular differences between Defense and other types of public spending in terms of employment impact.

Historical trends

It is worth noting that the lowest levels of unemployment have been reached at periods of peak defense spending. The 4 lowest levels of unemployment on record are 1944 (1.2%); 1953 (2.9%); 1929 (3.2%); and 1969 (3.5%). Three of these years were war peaks.

The recent spending/employment record is also instructive. Here are changes in spending and unemployment in recent years:

Changes	(\$ billions)			Unemployment Rate Start/End
	National Defense Spending	Nondefense Federal Spending	Nondefense Federal-State-Local Spending, Net	
1964-68	+\$27.2	+\$ 33.0	+\$ 57.7	5.2/3.6%
1968-72	- 2.2	+ 55.4	+104.1	3.6/5.6%
1972-76	+12.9	+120.7	+185.9	5.6/7.7%

From 1964 to 1968, Defense spending rose roughly as much as other Federal spending (\$27.2 billion versus \$33.0 billion) and unemployment dropped from 5.2% to 3.6%. For the next two periods, other Federal spending and state/local spending far outstripped Defense spending, and unemployment rose sharply.

The historical record, then, simply doesn't offer any support for the allegation that defense spending causes unemployment.

Composition of spending

To this point, items such as military retired pay and the much larger amounts for domestic program transfer payments have been set aside in the discussion. It is necessary to devote some attention to the composition of public spending.

It appears reasonable to conclude that the greatest job impact (at least in the short run) would pertain to spending which (a) involved the direct hire of people on public payrolls, or (b) involved increases in purchases from industry. The job impact would be much smaller for (a) pay raises for people already on the rolls, and (b) transfer payments -- increased payments to retirees, for example.

The distinction is important, because direct hire or direct purchase involves an immediate increase in employment, plus a multiplier effect as the new workers spend their pay. Pay raises or increased transfers involve no increased employment directly; only the multiplier would apply.

In this connection, the data presented in Table 8-8 are significant. Note that for National defense, about 92% of spending goes for direct payroll or purchases from industry. For other Federal programs, setting aside debt interest and allowing for state and local purchases with grant funds, the figure is 34%. For nondefense spending in total, setting aside debt interest, the figure is 59%. Thus, a large part of nondefense spending goes for programs that do not create jobs directly.

Grants-in-aid are minor in Defense, but a major item in nondefense spending. In considering the employment impact of Federal spending, it is necessary to consider the time it takes for funds to work their way through the various echelons, and the extent to which grant funds may displace other spending: obviating the need for tax increases or borrowing, for example, or paying people already on the rolls.

Another point that is sometimes overlooked is that we are concerned, at this point, with spending -- not budget authority. There can be huge swings in budget authority with no economic impact whatsoever.

Changes in spending and jobs

The data on spending and jobs presented to this point are probably adequate as measures of long-run trends in spending and employment. They deal in terms of averages, and the results they produce are sensible in terms of economy-wide averages.

The data are of no use, though (and BLS itself emphasizes this) in calculating the job impact of potential spending changes. They afford no answer to the questions: How many jobs would be created if defense spending (or some other type of spending) were increased by \$1 billion? How many jobs lost by a \$1 billion cut?

There are three major reasons why the data presented to this point don't provide a good measure of the job impact of employment changes:

- . The figures presented are averages, and changes in any work force (public or private) tend to take place at relatively low (entrance) rates of pay. When an employer is increasing his work force, he does it by hiring people at entrance rates. When an employer must cut back, his first step is likely to be a freeze on hiring. Even if senior employees are separated, one-time separation costs will result in minimal short-term reductions in spending per employee separated. Either way, the change is likely to involve entrance rates.
- . Second, many of the job-related costs in industry -- while they must be covered in the long run -- are fixed in the short run. As shown in Table 8-6, compensation comprises only about 2/3 of the cost of a job. Taxes, interest, depreciation, and profits comprise the other 1/3. In the short run, the latter (except for profits) are fixed, and changes take place largely in terms of the payroll alone.
- . Third, there is a multiplier effect that must be considered in terms of changes that is not a factor in assessing long-run averages.

All of this means that employment changes tend to take place at relatively low rates of pay, essentially, entrance rates. These rates are now about \$7,000 to \$8,000 per year. There are many complicating factors. Employers may adjust to changes by changing the work week, by changing overtime practices, or by use of part-time employees. Skill levels are also a factor. The immediate job impact varies widely depending upon whether laborers are being hired as compared to highly-trained professionals. If defense or some other government agency employs more physicians, this doesn't increase employment at all for a long time. All of these factors apply equally to defense and other public programs.

8-1 DEPARTMENT OF DEFENSE MANPOWER
(End-Strength, in Thousands)

	Active Duty Military					Civil Service ^{b/}					Total Direct Manpower	Defense Related Employment In Industry	Total Defense Manpower
	Army	Navy	Marine Corps	Air Force	Total Military	Army ^{a/}	Navy (Incl. Marine Corps)	Air Force ^{a/}	Def. Agcys. & Other	Total Civil Service			
1939	166	125	19	23	334	110	86			196	530	188	718
1940	218	161	28	51	458	137	119			256	714	314	1,028
1941	1,310	284	54	152	1,801	329	227			556	2,357	2,500	4,857
1942	2,311	641	143	764	3,859	852	432			1,284	5,143	10,000	15,143
1943	4,797	1,742	309	2,197	9,045	1,545	648			2,193	11,238	13,361	24,599
1944	5,622	2,981	476	2,372	11,452	1,503	736			2,239	13,691	12,600	26,291
1945	5,986	3,381	475	2,282	12,123	1,881	747			2,628	14,751	11,000	25,751
1946	1,435	983	156	456	3,030	927	489			1,416	4,446	1,168	5,614
1947	685	449	93	306	1,533	503	356			859	2,442	786	3,228
1948	554	419	85	388	1,446	371	347	152	1	871	2,317	958	3,275
1949	660	450	86	419	1,615	369	343	166	2	880	2,495	732	3,227
1950	593	382	74	411	1,460	274	293	160	2	729	2,189	713	2,902
1951	1,532	737	193	788	3,249	591	452	288	2	1,333	4,582	2,400	6,982
1952	1,596	824	232	983	3,636	618	481	342	2	1,443	5,079	3,600	8,679
1953	1,534	794	249	978	3,555	964	470	411	2	1,847	5,402	4,118	9,520
1954	1,405	726	224	948	3,302	792	433	393	2	1,620	4,922	2,975	7,897
1955	1,109	661	205	960	2,935	667	433	416	2	1,518	4,453	2,500	6,953
1956	1,026	670	201	910	2,806	610	416	447	2	1,475	4,281	2,500	6,781
1957	998	677	201	920	2,796	589	411	433	2	1,435	4,231	2,850	7,081
1958	899	641	189	871	2,601	548	382	389	2	1,321	3,922	2,800	6,722
1959	862	626	176	840	2,504	516	374	381	2	1,273	3,777	2,700	6,477
1960	873	618	171	815	2,476	494	365	368	2	1,229	3,705	2,460	6,165
1961	859	627	177	821	2,484	494	362	359	2	1,217	3,701	2,600	6,301
1962	1,066	666	191	884	2,808	495	365	359	21	1,240	4,048	2,725	6,773
1963	975	664	190	869	2,698	475	360	350	33	1,218	3,916	2,550	6,466
1964	972	667	190	856	2,685	453	346	338	38	1,175	3,860	2,280	6,140
1965	968	671	190	824	2,653	438	343	334	42	1,157	3,810	2,125	5,935
1966	1,199	744	262	886	3,092	472	366	349	67	1,254	4,346	2,640	6,986
1967	1,442	751	285	897	3,377	541	417	366	75	1,399	4,776	3,100	7,876
1968	1,570	765	307	905	3,597	542	433	357	75	1,407	4,953	3,173	8,126
1969	1,512	776	310	862	3,459	532	438	349	72	1,391	4,850	2,916	7,766
1970	1,322	692	260	791	3,066	481	488	327	68	1,364	4,430	2,399	6,829
1971	1,123	623	212	755	2,714	453	361	312	63	1,189	3,903	2,031	5,934
1972	811	588	198	726	2,322	446	353	300	60	1,159	3,481	1,985	5,466
1973	801	564	196	691	2,252	405	334	288	72	1,099	3,351	1,850	5,201
1974	783	546	189	644	2,161	408	336	290	76	1,110	3,271	1,860	5,131
1975	784	535	196	613	2,127	401	326	278	73	1,078	3,205	1,800	5,005
1976	779	525	192	585	2,081	390	321	262	73	1,046	3,127	1,690	4,817
1977	782	528	190	583	2,083	385	318	260	78	1,041	3,124	1,710	4,834
1978	782	530	192	570	2,074	371	318	256	77	1,022	3,096	1,810	4,906
1979	771	530	191	569	2,061	371	317	251	77	1,016	3,077	1,775	4,853
1979	774	524	190	563	2,050	358	310	248	78	994	3,044	1,855	4,899
1980	774	528	189	559	2,050	360	305	241	79	985	3,035	1,975	5,010

a/ Air Force civil service employment figures are not available separately prior to 1948. They are included in the Army figures for the earlier years.

b/ Civil service figures for 1953 and later years include foreign indirect hire employees.

Table 8-1
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8-2 U.S. PUBLIC EMPLOYMENT
(End Strength, in Thousands)

FY	Active Duty Military	Defense Civil Service	Defense Total	Other Federal Civil Service	Coast Guard	Total Federal Employment	Total Federal Civil Service Employment	State and Local Governments	Total U.S. Public Employment Including Military	Civilian Only	Total Non- Defense Public Employment	Defense Federal Total	Total As % Of: Fed-State-Local Total	Def. Civ. Svc. As % Of: Federal Fed-State-Local Civ. Total	As % Of: Fed-State-Local Total
1939	334	196	530	789	10	1,329	985	3,074	4,403	4,059	3,873	39.9%	12.0%	19.9%	4.8%
1940	458	256	714	805	14	1,533	1,061	3,217	4,750	4,278	4,036	46.6%	15.0%	24.1%	6.0%
1941	1,801	556	2,357	881	19	3,257	1,437	3,337	6,594	4,774	4,237	72.4%	35.7%	38.7%	11.6%
1942	3,859	1,204	5,143	1,013	59	6,215	2,297	3,310	9,525	5,607	4,382	82.8%	54.0%	55.9%	22.9%
1943	9,045	2,193	11,238	1,107	155	12,500	3,300	3,184	15,684	6,484	4,446	89.9%	71.7%	66.5%	33.8%
1944	11,452	2,239	13,691	1,103	169	14,953	3,332	3,092	18,045	6,424	4,354	91.6%	75.9%	67.2%	34.9%
1945	12,123	2,628	14,751	1,189	171	16,111	3,817	3,104	19,215	6,921	4,464	91.6%	76.8%	68.8%	38.0%
1946	3,030	1,416	4,446	1,281	26	5,753	2,697	3,305	9,058	6,002	4,612	77.3%	49.1%	52.5%	23.6%
1947	1,583	859	2,442	1,250	19	3,711	2,109	3,568	7,279	5,677	4,837	65.8%	33.5%	40.7%	15.1%
1948	1,446	874	2,320	1,197	20	3,537	2,071	3,776	7,313	5,847	4,993	65.6%	31.7%	42.2%	14.9%
1949	1,615	883	2,498	1,219	24	3,741	2,102	3,906	7,647	6,000	5,149	66.8%	32.7%	42.0%	14.7%
1950	1,460	733	2,193	1,228	23	3,444	1,961	4,078	7,522	6,039	5,329	63.7%	29.2%	37.4%	12.1%
1951	3,249	1,338	4,587	1,245	29	5,861	2,583	4,031	9,892	6,614	5,305	78.3%	46.4%	51.8%	20.2%
1952	3,636	1,449	5,085	1,151	35	6,271	2,600	4,134	10,405	6,734	5,320	81.1%	48.9%	55.7%	21.5%
1953	3,555	1,855	5,410	1,211	34	6,655	3,066	4,282	10,937	7,348	5,527	81.3%	49.5%	60.5%	25.2%
1954	3,302	1,626	4,928	1,186	29	6,143	2,812	4,552	10,695	7,364	5,767	80.2%	46.1%	57.8%	22.1%
1955	2,935	1,524	4,459	1,196	29	5,684	3,720	4,728	10,412	8,448	5,953	78.4%	42.9%	41.0%	18.0%
1956	2,806	1,482	4,288	1,207	28	5,523	2,689	5,064	10,587	7,753	6,299	77.6%	40.5%	55.1%	19.1%
1957	2,796	1,442	4,238	1,244	30	5,512	2,686	5,064	10,832	8,066	6,654	76.9%	38.9%	53.7%	17.9%
1958	2,601	1,327	3,928	1,272	30	5,230	2,599	5,630	10,860	8,229	6,932	75.1%	36.2%	51.1%	16.1%
1959	2,504	1,279	3,783	1,302	30	5,115	2,581	5,806	10,921	8,387	7,138	74.0%	34.6%	49.6%	15.2%
1960	2,476	1,236	3,712	1,341	31	5,084	2,577	6,073	11,157	8,650	7,445	73.0%	33.3%	48.0%	14.3%
1961	2,484	1,223	3,707	1,381	32	5,120	2,604	6,295	11,415	8,899	7,708	72.4%	32.5%	47.0%	13.7%
1962	2,808	1,245	4,053	1,440	32	5,525	2,685	6,533	12,058	9,218	8,005	73.4%	33.6%	46.4%	13.5%
1963	2,698	1,223	3,921	1,461	32	5,414	2,684	6,834	12,248	9,518	8,327	72.4%	32.0%	46.6%	12.8%
1964	2,685	1,180	3,865	1,460	32	5,357	2,640	7,236	12,593	9,876	8,728	72.1%	30.7%	44.7%	11.9%
1965	2,653	1,160	3,813	1,498	32	5,343	2,658	7,683	13,026	10,341	9,213	71.4%	29.3%	43.6%	11.2%
1966	3,092	1,259	4,351	1,567	35	5,953	2,826	8,259	14,212	11,085	9,861	73.1%	30.5%	44.6%	11.4%
1967	3,377	1,403	4,780	1,628	37	6,445	3,031	8,730	15,175	11,761	10,395	74.2%	31.5%	46.3%	11.9%
1968	3,547	1,410	4,957	1,695	37	6,689	3,105	9,141	15,830	12,246	10,873	74.1%	31.3%	45.4%	11.5%
1969	3,459	1,395	4,854	1,736	38	6,628	3,131	9,496	16,124	12,627	11,270	73.2%	30.1%	44.6%	11.0%
1970	3,066	1,269	4,335	1,755	37	6,127	3,024	9,869	15,996	12,893	11,661	70.8%	27.1%	42.0%	9.8%
1971	2,714	1,194	3,908	1,765	38	5,711	2,959	10,257	15,968	13,216	12,060	68.4%	24.5%	40.4%	9.0%
1972	2,322	1,164	3,486	1,758	35	5,279	2,922	10,640	15,919	13,562	12,433	66.0%	21.3%	39.8%	8.6%
1973	2,252	1,105	3,357	1,762	37	5,156	2,867	11,065	16,221	13,932	12,864	65.1%	20.7%	38.5%	7.9%
1974	2,161	1,112	3,273	1,822	37	5,132	2,934	11,463	16,595	14,397	13,322	63.8%	19.7%	37.9%	7.7%
1975	2,127	1,081	3,208	1,856	37	5,101	2,937	12,025	17,126	14,962	13,918	62.9%	18.7%	36.8%	7.2%
1976	2,081	1,049	3,130	1,834	38	5,002	2,883	12,410	17,412	15,293	14,282	62.6%	18.0%	36.4%	6.9%
1977	2,083	1,044	3,127	1,837	38	5,002	2,881	12,510	17,512	15,391	14,385	62.5%	17.9%	36.2%	6.8%
1978	2,074	1,025	3,099	1,816	38	4,953	2,841	12,617	17,570	15,458	14,471	62.6%	17.6%	36.1%	6.6%
1979	2,061	997	3,060	1,854	38	4,972	2,873	12,817	17,789	15,690	14,709	61.9%	17.3%	35.5%	6.5%
1980	2,050	988	3,038	1,838	39	4,915	2,826	13,200	18,115	16,026	15,077	61.8%	16.8%	35.0%	6.2%

NOTE: The Defense figures here are for the National Defense function as defined in the President's budget, including atomic energy, stockpiling, and other defense-related activities. These figures are, therefore, higher than DoD Defense Civil Service figures for 1953 and later years include foreign national indirect hire employees.

State and local government figures through 1978 are from Table I-4, p. 258, FY 1980 Budget Special Analyses and comparable earlier tables. 1979 and 1980 figures were calculated from the percentage relationship implicit in Table I-4.

Total federal Civil Service employment and Coast Guard strength are from Table I-1, p. 249, 1980 Budget Special Analyses and equivalent earlier tables. Note that legislative and judicial employment is assumed to continue in 1979 and 1980 at the 1978 level.

8-5 FULL-TIME EQUIVALENT EMPLOYMENT AND GNP
CY 1977

	Full-time Equivalent Employment (000)	Product (\$ Billions)
Private Sector:		
Employee Compensation		920.7
Net Interest		95.4
Capital Consumption Allowances		155.7
Indirect Business Taxes, etc.		174.6
Profit-Type Return		300.6
Statistical Discrepancy		4.7
Total, Private Sector	<u>63,939</u>	<u>1,651.9</u>
Government Enterprises:		
Employee Compensation		24.8
Indirect Business Taxes, etc.		.1
Profit-Type Return		2.5
Total, Government Enterprises	1,456	27.3
General Government (Employee Comp.)	14,113	208.0
Total, Public Sector:		
Employee Compensation		232.7
Indirect Business Taxes, etc.		.1
Profit-Type Return		2.5
Total, Public Sector	<u>15,569</u>	<u>235.3</u>
Total Economy:		
Employee Compensation		1,153.4
Net Interest		95.4
Capital Consumption Allowances		155.7
Indirect Business Taxes, etc.		174.7
Profit-Type Return		303.1
Statistical Discrepancy		4.7
Total, Full-Time-Equivalent Employment & GNP	<u>79,508</u>	<u>1,887.2</u>

Source: Survey of Current Business, July 1978, pp. 51-52 and 55.

8-6 PRODUCT AND FULL-TIME EMPLOYMENT
IN SELECTED INDUSTRIES, CY 1977

	<u>Construction</u>	<u>Durable Manufacturing</u>	<u>Nondurable Manufacturing</u>	<u>Services a/</u>	<u>TOTAL</u>
Product, \$ Billions:					
Employee compensation	61.0	206.4	116.4	91.2	475.0
Other costs:					
Net interest	1.4	4.1	4.9	13.4	23.8
Capital consumption allowances	4.7	21.2	15.0	28.1	68.9
Indirect business taxes, etc.	2.1	6.9	17.8	19.0	45.8
Profit-type return	<u>14.8</u>	<u>33.5</u>	<u>25.5</u>	<u>15.4</u>	<u>89.1</u>
Total, other costs	23.0	65.7	63.1	75.8	227.6
Total product	<u>84.0</u>	<u>272.1</u>	<u>179.5</u>	<u>167.0</u>	<u>702.6</u>
Full-time equivalent employment (000)	3,641	11,407	7,764	4,513	27,325
Composition of product per job:					
Employee compensation	16,754	18,094	14,992	20,208	17,384
Other costs:					
Net interest	385	359	630	2,965	871
Capital consumption allowances	1,291	1,859	1,929	6,218	2,521
Indirect business taxes, etc.	577	605	2,290	4,205	1,676
Profit-type return	<u>4,064</u>	<u>2,937</u>	<u>3,279</u>	<u>3,408</u>	<u>3,261</u>
Total, other costs	6,317	5,760	8,128	16,796	8,329
Total product per full-time job	<u>23,071</u>	<u>23,854</u>	<u>23,120</u>	<u>37,004</u>	<u>25,713</u>

Table 8-6

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a/ Transportation, Communications and Electric, Gas and Sanitary Services.

Source: Survey of Current Business, July 1978, Tables 6.1, 6.5 and 6.8, pp. 51-52 and 54-55.

8-9 FULL-TIME EQUIVALENT EMPLOYMENT
AND TOTAL EMPLOYMENT, CY 1975
(In Thousands)

Commerce Data and BLS Household Data

BLS Household Data		
Total Civilian Employment		84,783
Armed Forces		2,180
Total Employment (Including Armed Forces)		<u>86,963</u>
Reconciliation to Commerce Series:		
Full-Time Equivalent Employment (Table 6.8)		74,061
Part-Time Equivalents		+9,757
Full-Time and Part-Time Employment (Table 6.7)		<u>83,818</u>
Self-Employed:		
Agriculture	1,715	
Other	<u>5,626</u>	
Total Self-Employed		+7,341
Subtotal		<u>91,159</u>
All Other Differences, net ^{1/}		-4,196
Total Employment (Including Armed Forces)		
BLS Household Data, as Above		<u>86,963</u>

Commerce Data and BLS Establishment Data

Wage and Salary Workers in Nonagricultural establishments (BLS)		<u>76,985</u>
Commerce Data, including Part-Time Employment, as Above		83,818
Deduct Employment not Covered in Establishment Series:		
Military (Including Reserves)	-3,104	
Farms	-1,239	
Private Households	<u>-1,867</u>	
Total Coverage Differences		-6,210
Subtotal		77,608
Difference in Government Civilian Employment		-378
All Other Differences, net		<u>-245</u>
BLS Establishment Data		<u>76,985</u>

^{1/} Multiple jobholders, counted once in the BLS household data; 14-15 year olds, not counted in BLS household data; census count differences; sample design; unpaid absences; unpaid workers who worked 15 hours or more per week in family-operated enterprises; and other differences. See Monthly Labor Review, December 1969, pp. 9-20 and July 1973, pp. 14-23. The two articles cited discuss the differences between the two BLS series. See also the notes to the establishment series, 1977 Economic Report, p. 225.

Sources: BLS household data are the standard labor force data, published in the Economic Report and many other places. Full-time equivalent data, and related full plus part-time figures, are from the July 1976 Survey of Current Business, Tables 6.7 and 6.8, pp. 51-52. Data on self-employed were furnished by BLS.

9. PAY RAISES AND PRICE INCREASES: TREATMENT OF INFLATION

Annual inflation rates, FY 1974-80

Table 9-1 presents summary data on inflation rates, showing annual amounts for the period FY 1974-80. Note that the span from FY 1976 to FY 1977 is 15 months, because of conversion to the new fiscal year.

The three most-widely-used general indices are shown: the consumer price index (CPI, often referred to as the cost-of-living); the wholesale price index (WPI); and the broadest of all, the GNP deflator, which offers a measure of inflation for the economy as a whole.

Overall outlay inflation rates are shown for DoD, and for National Defense. Note that these rates are the same for the years shown in Table 9-1. The compound annual average inflation rate for DoD outlays from FY 1974 through FY 1980 is the same as for the CPI, slightly higher than the GNP deflator, but lower than the WPI.

The inflation rates for Budget Authority (BA) and TOA differ from those for outlays because of lead times. The outlay inflation rate of 6.4% from FY 1979 to FY 1980 means that \$100 spent in FY 1979 will have the same buying power as \$106.40 spent in FY 1980. Only part of FY 1979 BA/TOA will be spent in FY 1979; the rest will be spent in FY 1980 and later. Similarly, FY 1980 BA/TOA will be spent in FY 1980 and later years. Taking account of the outlay inflation rates over these two years, the FY 1979-80 BA/TOA rate is 6.0%. That is, \$100 in FY 1979 TOA will have the same buying power as \$106.00 in FY 1980 TOA.

Inflation, FY 1979-80

Table 9-2 shows how pay raises and price increases are applied to the various elements of the Defense budget to derive the composite inflation percentages. Note that the summary inflation rates are a composite of various pay raise and price assumptions. Details are presented later.

Pay increases and pay and price indices since 1945

Table 9-3 shows a history of military and civilian (general schedule) pay increases by date since 1945, up to the pay raises assumed for 10/1/79 in the FY 1980 budget. The military pay raises shown are computed on the base of regular military compensation through October 1, 1973, and on the military pay base thereafter. (Regular military compensation includes basic pay and the allowances for quarters and subsistence, plus the tax advantage stemming from the fact that these allowances are not subject to the Federal income tax. The pay base includes basic pay, quarters and subsistence, with no adjustment for tax advantage.) The general schedule pay raise percentages through October 1978 are those announced by the Civil Service Commission. With one exception, these percentages provide an accurate measure of the impact on DoD payrolls. That exception is the October 1976 raise, which CSC computed at 4.8%, as shown; the impact upon DoD was 5.0%. The latter figure is used in the DoD deflator.

The three columns to the right show indices, with FY 1978 equal to 100, for the military pay base (not RMC); civil service salaries (general schedule, wage boards and direct and indirect hire foreign nationals); and the prices of goods and services purchased from industry. This latter index is maintained by the Department of Commerce. These data are available through December 31, 1978. Projections of purchase price increases after that date are based upon guidance provided by OMB.

Pay raise assumptions, FY 1979-84

Table 9-4 shows the pay increases and military retired cost-of-living adjustments assumed in this budget for the period FY 1979-84. Several points should be noted:

- . A general schedule pay raise of 5.5% is assumed for October 1, 1979.
- . Pay raises for military personnel, on the average, have been lower the past several years than for general schedule personnel. Under legislation enacted in 1976, a larger portion of military pay raises has been allocated to the quarters allowance, which is not paid to personnel living in public quarters. However, for the FY 1979 raise, no such reallocation is computed.
- . The wage board increase of 5.5% in FY 1979 is capped at the GS level. The FY 1980 increase of 3.4% is based upon the assumption that new legislation will be enacted.
- . The projections for military retired pay reflect current legislation even though legislation is again proposed to provide for financing military retired pay on an accrual basis.

A later section is devoted to these and other critical assumptions involved in these budget estimates.

Pay raises and price increases by element

Table 9-5 converts the pay assumptions just presented to full-fiscal-year percentage changes, and presents purchase price increases as well, leading to composite TOA and outlay deflators.

Note, for example, that general schedule and military pay rises by 5.5% from FY 1978 to FY 1979. Here the pay raise coincides with the beginning of the fiscal year and does not require annualization. Wage board pay rises by 6.5% reflecting annualization of the FY 1978 pay raise and the anticipated pay increase for FY 1979.

The figures presented in Table 9-5 can be related to the DoD detail presented in Table 9-2, or the aggregates presented in Table 9-1.

Long-range inflation forecasts, February 1975 and January 1976, 1977, 1978 and 1979

Table 9-6 shows the current inflation projections compared with those of a year ago (January 1978) and those in each of the previous three years, used in connection with the FY 1979, FY 1978, FY 1977 and FY 1976 budgets, respectively. The message is that there are significant increases, especially as we move into the outyears:

- The DoD TOA deflator, FY 1978-82, is about the same as a year ago, but the outlay deflator is 2 points higher.
- The official forecasts for FY 1978-82 of the GNP deflator and the CPI are for most years also higher than those of a year ago, about 4 points.
- The DoD TOA and outlay deflators are slightly lower than the projections for the GNP deflator and the CPI because of the pay caps.

Inflation, DoD and other sectors, FY 1939-78

Table 9-7 offers a comparison of the DoD deflator for a long span of years (FY 1939-78) with several other measures that are relevant for comparison.

DoD compensation rates increased by 334.1% from 1950-78 a compounded increase of 5.33% per year. That compares with a 357.6% (5.52% annually) increase for Federal-state-local government employees together, as calculated by the Department of Commerce.

DoD purchase prices increased by 180.1% over this quarter century, nearly tripling. This increase is a reasonable mixture of the increase in the wholesale price index (WPI industrial commodities, 174.7% and construction costs (nonresidential structures, 227.3%).

The composite DoD inflation figure is 284.3% for the FY 1950-78 period. This is somewhat above the inflation calculated by the Department of Commerce for the Federal Government as a whole (272.0%) but well below the Commerce figure for state and local governments (312.7%).

The data presented in the first 7 tables make it clear that the defense inflation rates, past and projected, are well in line with the general measures of inflation which have been recognized and accepted for many years.

Past and projected inflation rates

The FY 1980 Defense budget, and the projections through FY 1984, are based upon the assumption that the rate of inflation will moderate significantly each year from 6.0% in FY 1980 to 3.3% by FY 1984. This is illustrated in Table 9-8. The official projection is for a CPI increase averaging 4.3% annually from FY 1980 to FY 1984, significantly lower than the increases in the previous few years. The GNP deflator is also down.

For Defense purchases from industry, the outlay inflation rate is projected to average 4.3% from FY 1980 to FY 1984, compared with 6.9% from FY 1975-1980. Purchase TOA inflation is also projected to decline. If these inflation rates do not hold the real growth projected from FY 1979 to FY 1980 and for the later years, under the dollar totals presented, could be seriously eroded.

Pay rates and cost-of-living changes

Another key set of assumptions involves the pay proposals in this budget for military, civil service and retired personnel. These were mentioned earlier in this section, and a later section will discuss these and other critical assumptions in more detail. A pay cap is anticipated on military and general schedule raises and curtailments are proposed for wage board personnel. These proposals have major consequences for the Defense budget, and it might be helpful to present some perspective on these matters in connection with this discussion of the impact of inflation on the Defense budget.

Table 9-9 shows percentage changes in pay rates under the various systems and cost-of-living changes for 5-year intervals, covering the period FY 1948-78. Composite 30-year figures are shown in the last column.

Overall, pay rates rise by 403% from FY 1948 to FY 1978. That is, from the viewpoint of DoD as an employer, it would take \$5.03 in FY 1978 to match a 1948 payroll dollar. The cost of living has also been rising -- a growth of 174% over these years. From the viewpoint of the employee as a consumer, it would take \$2.74 in FY 1978 to match a 1948 dollar. Pay rates over the entire period have risen far more than the cost of living. Real income is up 84% over these years (comparing \$5.03 with \$2.74).

While the relationships among the pay groups have changed considerably among the various 5-year intervals, the overall results are quite clear. Wage board (blue collar) employees have received far higher increases than the other U.S. direct hire groups. Only foreign national employees have received greater increases as pay in these countries became more competitive with U.S. labor costs. Pay raises for retired and active military personnel lag the wage board raises. General schedule pay has increased the least. Overall, civil service pay (because of the wage board increases) has risen by more than military pay.

Pay increases always exceeded cost-of-living increases over the 1948-1973 period, usually, by wide margins. This changes in the FY 1973-78 period. In this period, general schedule pay and military pay lag the cost-of-living while wage board and retired pay grow significantly in terms of real buying power.

Actually, pay increases began to lag cost-of-living increases after FY 1973. Table 9-10 adds another perspective -- it shows the picture from 1973 onward, in terms of indices, with FY 1973 equal to 100.

As shown, the consumer price index is rising sharply, growing by 73.1% from FY 1973 to FY 1980. Military and general schedule pay rates have not kept pace. (Note, in Table 9-3, that general schedule pay increases have averaged less than 6% per year for several years.) By FY 1980, military (49.7%) and general schedule (50.2%) pay increases are considerably short of the 73.1% increase in the cost of living.

Wage board pay is up 81.8% and pay to military retirees is up 85.6% -- both more than the CPI increase.

The FY 1981-84 columns show how the various groups will fare under the pay assumptions now being used. Military and general schedule pay raises will continue to lag the projected cost of living increases through FY 1981. The FY 1982 raise would about match the increase in the cost of living. If the cost of living rise moderates as projected by the administration, the FY 1983 and FY 1984 raises would provide some real increase in buying power -- the first in a decade for these groups.

Wage board pay rates will grow more slowly, especially from 1980-82. Wage board pay will always be above the FY 1973 level in real terms though.

The growth in military retired pay will also slow, but these payments will continue to be considerably above the FY 1973 level in terms of real buying power. By FY 1984, average payments per retiree will be 125.1% greater than in FY 1973; the cost of living will have risen 105%.

Treatment of inflation in budget submissions

The inflation factors -- pay raises and price increases -- discussed to this point are aggregate factors, used to determine the impact of inflation, and hence the trend in real buying power, for the Defense budget as a whole. The approach is best summarized in Table 9-2. Note that the entire FY 1979 program -- outlays, TOA, or BA -- is accounted for, a pay/price factor applied and the result is compared to the FY 1980 total.

The summary inflation factors differ from the factors reflected in the detailed budget justifications submitted to Congress in January 1979, for three reasons:

First, the detailed budget justifications do not include the October 1, 1979 pay raise, FY 1980 wage board raises, and other contingent items. These contingent items are covered in the aggregates used here. The contingent items are detailed in Table 4-1, and their relationship to the total FY 1980 estimates can be seen in Table 2-1 and 2-2. Note, in the latter table, that the constant-price figures are related to the totals after full distribution of contingent amounts.

Second -- with particular reference to purchases of goods and services from industry -- the summary figures discussed in this section reflect the impact of inflation upon all purchases. Under the OMB rules governing budgetary presentation, though, the budget justifications submitted to the Congress reflect the impact of inflation for about 85% of proposed purchases from industry. Total industry purchases (TOA) are estimated at \$76.9 billion for FY 1980 for DoD. Of that amount:

- . The budget justifications reflect future inflation for \$65.1 billion. This includes procurement, RDT&E costs for major systems, major construction, family housing construction, and nonpay operation and maintenance costs.
- . The budget justifications do not reflect future inflation for \$11.8 billion. This includes nonpay military personnel costs; nonsystems RDT&E; and various smaller programs. For these programs, the detailed budget justifications are priced at fall 1978 prices.

Third, there are differences with respect to those cases where the OMB guidelines permit reflecting inflation in future budget estimates. As shown in Table 9-2, inflation on purchase outlays is estimated at 7.0% from FY 1979 to FY 1980. This is an overall estimate, developed -- as noted -- by applying OMB guidance to Commerce data after December 31, 1978. It is meant to be a reasonable expression of the impact of inflation on Defense purchases, assuming that the Defense experience will be consistent with that of buyers generally. Within that overall increase of 7.0%, DoD uses -- for summary purposes -- different rates for various categories of appropriations. These are 6.9% for O&M purchases; 7.0% for RDT&E; 7.0% for construction; and 7.09% for procurement appropriations. These figures on a composite basis, average out to 7.0% for all purchases. This is illustrated in Table 9-16.

These factors are applied in the summaries which have been discussed throughout this paper. In the detailed justifications of the various procurement, RDT&E, and construction line items, differing inflation factors are used, as appropriate to each system. The inflation rate for a specific aircraft, for example, must take into account such factors as the contractors' labor agreements; cost/quantity relationships; the learning curve; the extent to which Government-furnished and contractor-furnished material is on hand or under firm-priced contract; and many other factors. Thus, the budget estimates for a particular aircraft may reflect FY 1979-80 inflation rates different from the 7.09% procurement factor used in the summaries.

On an aggregate basis, the summary factors just noted are very close to the composite of the factors used for individual line items in procurement, RDT&E, and construction. In individual cases, there are significant differences in both directions, and necessarily so.

The three points just enumerated have caused a great amount of confusion with respect to the treatment of inflation in Defense budget estimates. It might be helpful to restate the three points briefly here. The summary or aggregate inflation data used throughout this paper differ from the inflation factors reflected in the detailed estimates submitted to Congress in January 1979 for three reasons:

- . The aggregates reflect the entire budget estimate, including contingent amounts not yet submitted for pay raises and other purposes. The justification books are incomplete. They do not reflect the full National Defense total which must be addressed in the budget resolution.

- The aggregates reflect inflation on all industry purchases, the justification books cover only part. Whatever the technical rules for budget presentation may be, it doesn't make sense to pretend that a dollar in FY 1980 has the same buying power as a dollar in FY 1979.
- The aggregates use summary inflation rates, related to, and justifiable in terms of, economy-wide trends. The justification books reflect specific rates, as appropriate, for each system.

Qualitative changes -- technology

DoD TOA is \$125.7 billion in FY 1979. Using the pay/price factors described here, that is equivalent to \$133.2 billion at FY 1980 pay rates and price levels. The FY 1980 request is for \$135.5 billion in TOA. Therefore, there is an increase of \$2.3 billion (\$133.2 billion to \$135.5 billion) from FY 1979 to FY 1980 over and above the amount necessary to cover pay raises and price increases.

That is, if we were to employ the same number of personnel, in the same grades, in FY 1980 as in FY 1979; have the same retired population; and buy exactly the same goods and services from industry -- no quantitative or qualitative changes -- FY 1980 TOA would have to be \$133.2 billion.

The cost of defense weapons, though, and of support systems and procedures, is affected not only by general inflation (more dollars to buy the same thing) but by technological improvements -- quality changes -- as well. This qualitative increment is not measured, or allowed for, in the inflation estimates. Obviously the weapons to be procured in FY 1980 and later years must be qualitatively superior to those procured in FY 1979 and earlier years. An increase in the defense programs, then -- over and above the amounts necessary to cover pay and price increases -- is necessary to maintain a given capability relative to a threat that is mounting in both qualitative and quantitative terms.

Further details in inflation factors

Tables 9-11 through 9-17 provide further details on inflation factors and projections. Table 9-11 shows DoD indices compared to various other indices for the period FY 1945-80, on a base of FY 1972 = 100. Table 9-12 shows the same data on a base of FY 1980 = 100.

Table 9-13 shows the current and constant dollar (FY 1972 base) amounts of civilian pay by category from FY 1945-1984 and the corresponding deflators. Table 9-14 expresses the same data in FY 1980 prices.

Table 9-15 shows, in detail, the derivation of FY 1979-80 inflation rates for the various segments of the military personnel appropriations.

Table 9-16 shows TOA and outlay inflation rates for various segments of the DoD budget, including the various purchase segments.

Table 9-17 shows composite (pay/price) TOA and outlay inflation rates for the various appropriation categories.

9-1 ANNUAL INFLATION RATES, FY 1974-80

	<u>FY 1974 to FY 1975</u>	<u>FY 1975 to FY 1976</u>	<u>FY 1976 to <u>1/</u> FY 1977</u>	<u>FY 1977 to FY 1978</u>	<u>FY 1978 to FY 1979</u>	<u>FY 1979 to FY 1980</u>
General Indices:						
Consumer Price Index	11.1	7.1	7.5	7.0	8.6	6.9
Wholesale Price Index	16.9	5.3	6.8	6.8	9.3	7.3
GNP Deflator	10.8	6.9	6.8	7.0	8.0	7.0
Outlays:						
DoD	10.7	6.9	6.9	7.0	7.1	6.4
National Defense	10.7	6.9	6.9	7.0	7.1	6.4
Budget Authority:						
DoD	9.2	6.6	7.4	7.2	6.7	6.0
National Defense	9.2	6.6	7.4	7.2	6.7	6.0
Total Obligational Authority:						
DoD Only	9.1	6.6	7.4	7.2	6.7	6.0

Table 9-1

1/ 15 months

9-2 INFLATION, FY 1979-80
(\$ in Millions)

	FY 1979 Program		FY 1980	
	In FY 1979 Prices	Pay/Price	In FY 1980 Prices	in FY 1980 Prices
<u>Outlays</u>				
Military pay base	\$ 25,203	5.56%	\$ 26,605	\$ 26,299
Other military personnel expense	3,017	5.70%	3,189	3,538
Total, military personnel	28,220	5.58%	29,794	29,837
Civil service payroll	19,783	5.20%	20,811	20,812
Retired pay	10,281	7.86%	11,089	11,449
Purchases from industry	53,616	7.00%	57,369	60,602
Total outlays, DoD	111,900	6.40%	119,063	122,700
DoE, stockpile, etc., net	2,603	6.42%	2,770	3,130
Total outlays, National Defense	<u>114,503</u>	<u>6.40%</u>	<u>121,833</u>	<u>125,830</u>

TOA

Military pay base	\$ 25,203	5.56%	\$ 26,605	\$ 26,299
Other military personnel expense	3,480	5.69%	3,678	4,029
Total, military personnel	28,683	5.58%	30,283	30,328
Civil service payroll	19,783	5.20%	20,811	20,812
Retired pay	10,319	7.86%	11,130	11,466
Purchases from industry	66,955	6.08%	71,024	72,894
Total TOA (DoD only)	<u>125,740</u>	<u>5.97%</u>	<u>133,248</u>	<u>135,500</u>

Budget Authority (BA)

Military pay base	\$ 25,203	5.56%	\$ 26,605	\$ 26,299
Other military personnel expense	3,480	5.69%	3,678	4,029
Total, military personnel	28,683	5.58%	30,283	30,328
Civil service payroll	19,783	5.20%	20,811	20,812
Retired pay	10,319	7.86%	11,130	11,466
Purchases from industry	66,424	6.07%	70,456	72,435
Total BA, DoD	125,209	5.97%	132,680	135,041
DoE, stockpile, etc., net	2,706	5.95%	2,867	3,202
Total BA, National Defense	<u>127,915</u>	<u>5.97%</u>	<u>135,547</u>	<u>138,243</u>

9-3 PAY INCREASES AND PAY AND PRICE INDICES SINCE 1945

Military and Civilian Pay Increase			Pay & purchase price indices (FY 1978=100)			
Effective Date	Military Pay	Civilian Salaries	Fiscal Year	Military Pay Base	Civilian Salaries	Purchase Price a/
Jul. 1, 1945	-	15.9%	1946	16.3	15.0	
Jul. 1, 1946	23.7%	14.2%	1947	20.4	16.3	
Jul. 1, 1948	-	11.0%	1948	20.4	16.7	34.9
Oct. 1, 1949	21.6%	-	1949	20.3	18.0	37.4
Oct. 28, 1949	-	4.1%	1950	23.1	18.8	35.6
Jul. 1, 1951	-	10.0%	1951	24.2	18.4	38.6
May 1, 1952	10.9%	-	1952	24.0	19.6	38.4
Mar. 1, 1955	-	7.5%	1953	25.6	20.3	37.6
Apr. 1, 1955	2.8%	-	1954	25.4	21.4	37.7
Jan. 1, 1958	-	10.0%	1955	26.0	22.8	39.3
Jun. 1, 1958	6.3%	-	1956	27.4	24.4	41.0
Jul. 1, 1960	-	7.7%	1957	26.9	25.5	43.3
Oct. 14, 1962	-	5.5%	1958	28.4	28.7	43.6
Oct. 1, 1963	8.4%	-	1959	30.5	30.7	43.9
Jan. 5, 1964	-	4.1%	1960	30.9	31.7	44.4
Jul. 1, 1964	-	4.2%	1961	31.2	34.1	44.6
Sep. 1, 1964	1.4%	-	1962	30.9	35.0	45.4
Sep. 1, 1965	6.4%	-	1963	31.2	36.3	46.4
Oct. 1, 1965	-	3.6%	1964	33.9	37.9	46.7
Jul. 1, 1966	2.8%	2.9%	1965	35.2	40.3	47.4
Oct. 1, 1967	4.5%	4.5%	1966	37.7	41.7	48.9
Jul. 1, 1968	4.9%	4.9%	1967	39.5	43.5	50.6
Jul. 1, 1969	9.1%	9.1%	1968	41.5	45.1	52.4
Jan. 1, 1970	6.0%	6.0%	1969	44.9	48.0	54.5
Jan. 1, 1971	6.0%	6.0%	1970	51.7	53.6	56.9
Nov. 14, 1971	13.1%	-	1971	56.2	58.3	59.8
Jan. 1, 1972	5.5%	5.5%	1972	65.6	63.1	62.3
Jan. 1, 1973	5.1%	5.1%	1973	74.5	66.8	65.0
Oct. 1, 1973	4.8%	4.8%	1974	79.4	72.8	71.1
Oct. 1, 1974	5.5%	5.5%	1975	84.3	78.8	81.1
Oct. 1, 1975	5.0%	5.0%	1976	88.9	84.9	87.1
Oct. 1, 1976	4.5%	4.8%	1977	93.6	93.0	93.5
Oct. 1, 1977	7.0%	7.0%	1978	100.0	100.0	100.0
Oct. 1, 1978	5.5%	5.5%	1979	105.6	106.0	106.2
Oct. 1, 1979	5.5%	5.5%	1980	111.5	111.5	112.6

a/ Non-compensation component of the deflator for federal purchases of goods and services. Source: FY 1950 - FY 1978 U.S. Department of Commerce. FY 1979 and FY 1980 estimated by DoD.

9-4 PAY RAISE ASSUMPTIONS, FY 1979-84

	<u>Civil Service General Schedule</u>	<u>Military Pay Base a/</u>
Oct 1, 1978 (in effect)	5.50%	5.64%
Oct 1, 1979	5.50%	5.56%
Oct 1, 1980	5.25%	5.57%
Oct 1, 1981	5.00%	5.15%
Oct 1, 1982	4.75%	4.77%
Oct 1, 1983	4.50%	4.52%

Wage Board
(Blue Collar Increases)

FY 1979	5.50%
FY 1980	3.40%
FY 1981	5.25%
FY 1982	5.00%
FY 1983	4.75%
FY 1984	4.50%

Military Retired Pay
Cost-of-living Increases

Mar 1, 1979	4.00%
Sep 1, 1979	3.90%
Mar 1, 1980	3.30%
Sep 1, 1980	3.10%
Mar 1, 1981	3.10%
Sep 1, 1981	2.60%
Mar 1, 1982	2.40%
Sep 1, 1982	2.10%
Mar 1, 1983	1.90%
Sep 1, 1983	1.50%
Mar 1, 1984	1.40%
Sep 1, 1984	1.30%

a/ This shows the increased costs to DoD associated with the military pay raises. The percentages differ slightly from civilian pay raises because of employer FICA contributions (not a factor in connection with civilian pay).

9-5 PAY RAISES AND PRICE INCREASES BY ELEMENT FY 1975-84, DoD
(Percentage increases, Fiscal Years)

	<u>1975- 1976</u>	<u>1976- 1977 a/</u>	<u>1977- 1978</u>	<u>1978- 1979</u>	<u>1979- 1980</u>	<u>1980- 1981</u>	<u>1981- 1982</u>	<u>1982- 1983</u>	<u>1983- 1984</u>
Military Pay Base	5.3	5.4	6.8	5.6	5.6	5.6	5.2	4.8	4.5
Other Military Personnel expenses	5.2	5.3	5.6	6.5	5.7	5.0	4.3	3.3	2.5
Total, Military Personnel	<u>5.3</u>	<u>5.4</u>	<u>6.7</u>	<u>5.8</u>	<u>5.6</u>	<u>5.5</u>	<u>5.0</u>	<u>4.6</u>	<u>4.3</u>
Classified Civil Service (GS)	5.2	6.6	7.0	5.5	5.5	5.3	5.0	4.8	4.5
Wage Board	11.5	13.3	8.0	6.5	4.2	4.5	5.1	4.9	4.6
Foreign National Direct Hire	14.5	30.6	15.8	15.1	12.0	10.0	8.0	8.0	8.0
Foreign National Indirect Hire	9.6	13.2	7.1	6.0	6.0	6.0	6.0	6.0	6.0
Total, Civilian Payroll	<u>7.7</u>	<u>9.6</u>	<u>7.5</u>	<u>6.0</u>	<u>5.2</u>	<u>5.1</u>	<u>5.2</u>	<u>4.9</u>	<u>4.7</u>
Military Retired Pay	11.0	5.9	7.5	8.7	7.9	6.4	5.5	4.5	3.5
Pay Composite	6.7	6.8	7.1	6.4	5.9	5.6	5.2	4.7	4.2
Industry Purchases									
Outlays	7.2	7.0	7.1	8.0	7.0	6.0	4.8	3.7	2.8
TOA	6.6	8.0	7.3	7.1	6.1	5.0	4.0	3.4	2.6
Composite Total									
Outlays	6.9	6.9	7.0	7.1	6.4	5.8	5.0	4.2	3.5
TOA	6.6	7.4	7.2	6.7	6.0	5.3	4.5	3.9	3.3
CPI	7.1	7.5	7.0	8.6	6.9	6.0	4.8	3.7	2.8
WPI	5.3	6.8	6.8	9.3	7.3	-	-	-	-
GNP Deflator	6.9	6.8	7.0	8.0	7.0	6.0	4.8	3.7	2.8

a/ 15 months

Table 9-5

9-6 LONG-RANGE INFLATION FORECASTS FEBRUARY 1975 AND JANUARY 1976, 1977, 1978, AND 1979

		<u>FY 1977 a/</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>
DoD TOA	Feb 1975	108.5	115.3	121.7	127.5				
	Jan 1976	107.2	114.3	120.2	126.0	131.6			
	Jan 1977	107.2	113.7	119.5	125.3	131.2	136.8		
	Jan 1978	107.2	114.6	121.4	128.7	135.6	142.6	149.4	
	Jan 1979	107.4	115.1	122.9	130.2	137.0	143.2	148.8	153.7
DoD Outlays	Feb 1975	109.2	116.2	122.9	129.0				
	Jan 1976	107.6	115.4	121.9	128.0	133.8			
	Jan 1977	107.1	114.0	120.2	126.1	132.1	138.1		
	Jan 1978	106.9	114.6	121.6	128.9	135.8	142.9	149.7	
	Jan 1979	106.9	114.4	122.5	130.3	137.9	144.7	150.8	156.0
GNP Deflator	Feb 1975	108.5	114.5	119.3	124.1				
	Jan 1976	107.6	114.3	120.3	125.5	130.6			
	Jan 1977	106.6	113.0	119.2	125.0	130.1	134.2		
	Jan 1978	106.6	112.9	120.0	127.0	133.7	140.2	146.2	
	Jan 1979	106.8	114.3	123.4	132.0	139.9	146.6	152.0	156.3
CPI	Feb 1975	108.7	114.7	119.7	124.4				
	Jan 1976	107.5	113.8	119.9	125.2	130.2			
	Jan 1977	106.4	112.2	117.9	123.5	128.5	132.5		
	Jan 1978	107.5	114.0	120.9	128.0	134.8	141.3	147.3	
	Jan 1979	107.5	115.0	124.9	133.5	141.5	148.3	153.8	158.1

Table 9-6

FY 1976 = 100

a/ The span from FY 1976 to FY 1977 is 15 months.

9-7 INFLATION BY SECTOR

	Total Increase			Average Increase Per Year		
	FY 1939-50	FY 1950-78	FY 1939-78	FY 1939-50	FY 1950-78	FY 1939-78
DoD (excluding retired pay):						
Compensation		334.1%			5.33%	
Purchases from industry		180.1			3.71	
Composite DoD	77.5%	284.3	582.1%	5.35%	4.88	5.02%
OMB Federal Budget ^{a/}	78.3	278.5	574.9	5.94	4.82	4.98
GNP Deflator:						
Federal Govt. NIA purchases	75.7	272.0	553.6	5.26	4.76	4.90
State & local govt. NIA purchases	89.4	312.7	681.7	5.98	5.15	5.38
GNP deflator, govt. pay/purchases	86.1	293.8	632.9	5.81	4.97	5.21
GNP deflator, ex. govt. pay/purchases	85.4	165.5	392.2	5.77	3.52	4.14
GNP deflator	83.2	183.9	420.1	5.66	3.76	4.29
GNP Deflator:						
Federal Govt. compensation	57.3	335.4	584.9	4.20	5.34	5.02
State & local govt. compensation	86.3	375.6	786.0	5.82	5.67	5.72
Total, govt. compensation	74.2	357.6	697.1	5.18	5.52	5.43
Private sector	86.4	168.9	401.2	5.82	3.56	4.19
GNP deflator	83.2	183.9	420.1	5.66	3.76	4.29
Consumer price index	68.9	169.7	355.5	4.88	3.58	3.94
Wholesale price index, total	93.2	161.9	406.0	6.17	3.47	4.22
WPI industrial commodities	76.8	174.7	385.7	5.32	3.64	4.11
Nonresidential structures	110.5	227.3	589.0	7.00	4.29	5.04

^{a/} OMB deflator begins in FY 1940; e.g., first column covers 10 years, not 11.

Table 9-7

9-8 PAST AND PROJECTED INFLATION RATES

	GNP Deflator (Percent)	Consumer Price Index (Percent)	DoD Industry Purchase Deflators		Composite DoD Deflators	
			TOA (Percent)	Outlays (Percent)	TOA (Percent)	Outlays (Percent)
FY 1975-76	7.0	7.2	6.6	7.2	6.6	6.9
FY 1976-77 (15 months)	6.8	7.5	8.1	7.0	7.4	6.9
FY 1977-78	7.0	7.0	7.3	7.1	7.2	7.0
FY 1978-79	8.0	8.6	7.1	8.0	6.7	7.1
FY 1979-80	7.0	6.9	6.1	7.0	6.0	6.4
Compound Annual Average	6.8	7.1	6.7	6.9	6.4	6.5
FY 1980-81	6.0	6.0	5.0	6.0	5.3	5.8
FY 1981-82	4.8	4.8	4.0	4.8	4.5	5.0
FY 1982-83	3.7	3.7	3.4	3.7	3.9	4.2
FY 1983-84	2.8	2.8	2.6	2.8	3.3	3.5
Compound Annual Average	4.3	4.3	3.8	4.3	4.2	4.6

Table 9-8

9-9 PAY RATES AND THE COST OF LIVING, FY 1948-78
(Percentage Changes)

	<u>FY 1948-53</u>	<u>FY 1953-58</u>	<u>FY 1958-63</u>	<u>FY 1963-68</u>	<u>FY 1968-73</u>	<u>FY 1973-78</u>	<u>Composite Increase FY 1948-78</u>
Military pay base	25.4	11.1	9.7	33.0	79.5	34.2	390.4
Other military personnel expense	<u>15.2</u>	<u>18.6</u>	<u>3.5</u>	<u>27.3</u>	<u>22.7</u>	<u>40.6</u>	<u>210.3</u>
Total, military personnel	20.5	13.7	8.8	34.0	66.8	35.0	349.7
General schedule	27.2	20.3	19.0	21.4	41.4	34.8	321.6
Wage boards	38.7	37.9	23.3	17.6	44.7	63.8	557.7
Foreign national direct hire	27.0	26.5	19.6	7.6	67.9	151.1	771.9
Foreign national indirect hire	<u>26.3</u>	<u>8.3</u>	<u>24.0</u>	<u>57.4</u>	<u>113.3</u>	<u>105.5</u>	<u>1,071.1</u>
Total, civilians	21.5	41.8	26.2	24.2	48.4	49.6	499.1
Composite, military & civilian	<u>22.3</u>	<u>22.8</u>	<u>15.4</u>	<u>29.8</u>	<u>59.1</u>	<u>40.4</u>	<u>402.7</u>
Consumer price index	14.6	7.2	6.2	12.0	25.9	49.0	174.2
Military retired pay	54.7	10.9	5.0	18.5	41.8	58.2	379.0

Table 9-9

9-10 PAY RATES AND THE COST OF LIVING, FY 1973-84
(Indices, FY 1973 = 100)

	<u>FY 1973</u>	<u>FY 1975</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>
Military pay base	100.0	113.2	125.7	134.3	141.8	149.7	158.1	166.2	174.1	182.0
Other military personnel expense	100.0	120.2	133.1	140.6	149.7	158.3	166.2	173.3	179.1	183.6
Total, military personnel	100.0	114.0	126.6	135.0	142.8	150.7	159.0	167.0	174.8	182.3
General schedule	100.0	112.3	126.0	134.8	142.3	150.2	158.1	165.9	173.9	181.7
Wage board	100.0	120.0	151.6	163.8	174.4	181.8	190.0	199.6	209.5	219.1
Foreign national direct hire	100.0	145.0	216.8	251.1	289.0	323.6	356.0	384.5	415.2	448.5
Foreign national indirect hire	100.0	154.7	191.9	205.5	217.8	230.9	244.8	259.6	275.1	291.7
Total, civilians	100.0	117.9	139.2	149.6	158.6	166.8	175.4	184.4	193.5	202.6
Composite, military & civilian	<u>100.0</u>	<u>115.5</u>	<u>131.2</u>	<u>140.4</u>	<u>148.7</u>	<u>156.8</u>	<u>165.2</u>	<u>173.6</u>	<u>181.8</u>	<u>189.8</u>
Consumer price index	100.0	121.0	139.4	149.1	161.9	173.1	183.5	192.3	199.4	205.0
Military retired pay	100.0	125.1	147.2	158.2	172.0	185.6	197.4	208.3	217.6	225.1

Table 9-10

9-11 INDICES
(FY 1972 = 100)

DEPARTMENT OF DEFENSE									PUBLIC SECTOR				ECONOMY-WIDE INDICES		
FY	Civilian Pay	Military Personnel			Retired Pay	Industry Purchases	DOD Composite	DOD Exclud. Retired Pay	OMB Federal Budget	Dept. of Commerce			GNP Deflator	Consumer Price Index	Wholesale Price Index
		Pay Base	Other	Composite						Federal	State & Local	Composite			
1945	23.5	25.1	40.4	27.3	21.6	37.7	32.2	32.3	30.6	33.7	26.0	32.6	38.4	43.4	46.9
1946	24.6	25.3	41.6	28.1	25.3	40.4	31.8	31.8	30.6	32.0	27.8	31.0	41.9	45.8	50.7
1947	27.4	31.6	44.9	33.8	33.0	47.0	34.7	34.7	36.3	33.5	31.2	32.3	47.9	51.1	60.2
1948	28.4	31.5	46.2	33.9	35.0	54.9	36.4	36.4	37.8	38.4	35.3	36.7	52.6	56.6	69.1
1949	30.8	31.4	46.6	33.2	35.2	58.7	38.2	38.3	41.5	42.6	38.9	40.7	54.3	58.6	70.2
1950	32.3	35.6	48.2	37.1	33.8	57.0	40.5	40.7	42.0	42.0	39.2	40.6	53.5	57.6	67.2
1951	32.5	37.5	53.4	38.1	54.5	62.2	44.8	44.7	44.2	44.9	42.0	43.6	57.0	61.1	76.2
1952	34.7	37.1	51.1	39.0	53.4	61.1	48.4	48.4	49.0	50.5	44.8	48.4	58.7	63.9	77.1
1953	36.3	39.6	52.5	41.1	54.2	61.7	50.3	50.3	50.4	51.8	46.1	49.8	59.7	64.8	75.4
1954	38.0	39.2	50.5	40.6	50.6	60.4	49.7	49.6	50.8	52.5	47.1	50.4	60.5	65.4	75.5
1955	39.7	40.1	52.7	41.7	53.7	63.2	50.5	50.5	51.0	52.4	48.6	50.8	61.4	65.1	75.2
1956	41.9	42.1	55.7	44.0	57.4	65.3	52.6	52.6	53.0	54.3	50.4	52.6	63.0	65.3	76.6
1957	43.3	41.5	57.4	43.5	59.6	70.0	55.2	55.1	55.8	57.0	53.2	55.2	65.4	67.2	79.3
1958	48.5	43.5	65.7	46.4	60.1	70.9	58.0	58.0	58.2	59.0	55.0	57.1	66.9	69.5	81.1
1959	51.3	46.6	67.8	49.2	64.3	71.9	60.5	60.5	59.8	60.9	56.3	58.7	68.1	70.4	81.5
1960	52.6	47.1	68.2	49.7	63.8	71.6	61.0	60.9	61.1	61.1	57.6	59.4	69.5	71.4	81.5
1961	56.5	47.5	68.9	50.4	63.6	72.7	62.6	62.6	62.2	62.2	59.2	60.7	70.3	72.3	81.5
1962	57.5	47.1	68.3	49.9	63.7	72.9	62.7	62.7	63.3	63.3	61.0	62.3	71.3	73.1	81.3
1963	59.6	47.5	67.9	50.3	63.1	73.0	63.5	63.5	65.2	65.1	62.8	64.0	72.5	73.9	81.4
1964	61.9	51.7	70.9	54.3	65.7	73.8	65.5	65.5	66.9	66.7	64.4	65.5	73.6	75.0	81.4
1965	65.2	53.7	73.8	56.4	66.8	74.9	66.6	66.6	68.3	68.2	66.0	67.0	74.9	76.0	82.0
1966	67.4	58.1	80.9	61.5	69.8	78.0	70.6	70.7	71.7	71.6	68.5	70.0	77.0	77.6	84.6
1967	70.2	60.8	85.4	64.8	72.4	81.2	74.3	74.4	74.6	74.0	72.6	73.2	79.4	80.0	86.0
1968	72.7	63.7	88.4	68.1	74.8	84.5	77.7	77.8	77.9	77.5	76.9	77.2	82.3	82.7	87.0
1969	77.2	68.7	89.9	72.5	78.8	87.5	81.1	81.1	82.7	81.0	81.7	81.2	86.2	86.7	89.7
1970	86.0	79.1	93.4	81.5	84.8	91.4	87.1	87.2	89.0	86.9	87.4	87.2	90.9	91.8	93.5
1971	92.9	85.7	97.0	87.5	93.8	96.0	92.6	92.6	94.8	93.3	94.4	93.9	95.6	96.5	96.4
1972	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1973	105.8	112.4	105.9	111.6	106.1	104.0	106.8	106.8	106.0	106.7	106.6	106.7	104.4	104.1	107.9
1974	114.6	120.1	114.9	119.5	116.3	113.8	115.8	115.7	116.3	114.8	115.3	115.1	112.5	113.4	125.2
1975	123.7	128.0	121.7	127.1	132.7	130.0	128.1	127.8	128.7	127.7	128.4	128.1	124.6	125.9	146.5
1976	133.0	134.6	128.7	133.8	147.4	139.4	137.0	136.2	137.4	136.6	137.9	137.5	133.3	134.9	154.2
1977	137.4	136.3	135.8	136.2	149.8	144.1	140.8	140.0	141.8	140.1	142.7	141.9	137.1	139.5	158.6
1977	145.2	142.2	135.4	141.4	156.1	148.9	146.6	145.8	147.7	146.4	150.1	148.8	142.3	145.0	164.7
1978	156.6	152.1	143.1	151.0	167.8	159.5	157.2	156.3	159.1	156.6	161.8	160.0	151.9	155.1	176.0
1979	165.7	161.2	150.8	160.1	182.5	172.3	168.6	167.3	173.7	168.9	175.3	173.1	164.1	168.5	192.3
1980	174.3	170.6	156.3	168.8	196.9	183.9	179.3	177.6	185.7	182.1	188.3	186.2	176.1	180.1	206.4

Table 9-11

9-12 INDICES
(FY 1980 = 100)

DEPARTMENT OF DEFENSE									PUBLIC SECTOR				ECONOMY-WIDE INDICES		
	Civilian Pay	Military Personnel			Retired Pay	Industry Purchases	DOD Composite	DOD Exclud. Retired Pay	OMB Federal Budget	Dept. of Commerce			GNP Deflator	Consumer Price Index	Wholesale Price Index
		Pay Base	Other	Composite						Federal	State & Local	Composite			
1945	12.7	14.4	25.0	15.8	11.0	20.8	18.1	18.1	16.5	18.5	13.8	17.5	21.8	24.1	22.8
1946	13.4	14.6	25.7	16.4	12.8	22.0	17.9	17.9	16.5	17.6	14.8	16.6	23.8	25.4	24.6
1947	14.7	18.3	27.4	19.8	16.8	24.6	19.2	19.3	19.5	18.4	16.6	17.3	27.2	28.3	29.2
1948	15.0	18.3	28.6	19.9	17.8	28.6	20.1	20.2	20.4	21.1	18.7	19.7	29.9	31.4	33.5
1949	16.1	18.2	29.0	19.4	17.9	31.0	21.1	21.1	22.3	23.3	20.7	21.9	30.8	32.5	34.0
1950	16.8	20.7	30.3	21.8	17.2	30.6	22.4	22.6	22.6	23.1	20.8	21.8	30.4	32.0	32.6
1951	16.5	21.7	32.8	22.1	27.7	33.4	24.5	24.5	23.8	24.7	22.3	23.4	32.4	33.9	36.9
1952	17.6	21.5	32.7	22.9	27.1	33.5	26.8	26.8	26.4	27.7	23.8	26.0	33.3	35.5	37.4
1953	18.2	22.9	33.0	24.0	27.5	34.3	27.8	27.8	27.1	28.4	24.5	26.7	33.9	36.0	36.5
1954	19.2	22.8	32.3	23.9	25.7	33.4	27.6	27.6	27.4	28.8	25.0	27.1	34.4	36.3	36.6
1955	20.5	23.3	33.3	24.5	27.3	34.9	28.1	28.1	27.5	28.8	25.8	27.3	34.9	36.2	36.5
1956	21.9	24.6	34.7	25.9	29.1	35.7	29.3	29.3	28.5	29.8	26.8	28.2	35.8	36.3	37.1
1957	22.9	24.1	35.3	25.4	30.3	38.4	30.7	30.7	30.0	31.3	28.3	29.7	37.1	37.3	38.4
1958	25.8	25.5	39.1	27.3	30.5	39.0	32.4	32.4	31.3	32.4	29.2	30.7	38.0	38.6	39.3
1959	27.5	27.3	40.5	28.9	32.7	39.3	33.7	33.7	32.2	33.4	29.9	31.6	38.7	39.1	39.5
1960	28.4	27.7	40.6	29.3	32.4	39.0	34.0	34.0	32.9	33.6	30.6	31.9	39.5	39.7	39.5
1961	30.6	27.9	40.8	29.7	32.3	39.7	34.9	34.9	33.5	34.2	31.4	32.6	39.9	40.1	39.5
1962	31.4	27.7	41.0	29.5	32.3	39.9	35.1	35.2	34.1	34.8	32.4	33.5	40.5	40.6	39.4
1963	32.5	28.0	40.5	29.7	32.1	39.7	35.4	35.5	35.1	35.7	33.4	34.4	41.2	41.0	39.5
1964	34.0	30.4	41.8	32.0	33.4	40.4	36.6	36.7	36.0	36.6	34.2	35.2	41.8	41.6	39.5
1965	36.1	31.6	43.3	33.2	33.9	40.6	37.2	37.3	36.8	37.5	35.1	36.0	42.5	42.2	39.7
1966	37.4	33.8	45.3	35.5	35.5	42.6	39.3	39.5	38.6	39.3	36.4	37.6	43.7	43.1	41.0
1967	39.0	35.5	48.6	37.6	36.8	44.8	41.6	41.7	40.2	40.6	38.6	39.3	45.1	44.4	41.7
1968	40.4	37.2	51.5	39.8	38.0	47.0	43.7	43.9	41.9	42.6	40.8	41.5	46.7	45.9	42.2
1969	43.0	40.2	52.5	42.4	40.1	48.0	45.3	45.5	44.5	44.4	43.4	43.6	48.9	48.1	43.5
1970	48.1	46.4	55.1	47.8	43.1	50.1	48.8	49.0	47.9	47.7	46.4	46.8	51.6	51.0	45.3
1971	52.2	50.4	57.8	51.5	47.6	52.5	51.9	52.2	51.0	51.2	50.1	50.4	54.3	53.6	46.7
1972	56.6	58.9	60.0	59.0	50.8	54.6	56.0	56.3	53.9	54.9	53.1	53.7	56.8	55.6	48.5
1973	59.9	66.8	63.2	66.3	53.9	56.5	59.8	60.2	57.1	58.6	56.6	57.3	59.3	57.8	52.3
1974	65.3	71.2	67.7	70.8	59.1	61.9	64.8	65.3	62.6	63.0	61.2	61.8	63.9	62.9	60.7
1975	70.7	75.6	76.0	75.7	67.4	70.5	71.7	72.1	69.3	70.1	68.2	68.8	70.8	69.9	71.0
1976	76.1	79.6	79.9	79.6	74.9	75.5	76.7	76.9	74.0	75.0	73.2	73.9	75.7	74.9	74.7
1977	78.7	80.5	81.3	80.6	76.1	77.7	78.6	78.8	76.4	76.9	75.8	76.2	77.9	77.5	76.9
1977	83.4	83.9	84.1	84.0	79.3	80.9	82.0	82.3	79.5	80.4	79.7	79.9	80.8	80.5	79.8
1978	89.7	89.7	88.8	89.6	85.3	86.6	87.8	88.0	85.7	86.0	85.9	85.9	86.3	86.1	85.3
1979	95.1	94.7	94.6	94.7	92.7	93.5	94.0	94.1	93.5	92.7	93.1	93.0	93.2	93.5	93.2
1980	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 9-12
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9-13 CIVILIAN PAY

CURRENT \$ (THOUSANDS)

FY	GS	WAGE BOARD	TOTAL U.S.	FOREIGN NATIONALS	TOTAL DIR HIRE	INDIRECT HIRE FN	TOTAL CIV PAY
1945	2,536,444	2,990,416	5,526,860	43,140	5,570,000	231,083	5,801,083
1946	2,000,155	2,603,004	4,603,159	22,841	4,626,000	122,288	4,748,288
1947	1,303,538	1,593,973	2,897,511	26,489	2,924,000	141,806	3,065,806
1948	995,957	1,276,807	2,272,764	31,378	2,304,142	167,874	2,472,016
1949	1,105,017	1,372,008	2,477,025	37,058	2,514,083	198,132	2,712,215
1950	1,108,768	1,206,569	2,315,337	42,663	2,358,000	228,163	2,586,163
1951	1,134,793	1,644,926	2,779,719	69,690	2,849,409	372,807	3,222,216
1952	1,711,123	2,431,129	4,142,252	100,532	4,242,784	537,698	4,780,482
1953	1,888,239	2,758,388	4,646,627	136,974	4,783,601	732,389	5,515,990
1954	1,859,142	2,641,691	4,500,833	121,377	4,622,210	649,113	5,271,323
1955	2,070,294	2,548,191	4,618,485	100,235	4,718,720	535,942	5,254,662
1956	2,311,037	2,630,679	4,941,716	97,024	5,038,740	462,779	5,501,519
1957	2,440,774	2,745,583	5,186,357	94,462	5,280,819	420,616	5,701,435
1958	2,680,336	2,863,825	5,544,161	93,918	5,638,079	365,139	6,003,218
CY58	2,867,637	2,936,775	5,804,412	92,151	5,896,563	329,764	6,226,327
1959	2,921,488	3,020,202	5,941,690	90,398	6,032,088	295,367	6,327,455
1960	2,893,789	2,987,756	5,881,545	86,930	5,968,475	272,021	6,240,496
1961	3,217,567	3,022,037	6,239,604	97,600	6,337,204	279,200	6,616,404
1962	3,517,829	3,114,005	6,631,834	103,400	6,735,234	299,000	7,034,234
1963	3,681,825	3,189,354	6,871,179	110,200	6,981,379	313,400	7,294,779
1964	3,954,088	3,123,314	7,077,402	111,900	7,189,302	312,600	7,501,902
1965	4,294,071	3,131,274	7,425,345	107,300	7,532,645	300,100	7,832,745
1966	4,733,692	3,326,267	8,059,959	127,100	8,187,059	312,900	8,499,959
1967	5,327,505	3,801,427	9,128,932	181,250	9,310,182	343,850	9,654,032
CY67	5,652,946	3,869,939	9,522,885	202,442	9,725,327	348,573	10,073,900
1968	6,046,547	3,959,237	10,005,784	219,300	10,225,084	353,100	10,578,184
1969	6,598,426	4,085,610	10,684,036	280,049	10,964,085	336,970	11,301,055
1970	7,322,460	4,218,766	11,541,226	293,738	11,834,964	368,588	12,203,552
1971	7,563,332	4,236,158	11,799,490	297,534	12,097,024	406,956	12,503,980
1972	8,125,799	4,341,701	12,467,500	251,856	12,719,356	502,373	13,221,729
CY72	8,188,505	4,463,055	12,651,560	215,728	12,867,288	570,498	13,437,786
1973	8,243,279	4,508,037	12,751,316	179,776	12,931,092	642,648	13,573,740
1974	8,564,289	4,635,296	13,199,585	167,923	13,367,508	769,487	14,136,995
1975	9,157,047	5,161,056	14,318,103	181,024	14,499,127	834,404	15,333,531
1976	9,713,310	5,612,971	15,326,281	200,741	15,527,022	890,691	16,417,713
FY76	2,447,932	1,422,909	3,870,841	51,099	3,921,940	237,886	4,159,826
1977	10,364,135	5,995,442	16,359,577	232,510	16,592,087	957,228	17,549,315
1978	11,063,068	6,283,002	17,346,070	255,877	17,601,947	1,251,639	18,853,586
1979	11,707,083	6,494,617	18,201,700	291,389	18,493,089	1,289,567	19,782,656
1980	12,350,910	6,768,600	19,119,510	325,300	19,444,810	1,368,900	20,813,710
1981	12,977,300	7,065,200	20,042,500	356,800	20,399,300	1,448,900	21,848,200
1982	13,605,400	7,413,900	21,020,300	384,500	21,404,800	1,535,900	22,940,700
1983	14,234,600	7,762,800	21,997,400	414,500	22,411,900	1,628,000	24,039,900
1984	14,857,900	8,109,600	22,967,500	446,900	23,414,400	1,725,700	25,140,100

Table 9-13

BASE YEAR IS 1972

9-13 CIVILIAN PAY (Cont'd)

FY	CONSTANT \$ (THOUSANDS)							DEFLATORS						
	GS	WAGE BOARD	TOTAL U.S.	FOREIGN NATIONALS	TOTAL DIR HIRE	INDIRECT HIRE FN	TOTAL CIV PAY	GS	W.B.	TOTAL U.S.	D.H. F.N.	TOTAL D.H.	IND FN	TOTAL CIV
1945	8,593,309	14,606,348	23,199,657	179,242	23,378,899	1,344,812	24,723,711	29.5	20.5	23.8	24.1	23.8	17.2	23.5
1946	6,776,396	11,724,768	18,501,164	90,373	18,591,537	676,990	19,268,527	29.5	22.2	24.9	25.3	24.9	18.1	24.6
1947	3,858,065	6,504,897	10,363,962	99,008	10,462,970	742,564	11,205,534	33.8	24.5	28.0	28.3	27.9	19.1	27.4
1948	2,948,485	4,843,803	7,792,288	109,016	7,901,304	816,861	8,718,165	33.8	26.4	29.2	28.6	29.2	20.6	28.4
1949	2,949,213	4,786,720	7,735,933	125,406	7,861,339	941,307	8,802,646	37.5	28.7	32.0	29.6	32.0	21.0	30.8
1950	2,880,965	3,953,605	6,834,570	136,761	6,971,331	1,024,384	7,995,715	38.5	30.5	33.9	31.2	33.8	22.3	32.3
1951	2,910,106	5,204,490	8,114,596	211,857	8,326,453	1,586,555	9,913,008	38.0	31.6	34.3	32.9	34.2	23.5	32.6
1952	3,930,930	7,293,394	11,224,324	291,063	11,515,387	2,161,685	13,677,072	42.9	33.3	36.7	34.5	36.7	24.6	34.7
1953	4,404,025	7,577,073	11,981,098	376,266	12,357,364	2,822,613	15,179,977	42.9	36.4	36.8	36.4	38.7	25.9	36.3
1954	4,336,161	6,768,794	11,104,955	327,018	11,431,973	2,451,055	13,883,028	42.9	39.0	40.5	37.1	40.4	26.5	38.0
1955	4,703,039	6,321,941	11,024,974	260,811	11,285,785	1,953,103	13,238,888	44.0	40.3	41.9	38.4	41.8	27.4	39.7
1956	4,997,183	6,277,481	11,274,664	220,114	11,494,778	1,649,718	13,144,496	46.2	41.9	42.8	44.1	43.8	28.1	41.9
1957	5,277,714	6,174,595	11,452,309	211,409	11,663,718	1,501,460	13,165,178	46.2	44.5	45.3	44.7	45.3	28.0	43.3
1958	5,139,029	5,687,621	10,826,650	202,729	11,029,379	1,301,651	12,331,030	51.7	50.4	51.0	46.3	50.9	28.1	48.5
1959	5,297,206	5,673,897	10,971,103	200,099	11,171,202	1,195,109	12,366,311	54.1	51.8	52.9	46.1	52.8	27.6	50.3
1960	5,396,661	5,660,165	11,056,826	197,468	11,254,294	1,082,565	12,336,859	54.1	53.4	53.7	45.8	53.6	27.1	51.3
1961	5,345,515	5,343,093	10,688,608	191,961	10,880,569	984,474	11,865,043	54.1	55.9	55.0	45.3	54.9	27.6	52.6
1962	5,444,560	5,145,364	10,589,924	193,083	10,783,027	935,321	11,718,348	59.1	58.7	58.9	50.5	58.8	29.9	56.5
1963	5,952,666	5,161,388	11,114,054	194,836	11,308,890	917,004	12,225,894	59.1	60.3	59.7	53.1	59.6	32.6	57.5
1964	5,997,747	5,139,138	11,136,885	199,409	11,336,294	899,905	12,236,199	61.4	62.1	61.7	55.3	61.6	34.8	59.6
1965	6,215,829	4,881,742	11,097,571	204,105	11,301,676	816,824	12,118,500	63.6	64.0	63.8	54.8	63.6	38.3	61.9
1966	6,350,213	4,756,252	11,106,465	171,830	11,278,295	727,422	12,005,717	67.6	65.8	66.9	62.4	66.6	41.3	65.2
1967	6,814,441	4,909,308	11,723,749	194,000	11,917,749	695,836	12,613,585	69.5	67.8	68.7	65.5	68.7	45.0	67.4
1968	7,391,736	5,426,145	12,817,881	266,612	13,084,493	669,009	13,753,502	72.1	70.1	71.2	68.0	71.2	51.4	70.2
1969	7,754,299	5,424,854	13,179,153	318,322	13,497,475	656,212	14,153,687	72.9	71.3	72.3	63.6	72.1	53.1	71.2
1970	8,117,140	5,423,568	13,540,708	370,030	13,910,738	643,411	14,554,149	74.5	73.0	73.9	59.3	73.5	54.9	72.7
1971	8,351,635	5,290,644	13,642,279	391,124	14,033,403	604,741	14,638,144	79.0	77.2	78.3	71.6	78.1	55.7	77.2
1972	8,227,955	5,037,381	13,265,336	366,720	13,632,056	561,259	14,193,315	89.0	83.7	87.0	80.1	86.8	68.7	86.0
1973	7,995,665	4,646,998	12,642,664	296,844	12,940,508	519,227	13,460,135	94.6	91.2	93.3	99.6	93.5	78.4	92.9
1974	8,125,799	4,341,701	12,467,500	251,856	12,719,356	502,373	13,221,729	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1975	7,975,418	4,306,023	12,281,441	215,964	12,497,405	526,361	13,023,766	102.7	103.6	103.0	99.9	103.0	108.4	103.2
1976	7,825,143	4,270,341	12,095,484	180,072	12,275,556	550,390	12,825,946	105.3	105.6	105.4	99.8	105.3	116.3	105.6
1977	7,645,123	4,051,995	11,697,118	129,618	11,826,737	506,977	12,333,714	112.0	114.4	112.8	129.6	113.0	151.8	114.6
1978	7,730,871	4,074,105	11,804,976	125,118	11,930,094	461,732	12,391,826	118.4	126.7	121.3	144.7	121.8	180.7	123.7
1979	7,796,426	3,975,113	11,771,542	121,162	11,892,704	449,821	12,342,525	124.6	141.2	130.2	155.7	130.5	198.0	133.0
1980	7,940,570	3,939,986	11,880,556	27,706	11,908,262	119,146	12,027,410	126.1	151.4	134.4	184.4	134.9	199.7	137.4
1981	7,802,885	3,745,359	11,548,244	107,475	11,655,719	427,124	12,082,843	132.6	160.1	141.7	216.3	142.4	224.1	145.2
1982	7,781,270	3,634,467	11,415,737	102,059	11,517,796	521,450	12,039,246	142.2	172.9	151.9	250.7	152.6	240.0	156.6
1983	7,801,414	3,528,358	11,329,772	101,063	11,430,835	506,865	11,937,700	150.1	184.1	160.7	286.3	161.8	254.4	165.7
1984	7,803,711	3,527,616	11,331,327	100,738	11,432,065	506,841	11,938,906	158.3	191.9	168.7	322.9	170.1	269.7	174.3
1985	7,789,351	3,523,589	11,312,940	100,448	11,413,382	506,824	11,920,206	166.6	200.5	177.2	355.2	178.7	285.9	183.3
1986	7,777,912	3,517,888	11,295,800	100,232	11,396,032	506,859	11,902,891	174.9	210.7	186.1	383.6	187.8	303.0	192.7
1987	7,767,023	3,512,813	11,279,836	100,046	11,379,882	506,847	11,886,729	183.3	221.0	195.0	414.3	196.9	321.2	202.2
1988	7,759,675	3,508,250	11,267,925	99,670	11,367,595	506,829	11,874,424	191.5	231.2	203.8	447.5	206.0	340.3	211.7

Table 9-13 (Cont'd)

BASE YEAR IS 1980

9-14 CIVILIAN PAY

CONSTANT \$ (THOUSANDS)

DEFLATORS

FY	GS	WAGE BOARD	TOTAL U.S.	FOREIGN NATIONALS	TOTAL DIR HIRE	INDIRECT HIRE FN	TOTAL CIV PAY	GS	W.B.	TOTAL U.S.	D.H. F.N.	TOTAL D.H.	IND FN	TOTAL CIV
1945	13,600,601	28,025,866	41,626,467	578,804	42,205,271	3,626,823	45,832,094	18.6	10.7	13.3	7.5	13.2	6.4	12.7
1946	10,724,979	22,496,902	33,221,881	291,830	33,513,711	1,825,766	35,339,477	18.6	11.6	13.9	7.8	13.8	6.7	13.4
1947	6,107,739	12,481,289	18,589,028	319,714	18,908,742	2,002,627	20,911,369	21.3	12.8	15.6	8.3	15.5	7.1	14.7
1948	4,666,565	9,294,048	13,960,613	352,031	14,312,644	2,202,984	16,515,628	21.3	13.7	16.3	8.9	16.1	7.6	15.0
1949	4,667,718	9,184,499	13,852,217	404,956	14,257,173	2,538,624	16,795,797	23.7	14.9	17.9	9.2	17.6	7.8	16.1
1950	4,559,698	7,585,956	12,145,654	441,627	12,587,281	2,762,665	15,349,946	24.3	15.9	19.1	9.7	18.7	8.3	16.8
1951	4,605,809	9,986,074	14,591,883	684,120	15,276,003	4,278,794	19,554,797	24.6	16.5	19.0	10.2	18.7	8.7	16.5
1952	6,316,438	13,994,123	20,310,561	939,893	21,250,454	5,883,812	27,134,266	27.1	17.4	20.4	10.7	20.0	9.1	17.8
1953	6,970,244	14,538,492	21,508,736	1,215,030	22,723,766	7,612,321	30,336,087	27.1	19.0	21.6	11.3	21.1	9.6	18.2
1954	6,862,835	12,987,601	19,850,436	1,055,993	20,906,429	6,610,247	27,516,676	27.1	20.3	22.7	11.5	22.1	9.8	19.2
1955	7,443,486	12,130,199	19,573,685	842,204	20,415,889	5,267,502	25,683,391	27.8	21.0	23.6	11.9	23.1	10.2	20.5
1956	7,909,012	12,044,903	19,953,915	710,782	20,664,697	4,449,114	25,113,811	29.2	21.8	24.8	13.7	24.4	10.4	21.9
1957	8,353,008	11,847,483	20,200,491	682,676	20,883,167	4,049,290	24,932,457	29.2	23.2	25.7	13.8	25.3	10.4	22.9
1958	8,212,644	10,913,094	19,125,738	654,649	19,780,387	3,510,412	23,290,799	32.6	26.2	29.0	14.3	28.5	10.4	25.8
CY58	8,383,874	10,886,743	19,270,617	646,152	19,916,769	3,223,080	23,139,859	34.2	27.0	30.1	14.3	29.6	10.2	26.9
1959	8,541,314	10,860,403	19,401,717	637,656	20,039,373	2,935,762	22,975,135	34.2	27.8	30.6	14.2	30.1	10.1	27.5
1960	8,460,332	10,252,054	18,712,386	619,874	19,332,260	2,655,029	21,987,289	34.2	29.1	31.4	14.0	30.9	10.2	28.4
1961	8,617,129	9,872,647	18,489,776	623,494	19,113,270	2,522,474	21,635,744	37.3	30.6	33.7	15.7	33.2	11.1	30.6
1962	9,421,276	9,903,399	19,324,675	629,160	19,953,835	2,473,057	22,426,892	37.3	31.4	34.3	16.4	33.8	12.1	31.4
1963	9,492,616	9,860,698	19,353,314	643,924	19,997,238	2,426,955	22,424,193	38.8	32.3	35.5	17.1	34.9	12.9	32.5
1964	9,837,777	9,366,832	19,204,609	659,092	19,863,701	2,202,898	22,066,599	40.2	33.3	36.9	17.0	36.2	14.2	34.0
1965	10,050,464	9,126,046	19,176,510	554,868	19,731,378	1,961,784	21,693,162	42.7	34.3	38.7	19.3	38.2	15.3	36.1
1966	10,785,182	9,419,704	20,204,886	626,460	20,831,346	1,876,597	22,707,943	43.9	35.3	39.9	20.3	39.3	16.7	37.4
1967	11,698,877	10,411,389	22,110,266	860,938	22,971,204	1,804,248	24,775,452	45.5	36.5	41.3	21.1	40.5	19.1	39.0
CY67	12,272,712	10,408,910	22,681,622	1,027,916	23,709,538	1,769,738	25,479,276	46.1	37.2	42.0	19.7	41.0	19.7	39.5
1968	12,846,981	10,406,447	23,253,428	1,194,893	24,448,321	1,735,212	26,183,533	47.1	38.0	43.0	18.4	41.6	20.3	40.4
1969	13,218,107	10,151,416	23,369,523	1,263,006	24,632,529	1,630,924	26,263,453	49.9	40.2	45.7	22.2	44.5	20.7	43.0
1970	13,022,360	9,665,450	22,687,810	1,184,198	23,872,008	1,513,659	25,385,667	56.2	43.6	50.9	24.8	49.6	24.4	48.1
1971	12,654,717	8,915,262	21,569,979	965,019	22,534,998	1,400,303	23,935,301	59.8	47.5	54.7	30.8	53.7	29.1	52.2
1972	12,860,675	8,330,617	21,191,292	813,286	22,004,578	1,354,850	23,359,428	63.2	52.1	58.8	31.0	57.8	37.1	56.6
CY72	12,622,673	8,262,163	20,884,836	697,386	21,582,222	1,419,598	23,001,820	64.9	54.0	60.6	30.9	59.6	40.2	58.4
1973	12,384,827	8,193,705	20,578,532	581,483	21,160,015	1,484,347	22,644,362	66.6	55.0	62.0	30.9	61.1	43.3	59.9
1974	12,099,923	7,774,746	19,874,669	418,564	20,293,233	1,367,265	21,660,498	70.8	59.6	66.4	40.1	65.9	56.3	65.3
1975	12,235,629	7,817,176	20,052,805	404,028	20,456,833	1,245,245	21,702,078	74.8	66.0	71.4	44.8	70.9	67.0	70.7
1976	12,342,559	7,627,231	19,969,790	391,252	20,361,042	1,213,123	21,574,165	78.7	73.6	76.7	51.3	76.3	73.4	76.1
TY76	3,071,333	1,803,593	4,874,926	89,468	4,964,394	321,331	5,285,725	79.7	78.9	79.4	57.1	79.0	74.0	78.7
1977	12,349,606	7,186,384	19,535,990	347,056	19,883,046	1,151,910	21,034,956	83.9	83.4	83.7	67.0	83.4	83.1	83.4
1978	12,315,396	6,973,621	19,289,017	329,568	19,618,585	1,406,298	21,024,883	89.8	90.1	89.9	77.6	89.7	89.0	89.7
1979	12,347,277	6,770,021	19,117,298	326,351	19,443,649	1,366,965	20,810,614	94.8	95.9	95.2	89.3	95.1	94.3	95.1
1980	12,350,910	6,768,600	19,119,510	325,300	19,444,810	1,366,900	20,811,710	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981	12,328,184	6,760,860	19,089,044	324,363	19,413,407	1,366,853	20,780,260	105.3	104.5	105.0	110.0	105.1	106.0	105.1
1982	12,310,086	6,749,936	19,060,022	323,667	19,383,689	1,366,947	20,750,636	110.5	109.8	110.3	118.8	110.4	112.4	110.6
1983	12,292,847	6,740,197	19,033,044	323,065	19,356,109	1,366,915	20,723,024	115.8	115.2	115.6	128.3	115.8	119.1	116.0
1984	12,281,215	6,731,439	19,012,654	322,499	19,335,153	1,366,866	20,702,019	121.0	120.8	120.8	138.6	121.1	126.3	121.4

Table 9-14

9-15 MILITARY PERSONNEL INFLATORS - FY 1979-80
(\$ in Millions)

	FY 1979 Program			FY 80 in
	Current Prices	Inflators	In FY 80 Prices	FY 80 in FY 80 Prices
BAQ	\$ 2,217	105.5	\$ 2,340	\$ 2,299
Other pay base, excl. FICA	<u>19,994</u>	<u>105.5</u>	<u>21,093</u>	<u>20,831</u>
Subtotal	22,211	105.5	23,433	23,130
FICA (social security)	<u>1,079</u>	<u>106.8</u>	<u>1,152</u>	<u>1,150</u>
Total pay base, active	23,290	105.6	24,585	24,280
Reserve and guard pay base	<u>1,913</u>	<u>105.6</u>	<u>2,020</u>	<u>2,019</u>
Total pay base	25,203	105.6	26,605	26,299
PCS	1,475	106.9	1,577	1,698
Subsistence in kind	624	106.9	667	715
Enlisted clothing	257	107.0	275	295
Overseas station allowance	301	107.0	322	350
Other cost-related	<u>4</u>	<u>100.0</u>	<u>4</u>	<u>3</u>
Total, cost-related	2,661	106.9	2,845	3,061
Statutory	<u>578</u>	<u>100.0</u>	<u>578</u>	<u>656</u>
Total, other military personnel, active	3,239	105.7	3,423	3,717
Other military personnel, guard and reserve	<u>241</u>	<u>105.8</u>	<u>255</u>	<u>312</u>
Total, other military personnel expense	3,480	105.7	3,678	4,029
Total, military personnel TOA	\$28,683	105.6	\$30,283	\$30,328

9-16 DOD INFLATION, FY 1979-80
(\$ in Millions)

	FY 1979 Program			FY 80 in
	In FY 79 Prices	Pay/ Price	In FY 80 Prices	FY 80 Prices
<u>Outlays</u>				
Military pay base	\$ 25,203	5.56%	\$ 26,605	\$ 26,299
Statutory items	578	-	578	656
Other military personnel expense	2,439	7.05	2,611	2,882
Total, military personnel	28,220	5.58	29,794	29,837
Civil Service payroll	19,783	5.20	20,811	20,812
Retired pay	10,281	7.86	11,089	11,449
Total, pay	58,284	5.85	61,694	62,098
Purchases from industry:				
Operation and maintenance	18,978	6.90	20,288	21,581
Procurement	21,846	7.09	23,395	25,121
RDT&E	9,982	7.00	10,681	11,251
Military construction	1,644	7.00	1,759	1,731
Family housing construction	97	7.22	104	98
Other family housing	1,072	6.90	1,146	1,116
All other	- 3	-	- 3	-295
Total, purchases from industry	53,616	7.00	57,369	60,602
Total outlays, DoD	111,900	6.40	119,063	122,700
<u>TOA</u>				
Military pay base	\$ 25,203	5.56%	\$ 26,605	\$ 26,299
Statutory items	578	-	578	656
Other military personnel expense	2,902	6.82	3,100	3,373
Total, military personnel	28,683	5.58	20,283	30,328
Civil Service payroll	19,783	5.20	20,811	20,812
Retired pay	10,319	7.86	11,130	11,466
Total pay	58,785	5.85	62,224	62,606
Purchases from industry:				
Operation and maintenance	21,158	6.53	22,540	23,084
Procurement	30,870	5.52	32,575	34,763
RDT&E	11,030	6.47	11,744	11,773
Military construction	2,397	7.01	2,565	1,946
Family housing construction	135	6.67	144	4
Other family housing	1,250	6.64	1,333	1,318
All other	115	6.96	123	7
Total, purchases from industry	66,955	6.08	71,024	72,894
Total TOA, DoD	125,740	5.97	133,248	135,500

9-17 COMPOSITE INFLATION RATES BY APPROPRIATION CATEGORY, DOD

	<u>FY 75-76</u>	<u>FY 76-77 (15 Months)</u>	<u>FY 77-78</u>	<u>FY 78-79</u>	<u>FY 79-80</u>
<u>Outlays</u>					
Military personnel	5.27	5.41	6.67	5.76	5.58
Retired pay	11.04	5.92	7.51	8.74	7.86
Operation & maintenance	7.28	8.64	7.25	7.09	6.10
Procurement	8.09	7.65	7.06	7.79	7.04
RDT&E	6.82	6.21	6.87	7.67	6.73
Military construction	1.86	3.89	7.97	7.63	6.80
Family housing	5.50	6.75	7.22	7.69	6.58
Special foreign currency	6.58	7.47	6.82	8.10	6.89
Revolving & mgmt. funds	6.59	7.47	6.80	8.10	6.90
Ded. for offsetting receipts	6.59	7.47	6.80	8.10	6.90
Trust funds	6.59	7.47	6.80	8.09	6.90
Intragovt. receipts	<u>6.60</u>	<u>7.46</u>	<u>6.80</u>	<u>8.10</u>	<u>6.90</u>
Composite	6.94	6.88	7.04	7.08	6.40
<u>TOA</u>					
Military personnel	5.16	5.41	6.67	5.76	5.58
Retired pay	11.04	5.92	7.51	8.74	7.86
Operation & maintenance	7.22	8.69	7.44	6.89	5.94
Procurement	6.79	8.57	7.30	6.66	5.52
RDT&E	6.37	6.94	7.18	7.26	6.30
Military construction	5.32	8.79	7.45	6.89	6.85
Family housing	6.72	8.18	7.16	7.39	6.42
Special foreign currency	6.82	8.91	6.28	5.16	3.95
Revolving & mgmt. funds	-	<u>7.47</u>	<u>6.80</u>	<u>8.10</u>	<u>6.90</u>
Composite	6.63	7.38	7.19	6.74	5.97

10. PROGRAM CHANGESTotal and baseline changes

In assessing National Defense program trends, it is necessary to make several adjustments to the budget authority totals as presented in the budget, or as addressed in the budget resolution.

The first set of adjustments is illustrated in Table 10-1. As shown, the National Defense BA totals include trust fund and receipt items -- the largest of these is sales from the stockpile.

The bottom part of Table 10-1 shows a second important adjustment -- the bridge from appropriated BA to TOA for DoD. As shown, the DoD program is financed primarily by BA, but prior balances and shelf sales are also a factor. These vary significantly. TOA is the relevant quantity for appraising the DoD program.

Another set of adjustments is necessary to allow for certain items which do not contribute directly to current and projected U. S. military capability. These adjustments are illustrated at the top of Table 10-2. The FY 1980 request includes \$300 million (the FY 1979 total includes \$917 million, the FY 1978 totals \$418 million, and the FY 1977 total \$1,584 million) to cover funding deficiencies for ships in the FY 1975 and earlier programs. These amounts provide no new ships in the FY 1976 through FY 1980 programs. In order to compare program levels with other years, it is necessary to deduct these amounts from the FY 1976 through FY 1980 columns. What remains, after these deductions, are the new ships for FY 1976 through FY 1980, fully funded at price levels now anticipated. In order to make the FY 1975 and earlier columns comparable, the appropriate amounts must be added for these earlier years. (Some of these adjustments would apply to FY 1972 and earlier years, not shown in Table 10-2.) After these adjustments, the comparable TOA line includes the approved shipbuilding program for each year.

Nonbaseline items are grouped in Table 10-2. Military retired pay, a large and growing item, does not add to current military capability.

Incremental costs for the war in Southeast Asia financed under the military functions heading (that is, not under military assistance) were \$5.2 billion in FY 1973, declining to \$270 million in FY 1975 and, of course, disappearing thereafter.

These nonbaseline items in current prices increase, as shown, from \$9.6 billion in FY 1973 to \$11.5 billion in FY 1980. In constant prices, they decline from \$17.0 billion in FY 1973 to \$11.5 billion in FY 1980, a drop of \$5.5 billion or 33%. From FY 1979 to FY 1980, nonbaseline items grow by \$1,147 million in current prices and \$336 million in constant prices. Changes in this area, while large in dollar terms, do not reflect trends in real U. S. military capability.

DoD baseline TOA grows from \$114,504 million in FY 1979 to \$123,734 million in FY 1980, an increase of \$9.2 billion in current prices. The increase for DOE and other activities (the appropriated portion) is \$609 million in current prices. For National Defense as a whole, the baseline increase from FY 1979 to FY 1980 is \$9.8 billion, in current prices.

The lower portion of Table 10-2 shows these figures in constant (FY 1980) prices. As shown, the baseline National Defense program grows from \$124,207 million in FY 1979 to \$127,177 million in FY 1980 -- an increase of \$2,970 million. This is the best single expression of the trend in real buying power in support of U. S. military capability.

Table 10-3 shows these increases by organization and appropriation category.

The appropriation category array shows that the increase is not a general one; there are significant cutbacks in certain areas and significant increases in other areas.

Military personnel increases \$44 million in constant prices, the result of a -\$12 million reduction for the active forces and a \$57 million increase for Guard and Reserve forces. The increase reflects, primarily, greater full-time manning in the reserve components, including gradual conversion of civilian technician positions to full-time reserve military positions.

For operation and maintenance, there is a \$544 million increase in nonpay (supply and service) costs in real terms, to improve readiness.

In procurement there is an increase of \$2,804 million -- the result of continued emphasis on Army and Air Force equipment most closely identified to our NATO combat capability and substantial increases in shipbuilding (including two major ships - a TRIDENT submarine and an aircraft carrier) and strategic missile programs.

In RDT&E, there are increases of \$27 million.

In military construction, there is a real decrease of \$620 million from FY 1979 to FY 1980. The upgrading, replacement, or modernization of older facilities is almost entirely deferred.

There is a drop of -\$155 million for family housing, and of -\$8 million for Special Foreign Currency. The stock funds decrease by \$108 million.

As to atomic energy activities (DOE), nuclear weapons research, development, underground testing and production activities are projected to increase reflecting increased DoD requirements. There are also increased funds for production of special nuclear materials to meet the production requirements of DoD.

Increases of \$180 million in constant prices are projected for GSA, \$5 million for CIA retirement, and \$2 million for FEMA.

Items covered by Defense Authorization Bill

Table 10-3 also shows the changes for items covered by the Defense Authorization Bill. As noted, there is a net increase of \$2,938 million to baseline TOA growth in this area due to increases "across-the-board" except for RDT&E, Navy and the Special Foreign Currency Program.

Changes in FY 1979 estimates

Table 10-4 provides a record of what happened to the National Defense budget estimates during CY 1978, and relates these changes to DoD TOA.

Other data

Tables 10-5 and 10-6 show DoD TOA by major program, FY 1945-80, in current and constant prices.

Table 10-7 shows DoD baseline TOA by major programs, FY 1974-80, in current and constant prices.

Table 10-8 shows TOA by appropriation account for the Defense Appropriation Bill, FY 1978-80. This shows the FY 1980 request now pending, and also shows the amounts that would pertain after all contingent items are submitted. The table shows the amounts in current and constant (FY 1980) prices.

Table 10-9 shows the same type of data for Military Construction.

10-1 BUDGET AUTHORITY, APPROPRIATIONS AND TOA
(\$ Millions)

	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>Changes FY 1979-80</u>
<u>National Defense Budget Authority</u>									
DoD	77,555	80,991	85,661	95,508	108,338	115,322	125,209	135,041	+ 9,832
DOE, stockpile and other	1,516	477	538	1,664	2,094	2,604	2,706	3,202	+ 496
Total, National Defense	79,071	81,468	86,199	97,172	110,432	117,926	127,915	138,243	+10,328
<u>Trust Funds and Receipts</u>									
DoD	- 105	- 153	- 175	- 146	- 172	- 148	- 350	- 436	- 86
DOE, stockpile and other	- 376	-1,290	-1,088	- 164	- 150	- 94	- 128	- 241	-113
Total, National Defense	- 481	-1,443	-1,263	- 310	- 322	- 242	- 478	- 677	-199
<u>BA Subject to Appropriation</u>									
DoD	77,660	81,144	85,836	95,654	108,510	115,470	125,559	135,477	+ 9,918
DOE and other	1,892	1,767	1,626	1,828	2,244	2,698	2,834	3,443	+ 609
Total, National Defense	79,552	82,911	87,462	97,482	110,754	118,168	128,393	138,920	+10,527
<u>DoD TOA</u>									
BA subject to appropriation	77,660	81,144	85,836	95,654	108,510	115,470	125,559	135,477	+ 9,918
prior balances, shelf sales, etc.	1,284	520	354	227	- 320	1,024	181	23	- 158
DoD TOA	78,944	81,664	86,190	95,881	108,190	116,494	125,740	135,500	+ 9,760

Table 10-1

10-2 TOTAL AND BASELINE PROGRAM, FY 1973-84
(TOA \$ in Millions)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<u>Current Prices</u>												
TOA	78,944	81,654	86,190	95,881	108,190	116,494	125,740	135,500	145,700	155,700	166,800	177,700
Prior-year shipbuilding	+241	+1,081	+1,483	-1,366	-1,584	-418	-917	-300	-	-	-	-
Comparable TOA	79,185	82,745	87,673	94,515	106,606	116,076	124,823	135,200	145,700	155,700	166,800	177,700
Retired pay	4,392	5,137	6,239	7,326	8,219	9,173	10,319	11,466	12,575	13,680	14,735	15,717
Military functions, SEA	5,172	1,290	270	-	-	-	-	-	-	-	-	-
Total, non-baseline	9,564	6,427	6,509	7,326	8,219	9,173	10,319	11,466	12,575	13,680	14,735	15,717
Baseline TOA, DoD	69,621	76,318	81,164	87,189	98,387	106,903	114,504	123,734	133,125	142,020	152,065	161,983
DOE and other appropriated	1,892	1,767	1,626	1,828	2,244	2,698	2,834	3,443	3,816	3,940	3,929	4,063
Baseline, National Defense	71,513	78,085	82,790	89,017	100,631	109,601	117,338	127,177	136,941	145,960	155,994	166,046
<u>Constant (FY 1980) Prices</u>												
TOA	130,234	123,726	119,651	124,833	131,178	131,774	133,248	135,500	138,423	141,518	145,900	150,483
Prior-year shipbuilding	+241	+1,081	+1,483	-1,366	-1,584	-418	-917	-300	-	-	-	-
Comparable TOA	130,475	124,807	121,134	123,467	129,594	131,356	132,331	135,200	138,423	141,518	145,900	150,483
Retired Pay	8,150	8,693	9,252	9,784	10,363	10,759	11,130	11,466	11,821	12,188	12,566	12,955
Military functions, SEA	8,865	2,025	363	-	-	-	-	-	-	-	-	-
Total, non-baseline	17,015	10,718	9,615	9,784	10,363	10,759	11,130	11,466	11,821	12,188	12,566	12,955
Baseline TOA, DoD	113,460	114,089	111,519	113,683	119,231	120,597	121,201	123,734	126,602	129,330	133,334	137,528
DOE and other appropriated	3,236	2,739	2,283	2,408	2,736	3,065	3,006	3,443	3,634	3,607	3,480	3,507
Baseline, National Defense	116,696	116,828	113,802	116,091	121,967	123,662	124,207	127,177	130,236	132,937	136,814	141,035

Note: DOE and other appropriated BA differs slightly from budget in current prices, FY 1981-84. See text of Chapter 12 for explanation.

10-3 FY 1979-80 BASELINE CHANGES BY COMPONENT
AND APPROPRIATION CATEGORY
(\$ millions, constant FY 1980 prices)

	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Defense Agencies & Other</u>	<u>Total</u>
Military Personnel:					
Active	+ 10	+ 55	- 77	-	- 12
Reserve and Guard	+ 95	- 59	+ 21	-	+ 57
Total	+ 105	- 4	- 56	-	+ 44
Operation and Maintenance:					
Civilian personnel costs	+ 14	- 5	- 4	- 1	+ 4
All other	+ 104	+ 280	+ 316	- 157	+ 544
Total	+ 118	+ 275	+ 313	- 158	+ 548
Procurement:					
Defense Authorization Bill	+ 691	+1,120	+1,108	-	+2,919
All other	- 118	- 149	+ 148	+ 5	- 115
Total	+ 573	+ 971	+1,256	+ 5	+2,804
RDT&E	+ 76	- 292	+ 127	+ 117	+ 27
Military Construction	- 265	- 277	- 79	+ 2	- 620
Family Housing				- 155	- 155
Special Foreign Currency				- 8	- 8
Stock Funds	- 79		- 29		- 108
Total, DoD	+ 527	+ 672	+1,531	- 197	+2,532
DoE				+ 250	+ 250
Selective Service				-	-
GSA				+ 180	+ 180
CIA				+ 5	+ 5
Renegotiation Board				-	-
FEMA				+ 2	+ 2
Total, National Defense	<u>+ 527</u>	<u>+ 672</u>	<u>+1,531</u>	<u>+ 240</u>	<u>+2,970</u>
Total covered by Defense Authorization Bill	+ 767	+ 828	+1,235	+ 109	+2,938

NOTE: Totals may not add due to rounding.

**10-4 EFFECT OF CONGRESSIONAL ACTIONS AND OTHER CHANGES
ON TOA AND BASELINE TOA, FY 1979
(\$ Millions)**

	<u>National Defense Budget Authority</u>	<u>DoD Budget Authority</u>	<u>DoD TOA</u>	<u>DoD Baseline TOA</u>
FY 1979 request, as amended	128,412	125,567	126,000	114,927
Congressional reduction in appropriation bills				
Defense Appropriation Act	-1,960	-1,962	-1,925	-1,916
Military construction	-372	-372	-329	-329
Treasury, Postal Service (Civil Defense included)	-168	-	-	-
HUD, independent agencies	-2	-	-	-
State, Justice, Commerce	-2	-	-	-
Public works	-221	-	-	-
Total action on appropriation bills	<u>-2,725</u>	<u>-2,334</u>	<u>-2,254</u>	<u>-2,245</u>
Congressional denial or delay of legislation				
Wage board legislation	+75	+75	+75	+75
Military trailer allowance	-8	-8	-8	-8
Family separation allowance	-29	-29	-29	-29
Retired family protection plan	-7	-7	-7	-
Quarters allowance	-10	-10	-10	-10
Officer personnel management act	-14	-14	-14	-14
Sea pay	-16	-16	-16	-16
Dual compensation	+30	+30	+30	+30
Total congressional action	<u>-2,704</u>	<u>-2,313</u>	<u>-2,233</u>	<u>-2,217</u>
Other changes:				
Pay raise costs (re-estimate)	-477	-477	-477	-477
Retired pay (CPIs, legislation, etc.)	+179	+179	+179	-
Currency revaluation	+96	+96	+96	+96
Subsistence	+78	+78	+78	+78
BAQ and PCS	+43	+43	+43	+43
Increased manning levels (AF Reserve)	+4	+4	+4	+4
Program changes supplemental	+2,160	+2,160	+2,160	+2,160
Stockpile receipts (re-estimate)	+117	-	-	-
Other trust fund and receipt changes	-15	-15	-	-
Other defense-related	+39	-	-	-
Civil defense transfer out of Defense	-	-97	-97	-97
Other transfers out	-15	-15	-15	-15
Reprogramming	-	-	+3	+3
Net, other changes	<u>+2,207</u>	<u>+1,956</u>	<u>+1,973</u>	<u>+1,795</u>
Net change from amended FY 1979 estimate	<u>-497</u>	<u>-357</u>	<u>-260</u>	<u>-422</u>
FY 1979 column, FY 1980 budget	127,915	125,209	125,740	114,505

Table 10-4

CURRENT DOLLARS

10-5 DEPARTMENT OF DEFENSE
TOA BY PROGRAM
(\$ MILLIONS)

FISCAL YEAR	STRATEGIC FORCES	GENERAL PURPOSE FORCES	INTELL AND COMMS	AIRLIFT AND SEALIFT	GUARD + RESERVE FORCES	RESEARCH AND DEVELOPMENT	CENTRAL SUPPLY- MAINT	ENG. MED OTHER ACT	ADMIN + ASSOC ACT	SUPPORT TO OTHER NATIONS	UNDIS	TOTAL
FY 45	11,194	41,648	2,720	1,714		1,444	10,336	8,725	1,592	132		79,504
FY 46	4,058	16,350	1,324	1,118	512	1,031	4,351	5,770	1,008	496		36,578
FY 47	1,452	5,134	520	319	268	460	2,377	2,451	540	31		14,260
FY 48	1,498	4,718	631	286	410	434	1,839	1,715	367	25		11,903
FY 49	1,660	5,005	569	361	772	504	2,035	1,905	367	26		13,204
FY 50	2,468	5,093	531	351	987	473	2,044	2,018	345	27		14,337
FY 51	7,719	21,710	1,855	954	801	1,076	5,116	4,947	934	61		45,173
FY 52	11,271	26,486	2,309	1,149	875	1,249	6,528	6,155	1,089	77		57,188
FY 53	8,800	17,971	2,085	1,018	887	1,506	5,276	5,550	1,126	63		44,283
FY 54	4,852	11,623	1,559	794	945	1,292	3,974	4,563	782	46		30,429
FY 55	6,990	13,321	1,445	454	1,091	1,162	3,526	4,916	796	88		33,790
FY 56	9,628	13,582	1,695	829	1,282	1,475	3,855	4,711	949	59		38,065
FY 57	11,182	12,995	1,909	825	1,497	1,789	3,993	4,531	943	60		39,724
FY 58	11,029	14,228	2,003	869	1,576	1,729	3,978	4,678	983	57		41,124
FY 59	11,854	13,282	2,199	1,050	1,647	2,332	4,123	4,721	1,024	62		42,193
FY 60	10,297	12,799	2,266	932	1,529	2,605	4,032	4,768	970	57		40,257
FY 61	12,137	14,245	2,488	910	1,581	3,133	4,095	5,038	983	61		44,643
FY 62	10,641	16,664	3,101	940	1,615	4,066	4,448	5,868	1,030	60		48,434
FY 63	9,718	16,518	3,846	985	1,551	4,798	4,531	6,325	1,080	67		49,420
FY 64	8,387	16,417	4,380	1,040	1,768	4,834	4,633	6,921	1,079	81		49,547
FY 65	6,241	17,715	4,278	1,251	1,779	4,647	4,909	7,429	1,154	157		49,561
FY 66	6,038	27,321	4,518	1,435	2,115	4,734	6,515	9,158	1,424	1,005		64,532
FY 67	6,175	29,974	5,171	1,730	2,452	4,627	7,383	10,624	1,264	1,693		71,592
FY 68	7,128	30,537	5,542	1,747	2,177	4,270	8,385	12,151	1,239	1,789		74,965
FY 69	8,394	29,617	5,857	1,451	2,134	4,526	9,292	12,779	1,326	2,388		77,755
FY 70	6,920	27,710	5,546	1,652	2,546	4,711	9,029	13,666	1,466	2,270		75,517
FY 71	7,183	24,554	5,416	1,302	2,678	4,861	8,400	14,446	1,568	2,405		72,815
FY 72	7,156	25,560	5,458	1,114	3,258	5,749	8,553	15,138	1,693	2,652		76,502
FY 73	7,154	25,834	5,783	868	3,881	6,457	8,628	16,009	1,801	2,520		78,944
FY 74	6,893	27,637	5,989	778	4,321	6,874	8,553	17,992	1,849	977		81,664
FY 75	7,104	28,651	6,334	899	4,784	7,699	9,058	19,968	2,042	251		86,190
FY 76	7,225	32,972	6,674	1,262	5,380	8,655	9,740	21,539	2,190	244		95,881
FY 77	1,760	6,958	1,555	289	1,309	2,203	2,478	5,336	548	41		22,476
FY 77	9,360	38,303	7,413	1,525	5,893	9,863	11,077	22,482	2,054	219		108,190
FY 78	9,139	42,473	7,896	1,619	6,945	10,105	11,945	23,916	2,195	259		116,494
FY 79	8,581	47,610	8,135	1,810	7,026	11,125	12,889	25,825	2,343	396		125,740
FY 80	10,834	49,974	9,116	1,907	7,113	11,768	13,770	27,887	2,557	583		135,500

Table 10-5

CONSTANT DOLLARS

BASE YEAR IS FY 80

10-6 DEPARTMENT OF DEFENSE
TOA 3Y PROGRAM
(\$ MILLIONS)

FISCAL YEAR	STRATEGIC FORCES	GENERAL PURPOSE FORCES	INTELL AND COMMS	AIRLIFT AND SEALIFT	GUARD + RESERVE FORCES	RESEARCH AND DEVELOPMENT	CENTRAL SUPPLY- MAINT	TNG. MED OTHER ACT	ADMIN + ASSOC ACT	SUPPORT TO OTHER NATIONS	UNDIS	TOTAL
FY 45	52,198	215,539	15,372	10,050		7,760	56,797	52,114	9,230	753		419,814
FY 46	19,654	89,293	7,529	5,385	2,891	5,108	28,574	34,930	5,810	2,946		203,121
FY 47	6,485	30,085	2,567	1,703	1,353	2,103	12,965	11,188	2,859	157		71,464
FY 48	5,954	21,868	2,594	1,485	2,125	1,838	9,594	8,768	1,806	124		56,166
FY 49	6,397	22,526	2,501	1,615	3,735	1,956	10,064	9,449	1,823	124		60,251
FY 50	8,323	21,087	2,269	1,283	4,500	1,834	9,571	9,334	1,610	120		60,031
FY 51	25,487	74,075	6,363	3,189	3,218	3,998	19,663	18,889	3,539	236		158,657
FY 52	37,601	92,734	8,225	3,965	3,636	4,636	24,965	24,309	4,243	305		204,640
FY 53	29,146	65,235	7,388	3,660	3,652	5,382	21,330	21,853	4,334	250		162,231
FY 54	17,171	44,923	5,746	2,767	3,911	4,527	16,631	18,763	3,181	190		117,810
FY 55	22,988	47,827	5,283	1,738	4,322	4,011	14,159	19,388	3,097	352		123,176
FY 56	30,097	45,842	5,744	2,831	4,689	4,679	14,256	17,447	3,527	222		129,335
FY 57	33,722	44,105	6,187	2,770	5,460	5,416	14,155	16,680	3,404	226		132,125
FY 58	32,632	45,386	6,168	2,729	5,474	5,090	13,140	16,122	3,332	203		130,276
FY 59	34,522	41,678	6,503	3,107	5,142	6,539	13,027	15,339	3,328	209		129,443
FY 60	29,873	39,465	6,542	2,752	5,031	7,108	12,516	15,338	3,090	190		121,905
FY 61	34,459	42,865	7,005	2,659	5,090	8,360	12,216	15,915	3,013	198		131,769
FY 62	30,474	49,210	8,612	2,660	5,086	10,669	13,029	18,304	3,153	201		141,398
FY 63	27,205	48,440	10,405	2,733	4,898	12,327	13,032	19,658	3,242	224		142,165
FY 64	22,769	46,178	11,355	2,743	5,247	12,133	12,936	20,448	3,100	250		137,159
FY 65	16,294	48,241	10,840	3,107	5,123	11,450	13,153	21,244	3,198	462		133,113
FY 66	14,925	67,991	11,660	3,401	5,654	11,213	16,601	24,853	3,736	2,531		162,565
FY 67	14,724	71,774	11,998	3,930	6,179	10,576	19,214	27,313	3,140	3,981		172,819
FY 68	16,348	69,292	12,402	3,856	5,372	9,378	19,753	29,887	2,988	3,983		173,252
FY 69	18,128	64,179	12,537	3,388	5,036	9,441	21,016	29,823	3,030	4,940		171,217
FY 70	14,058	56,650	11,125	3,256	5,467	9,212	19,003	29,112	3,074	4,474		155,432
FY 71	13,666	47,074	10,253	2,455	5,372	8,980	16,614	28,541	3,066	4,498		140,518
FY 72	12,657	44,900	9,599	1,948	5,895	10,011	16,150	27,385	3,042	4,612		136,199
FY 73	11,821	41,620	9,453	1,397	6,396	10,577	15,126	26,668	2,992	4,183		130,234
FY 74	10,118	41,162	9,016	1,150	6,533	10,366	13,432	27,645	2,810	1,504		123,726
FY 75	9,893	38,553	8,779	1,228	6,627	10,675	12,764	27,948	2,841	344		119,651
FY 76	9,428	42,745	8,693	1,628	6,971	11,290	12,841	28,057	2,864	316		124,833
FY 77	2,191	8,631	1,933	360	1,635	2,742	3,104	6,783	686	51		28,116
FY 77	11,327	46,169	8,976	1,834	7,097	12,040	13,457	27,526	2,488	265		131,178
FY 78	10,330	47,774	8,913	1,821	7,801	11,507	13,513	27,340	2,481	292		131,774
FY 79	9,085	50,309	8,607	1,913	7,422	11,822	13,650	27,535	2,484	419		133,248
FY 80	10,834	49,974	9,116	1,907	7,113	11,758	13,770	27,887	2,557	583		135,500

Table 10-6

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10-7 DEPARTMENT OF DEFENSE BASELINE TOA BY FYDP PROGRAM
(\$ Millions)

	Strategic Forces	General Purpose Forces	Intelligence and Communications	Airlift and Sealift	Guard and Reserves	Research and Development	Central Supply and Maintenance	Training, Medical and Other Personnel Activities	Administration and Associated Activities	Support of Other Nations	TOTAL
<u>Current Prices</u>											
FY 1974	6,590	28,376	5,966	766	4,321	6,874	8,438	12,850	1,842	295	76,318
FY 1975	7,040	29,411	6,319	891	4,784	7,699	9,044	13,726	2,038	212	81,164
FY 1976	7,225	31,606	6,674	1,262	5,380	8,655	9,740	14,213	2,190	244	87,189
FY 1977	9,360	36,719	7,413	1,525	5,893	9,863	11,077	14,264	2,054	219	98,387
FY 1978	9,139	42,055	7,896	1,619	6,945	10,105	11,945	14,745	2,195	259	106,903
FY 1979	8,581	46,693	8,135	1,810	7,026	11,125	12,889	15,506	2,343	396	114,504
FY 1980	10,834	49,674	9,116	1,907	7,113	11,758	13,770	16,422	2,557	583	123,734
<u>Constant (FY 1980) Prices</u>											
FY 1974	9,956	41,716	8,982	1,132	6,533	10,366	13,243	18,944	2,800	417	114,089
FY 1975	9,808	39,869	8,759	1,217	6,627	10,675	12,744	18,692	2,835	293	111,519
FY 1976	9,428	41,379	8,693	1,628	6,971	11,290	12,841	18,273	2,854	316	113,683
FY 1977	11,327	44,585	8,976	1,834	7,097	12,040	13,457	17,162	2,488	265	119,231
FY 1978	10,330	47,356	8,913	1,821	7,801	11,507	13,513	16,583	2,481	292	120,597
FY 1979	9,085	49,392	8,607	1,913	7,422	11,822	13,650	16,407	2,484	419	121,201
FY 1980	10,834	49,674	9,116	1,907	7,113	11,758	13,770	16,422	2,557	583	123,734

Table 10-7

10-8 TOTAL OBLIGATIONAL AUTHORITY - DEFENSE APPROPRIATION ACT

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS			CONSTANT DOLLARS BASE YEAR IS FY 1980		
	FY 1978	FY 1979	FY 1980 SUBMITTED	FY 1978	FY 1979	FY 1980 W/CONTINGENCIES
MILITARY FUNCTIONS						
MILITARY PERSONNEL						
Military Personnel, Army	9,177,900	9,694,800	9,754,500	10,248,608	10,235,768	10,245,456
Military Personnel, Navy	6,424,678	6,801,000	6,892,500	7,173,999	7,180,467	7,235,115
Military Personnel, Marine Corps	2,013,704	2,124,500	2,135,000	2,248,194	2,243,019	2,243,341
Military Personnel, Air Force	7,546,682	7,508,400	7,876,400	8,425,342	8,349,446	8,272,576
Reserve Personnel, Army	529,126	566,300	597,600	591,001	597,870	623,960
Reserve Personnel, Navy	223,213	236,600	184,100	249,551	249,236	192,105
Reserve Personnel, Marine Corps	82,196	87,700	87,000	91,877	92,607	90,455
Reserve Personnel, Air Force	180,647	198,700	214,700	201,716	209,790	223,699
National Guard Personnel, Army	769,502	801,100	874,200	859,140	845,707	914,581
National Guard Personnel, Air Force	236,591	264,600	273,500	264,034	279,351	286,232
TOTAL - MILITARY PERSONNEL	27,184,231	28,683,100	28,889,500	30,353,462	30,283,261	30,327,520
Retired Pay, Defense	9,173,164	10,318,500	11,451,500	10,758,757	11,129,795	11,465,800
OPERATION AND MAINTENANCE						
Oper. and Maint., Army	8,728,687	9,386,467	9,907,400	9,865,635	9,934,428	10,108,855
Oper. and Maint., Navy	11,028,991	11,891,695	12,801,600	12,502,042	12,601,965	13,011,421
Oper. and Maint., Marine Corps	657,517	735,800	735,800	743,588	779,136	749,718
Oper. and Maint., Air Force	8,682,188	9,406,084	10,091,600	9,848,453	9,971,027	10,235,598
Oper. and Maint., Defense Agencies	3,002,043	3,106,484	3,578,200	3,395,934	3,288,245	3,640,409
Oper. and Maint., Army Reserve	390,310	420,300	418,100	440,388	444,509	425,451
Oper. and Maint., Navy Reserve	315,928	382,900	301,600	360,292	406,943	301,997
Oper. and Maint., Marine Corps Reserve	16,257	19,900	20,967	18,604	21,178	21,027
Oper. and Maint., Air Force Reserve	383,640	393,300	410,600	432,995	415,861	419,912
Oper. and Maint., Army Nat'l Guard	763,527	795,700	791,400	859,524	840,477	803,053
Oper. and Maint., Air Nat'l Guard	848,306	951,800	1,039,500	958,168	1,007,466	1,051,437
Rifle Practice, Army	317	275	-	358	397	-
Claims, Defense	82,282	87,500	113,200	94,393	93,207	113,200
Contingencies, Defense	-	2,500	-	-	2,663	-
Court of Military Appeals, Defense	1,616	1,840	2,033	1,819	1,945	2,079
Foreign Currency Fluctuations, Defense	-	500,000	-	-	534,500	-
XIII Winter Olympic Games	-	2,000	10,000	-	2,138	10,000
Misc Expend, Air Force	-	-	-	-	-	-
TOTAL - OPERATION AND MAINTENANCE	34,901,609	38,084,745	40,222,000	39,522,193	40,346,085	40,894,157

Table 10-8

10-8 TOTAL OBLIGATIONAL AUTHORITY - DEFENSE APPROPRIATION ACT (CONT'D)

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS			CONSTANT DOLLARS BASE YEAR IS FY 1980		
	FY 1978	FY 1979	FY 1980 SUBMITTED	FY 1978	FY 1979	FY 1980
						W/CONTINGENCIES
PROCUREMENT						
Aircraft Procurement, Army	658,700	949,709	946,400	729,369	993,807	946,400
Missile Procurement, Army	562,697	764,700	1,250,500	631,057	805,460	1,250,500
Procurement of W&TCV, Army	1,408,563	1,511,100	1,888,900	1,586,780	1,595,336	1,888,900
Procurement of Ammunition, Army	1,258,087	1,248,100	1,343,400	1,410,331	1,314,399	1,343,400
Other Procurement, Army	1,459,249	1,752,150	1,694,200	1,628,884	1,841,199	1,694,200
Aircraft Procurement, Navy	3,528,900	4,358,700	3,967,900	3,949,659	4,585,821	3,967,900
Weapons Procurement, Navy	2,290,800	1,979,600	1,973,500	2,574,637	2,087,208	1,973,500
Shipbuilding and Conversion, Navy	5,780,000	4,594,300	6,173,800	6,605,692	4,906,212	6,173,800
Other Procurement, Navy	2,187,781	2,647,600	2,694,500	2,453,079	2,788,240	2,694,500
Procurement, Marine Corps	445,550	356,000	284,200	493,881	372,757	284,200
Aircraft Procurement, Air Force	6,372,200	7,144,707	7,931,200	7,124,186	7,512,678	7,931,200
Missile Procurement, Air Force	1,797,300	1,513,500	2,288,600	2,029,277	1,599,472	2,288,600
Other Procurement, Air Force	2,268,145	2,405,150	2,671,100	2,570,119	2,546,137	2,693,900
Procurement, Defense Agencies	327,826	274,600	294,000	366,754	288,875	294,000
Proc. of Aircraft & Missiles, Navy	-	-	-	-	-	-
Proc. of Equip. & Missiles, Army	-	-	-	-	-	-
TOTAL - PROCUREMENT	30,345,798	31,499,916	35,402,200	34,153,705	33,237,601	35,425,000
RESEARCH, DEVELOP., TEST & EVAL.						
RDT&E, Army	2,418,327	2,709,464	2,927,000	2,744,988	2,873,990	2,949,859
RDT&E, Navy	4,054,309	4,521,871	4,484,000	4,615,182	4,802,978	4,510,652
RDT&E, Air Force	4,221,986	4,597,640	5,005,100	4,833,255	4,896,915	5,024,160
RDT&E, Defense Agencies	754,278	917,387	1,086,600	860,376	975,272	1,087,703
Dir. of Test & Eval., Defense	25,000	27,600	33,400	28,225	29,184	33,400
TOTAL - RESEARCH, DEVELOP., TEST & EVAL.	11,473,900	12,773,962	13,536,100	13,082,026	13,578,339	13,605,774

Table 10-8

10-8 TOTAL OBLIGATIONAL AUTHORITY - DEFENSE APPROPRIATION ACT (CONT'D)

APPROPRIATION TITLE (Thousands of Dollars)	CURRENT DOLLARS (THOUSANDS)			CONSTANT DOLLARS (THOUSANDS) BASE YEAR IS FY 1980		
	FY 1978	FY 1979	FY 1980 SUBMITTED ^{1/}	FY 1978	FY 1979	FY 1980 WITH CONTINGENCIES
Special Foreign Currency Program	2,480	14,362	6,667	2,711	14,929	6,667
<u>Revolving and Management Funds</u>						
Army Stock Fund	100,000	74,000	-	115,559	79,106	-
Navy Stock Fund	30,000	-	-	34,668	-	-
Marine Corps Stock Fund	1,900	-	-	2,196	-	-
Air Force Stock Fund	34,600	26,800	-	39,983	28,649	-
Defense Stock Fund	4,300	-	-	4,969	-	-
Total - Revolving and Management Funds	170,800	100,800	-	197,375	107,755	-
Total - Defense Appropriation Act	113,251,982	121,475,385	129,507,967	128,070,229	128,697,765	131,724,918
Supplemental Request Included Above	113,251,982	4,168,634				
Enacted FY 1978 (Less Transfers and Adjustments)		117,306,751				

^{1/} Does not include contingencies of \$2,216,951.

10-9 TOTAL OBLIGATIONAL AUTHORITY - MILITARY CONSTRUCTION ACT

APPROPRIATION TITLE (THOUSANDS OF DOLLARS)	CURRENT DOLLARS			CONSTANT DOLLARS BASE YEAR IS FY 1980		
	FY 1978	FY 1979	FY 1980 1/ SUBMITTED 2/	FY 1978	FY 1979	FY 1980 WITH CONTINGENCIES
MILITARY CONSTRUCTION						
Military Construction, Army	617,382	882,916	722,360	703,081	942,236	727,800
Military Construction, Navy	535,876	771,083	551,900	611,904	823,802	554,684
Military Construction, Air Force	491,366	557,981	539,700	562,826	597,039	539,700
Mil. Con., Defense Agencies	38,716	226,809	244,300	44,334	242,686	244,300
Mil. Con., Army National Guard	49,400	52,200	20,000	56,581	55,854	20,000
Mil. Con., Air National Guard	42,224	44,750	30,600	48,362	47,882	30,000
Mil. Con., Army Reserve	51,162	37,100	25,000	58,511	39,645	25,116
Mil. Con., Naval Reserve	21,706	21,850	15,000	24,851	23,380	15,000
Mil. Con., Air Force Reserve	11,807	13,000	10,000	13,531	13,910	10,000
TOTAL - MILITARY CONSTRUCTION	1,859,633	2,607,689	2,158,200	2,123,981	2,786,434	2,166,600
FAMILY HOUSING						
Family Housing, Construction	61,921	134,865	3,900	70,898	144,305	3,900
Family Housing, Debt Payment	43,575	38,200	32,500	50,355	40,836	32,900
Family Housing, Operations	1,271,338	1,475,425	1,549,600	1,452,159	1,569,095	1,560,482
Homeowners Asst Fund, Def.	5,574	8,700	11,200	6,438	9,298	11,200
TOTAL - FAMILY HOUSING	1,382,406	1,657,190	1,597,600	1,579,850	1,763,534	1,608,482
TOTAL MILITARY CONSTRUCTION ACT	3,242,041	4,264,879	3,755,800	3,703,831	4,549,968	3,775,082
SUPPLEMENTAL REQUEST INCLUDED ABOVE		239,680				
ENACTED FY 1979 (LESS TRANSFERS AND ADJUSTMENTS)		4,025,199				

1/ Does not include contingencies of \$19,282.

TABLE 10-9

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11. ECONOMIC ASSUMPTIONS AND LEGISLATIVE PROPOSALS

The FY 1980 Defense budget, and the projections through FY 1984, are based upon several key assumptions. Three of them are especially important in appraising overall program and dollar trends. They are:

- . That the rate of inflation will be much lower in the next few years than it has been in the recent past.
- . That, even with these lower inflation rates, military and civil service pay raises will be held below the comparability line.
- . That, in addition, the Congress will enact legislation facilitating further constraints proposed by the President. These items would result in further savings of \$198 million in FY 1980 rising to \$275 million in FY 1984. The cumulative impact would be about \$1.3 billion.

These items will be discussed in this section. In addition, legislative proposals pertaining to military retired pay will be described.

Inflation rates

As indicated in Table 9-8 inflation rates are projected for the period FY 1980-84 at less than two-thirds of the rates of inflation for the FY 1975-80 period.

If, instead, inflation were to continue at the same high rates for the next few years, then the FY 1984 Defense budget would have to be about \$18 billion higher than now projected, to provide the same level of purchasing power.

Seemingly-small differences in price levels will have a high dollar impact. For example, here are the consequences of annual inflation rates 1% higher, and 2% higher, than now projected for the period after FY 1979:

	\$ Billions IMPACT ON DEFENSE TOA				
	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984
1% compound annual difference	\$ 1.4	\$ 2.9	\$ 4.7	\$ 6.8	\$ 9.1
2% compound annual difference	2.7	5.9	9.5	13.7	18.5

These figures assume that purchase prices will rise by 1% or 2% more each year than now projected, and that pay rates also would -- to provide the now-projected position relative to the cost of living.

The comparison of CBO and Administration inflation assumptions in the next chapter also illustrates the large dollar differences involved.

Pay restraints

As noted, the FY 1980 budget and the projections through FY 1984 assume sharply-decreasing rates of inflation. Military and Civil Service pay raises are projected at quite low amounts, relative even to those lower rates of inflation. These assumptions, and an alternative set of assumptions, are summarized as follows:

<u>Military/GS Raise</u>				
<u>At Start</u>	<u>Budget Assumption</u>	<u>Alternative</u>	<u>Budget Assumption</u>	<u>CPI Increase</u>
FY 80 (10/1/79)	5.5%	10.25%	CY 78-79	8.2%
FY 81 (10/1/80)	5.25%	8.2%	CY 79-80	6.7%
FY 82 (10/1/81)	5.0%	7.2%	CY 80-81	5.7%
FY 83 (10/1/82)	4.75%	6.0%	CY 81-82	4.5%
FY 84 (10/1/83)	4.50%	4.9%	CY 82-83	3.4%

The administration has estimated that a 10.25% raise would be necessary 10/1/79 under present comparability guidelines, including closing the gap that developed because of the 5.5% cap imposed on 10/1/78. The alternative pay raises shown (8.2% on 10/1/80, 7.2% on 10/1/81, etc.) simply reflect a 1 1/2-point gain on the CPI each year.

Stated simply, the alternative involves the assumption that future pay raises would not be capped, and would provide 1 1/2% real increases each year. Table 11-3 shows what these alternative assumptions would add to the defense projections: \$1.9 billion in FY 1980, rising to \$6.6 billion in FY 1984, for a 5-year cumulative total of \$22.9 billion.

Cutback proposals requiring legislation

The FY 1980 budget, and the projections through FY 1984, are based upon the assumption of a sharp decline in inflation rates and a further assumption that pay raises will be capped at even lower levels. In addition, there are several assumptions involving congressional action. Legislation will be proposed to authorize sales of material from the stockpile, as shown in Table 11-1. Under existing law, about \$60 million in sales could be made from the stockpile in FY 1980 and about that amount per year thereafter. Legislation will be proposed to authorize \$178 million in additional sales each year. If this legislation is rejected and the sales cannot be made, National Defense budget authority will rise by the indicated amounts. Receipts from stockpile sales are a credit (deduct) to National Defense budget authority and outlays. If receipts are less than anticipated, budget authority and outlays are thereby more than anticipated.

The remainder of these proposals involve the pay area. Those where specific legislative proposals will result in savings are:

- . The wage board pay system would be reformed by removing elements of the law which result in blue-collar workers earning more than their non-government counterparts. It is assumed that this proposal will be in effect at the start of FY 1980. Until the new comparability levels are reached, pay raises of not less than 3% would be provided. Some employees would be entitled to raises higher than this minimum. Average raises of 3.4% are assumed for FY 1980. It should be noted that this is the third -- and, in dollar terms, the smallest -- of the restraints that would apply to wage board employees. The first is the assumption of much lower rates of inflation. The second involves the twin assumptions that GS pay will be capped each year and that wage board pay will be subject to a similar percentage limitation. This was accomplished through a general provision of an appropriation act for FY 1979. The third restraint involves the enactment of reform legislation. The figures on the first line of Table 11-1 involve only the impact of this third restraint. The \$81 million saving in FY 1980, for example, is measured from a base in which it is assumed that GS and wage board raises will be capped.
- . Federal civilian employees on military leave for annual active duty with reserve components would receive civilian pay only to the extent necessary to assure no loss of take-home pay.
- . Legislation will be proposed to eliminate administrative duty pay. This entitlement, not to exceed \$240 annually, is provided to unit commanders in recognition of the extra time and expense involved with the administrative duties of command. Adequate administration support and other rewards of command make continuation of this pay, totalling \$2 million annually, questionable.
- . Although maintenance of proper uniforms is the responsibility of the individual active duty officer, Reserve officers are paid a \$50 uniform maintenance allowance for each four years of Reserve participation. Elimination of this legal authority would save over \$1 million annually.

Other legislative proposals reflected in budget contingency

All of the foregoing items involve budgetary decreases. Some smaller increases are also proposed, which would require legislation. These proposals are as follows:

- . Trailer allowance (remove current limitations) - This would ensure that service members would not be financially penalized for owning mobile homes. The current allowance for moving a mobile home is 74¢ per mile. The new legislation would

provide for actual cost or the cost to move the member's authorized weight allowance, whichever is lower.

- . Family Separation Allowance - Under present law, members in the pay grade of E-1, E-2, E-3, or E-4 (4 years or less service) are ineligible for the most common type of family separation allowance (\$30 per month) even if they are, in fact, separated from their families and incurring the same expense incurred by the separated families of members who are eligible. The proposed legislation is to authorize family separation allowances to these excluded individuals.
- . Quarters Allowance (Navy) - This proposed legislation would authorize reimbursement of members of the Naval service, in an amount not to exceed the basic allowance for quarters for members of their grade without dependents when they are deprived of their quarters aboard ship because of repairs or other conditions that make their shipboard quarters uninhabitable.
- . Defense Officer Personnel Management Act (DOPMA) - This proposed legislation would involve both increases and decreases, as shown. Its main features are:
 - a. Establish new statutory limitations on the number of officers who may serve in senior grades below flag rank.
 - b. Provide common law for the appointment of regular officers and for the active duty service of reserve officers.
 - c. Provide uniform laws for promotion procedures for officers in the separate services.
 - d. Establish common provisions governing career expectation in the various grades.
 - e. Establish common mandatory separation and retirement points.

The legislation provides separation pay equal to 10 percent of the annual basic salary for each year of service up to a maximum of \$30,000.

- . Mileage Allowance - PCS Moves - This would eliminate the \$.10 per mile ceiling on mileage and monetary allowances in lieu of transportation to permit establishment of realistic rates. DoD would establish the rate. Cost estimate based on \$.12 per mile.

Financing military retirement on an accrual basis

Legislation is again proposed to provide for financing military retired pay on an accrual basis. This was proposed in the last session,

but not enacted. This proposal is not reflected in the FY 1980 budget nor in the FY 1980-84 projections therein. It is not reflected in any of the figures presented elsewhere in this publication. The proposal is not reflected in the appropriation and authorization justification materials submitted so far to the Congress. These matters are emphasized because concern was expressed at one point that this accrual proposal might be reflected in the budget submissions prior to the enactment of the legislation. This has not occurred. The budget schedules will not be revised until after the legislation is enacted.

The proposed legislation, as it now stands, would:

- . Create a military retirement and disability trust fund.
- . Create a Board of Actuaries of the Military Retirement System. The Board would determine the annual accrual percentage and the unfunded liability. The Board would be appointed by the Secretary of Defense. It would report independently (not through the Secretary) to the Congress and others on matters pertaining to the military retirement system.
- . Provide for appropriation of annual accrual amounts to the military personnel appropriations of the Department, which now finance pay and allowance items. These accrual amounts would be paid from these appropriations into the fund.
- . Provide for payments to retirees from the trust fund. (They are now paid from a specific annual appropriation, "Retired pay, Defense.")
- . Provide for payments into the fund as follows: annual accrual amounts; interest; and appropriations to liquidate the unfunded liability. To accomplish this liquidation, payments to retirees each year would be segregated between (a) those stemming from service prior to the enactment of this legislation and (b) those stemming from service after enactment, for which accruals would have been made. The former amounts would be appropriated, thus, over time, eliminating the unfunded liability.

The proposal incorporates a dynamic approach to calculating the accrual and the funded amounts required. At present, the key assumptions are that the rate of interest will exceed the inflation rate by 2 1/2% each year over the long term, and that pay increases will exceed the rate of inflation rate by 1 1/2% annually -- again, over the long term (2 1/2% real interest and 1 1/2% real growth in pay rates.) Based on these assumptions, the annual accrual amount would be equal to about 35% of military basic pay. The FY 1980 accrual would be about \$7.3 billion.

Under this proposal, the accrual amounts (which do not appear in the budget now) would be reflected under the National Defense function. Payments to retirees, now shown in National Defense, would appear in the Income Security function.

The major advantages of this proposal are as follows:

- . It would provide better manpower costing at all levels -- including the Congress and various echelons in the executive branch. At the present time, the large accrual amount -- \$7.3 billion, representing the current value of military retirement earned -- is not reflected anywhere. Military personnel appropriations, provided by the Congress and administered by the DoD, do not reflect this huge element of cost. This can readily be overlooked, for example, in local and headquarters manpower analyses.
- . It would achieve greater consistency in budgetary treatment. At present, for example, accrual amounts for civilian retirement are shown in the employing agencies budgets; payments to Civil Service retirees are from a trust fund, carried under income security. Similar treatment is proposed for military retirement.
- . While this proposal does not in itself involve any changes in the military retirement system, the budgetary and financial arrangements proposed are fully compatible with any likely changes in the military retirement system. One point is of particular importance in this connection. Reform of the military retirement system could very well involve increased payments in the near term, followed by reductions in later years. Proposals of this type can be better considered in terms of a dynamically-based accrual system, rather than a system based upon payments alone.

Certain areas would be changed very little, or not at all. For clarity, these should be enumerated here. Of most significance in this connection is the fact that military retirement entitlements would be unchanged by this proposal. Retired personnel and their dependents would be entitled to exactly the same payments as under existing law. The pay and allowances of members on active duty would not be affected in any way by this proposal. The accrual amounts would not be contributory; there would be no vesting. The income and tax liability of active duty personnel would be unaffected.

The organizational impact would be minor. As noted, a Board of Actuaries would be created, who would serve part-time. There would be some DoD/Treasury interaction regarding special issues of U.S. securities, in which the trust fund balances would be invested. An organization in the Office of the Secretary of Defense would administer the trust fund.

Administrative expenses of the military retirement system would continue to be paid from DoD appropriations, not from the fund. The fund would be available only for payments to retirees, and for no other purpose.

The administration of the accrual system itself would be very simple. This would involve charging each military personnel appropriation with a fixed percentage (probably 35% to begin with) of basic pay, and paying those amounts into the fund as payrolls are processed. The payments to retirees would be handled exactly as at present, except that the fiscal documents would cite the trust fund -- not the annual retired pay account.

In short, this proposal would be very simple to administer. Little lead-time is required. If the Congress approves the legislative proposal in this session, the new system could readily take effect for the full FY 1980.

The major budgetary changes would be as follows:

- . Accrual amounts would be appropriated to the military personnel accounts, and shown under Defense-Military and in the National Defense function.
- . The trust fund and special liquidation appropriations would be shown under Defense-Civil, and in the Income Security function.
- . Interest payments to the fund would be shown under Treasury, in the Interest function, and netted out Government-wide.
- . There would be no net outlay impact Government-wide, in the first year or in any year.
- . Budget authority and balances would be higher each year than under present arrangements.

Table 11-2 provides a detailed track from the current arrangements to the proposed arrangements. Note that, after all the grossing and netting, budget authority would be \$7.7 billion higher in FY 1980 than under present law, but outlays would be unchanged. That increase of \$7.7 billion is the net of the following:

	(\$ billions)
Accrual (35% of basic pay)	7.3
Appropriation to liquidate unfunded liability	10.9
Interest	.6
Total BA under proposed legislation	18.8
Payments to retirees -- BA under present law	11.1
Net increase in BA	<u>7.7</u>

These additional amounts would result in a buildup of balances in the fund sufficient, over the years, to cover the full liability.

Changes in military retired pay system

In addition to the accrual proposals just outlined, it is intended to submit legislative proposals in this session to change various features of the military retirement system itself. These proposals have not yet been completed. They are not reflected in any of the financial totals herein, nor in the budget.

11-1 PROPOSALS REQUIRING LEGISLATION AND PAY RESTRAINTS
(Budget Authority, \$ Millions)

	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>CUM</u>
<u>Proposals requiring legislation:</u>						
Blue collar pay reform	- 81	-139	-146	-153	-160	-679
Dual compensation	- 30	- 30	- 30	- 30	- 30	-150
DOPMA	-	- 14	- 10	-	-	- 24
Admin duty pay	- 2	- 2	- 2	- 2	- 2	- 10
Officer uniform maint. allowance	- 1	- 1	- 1	- 1	- 1	- 5
Total decreases	<u>-114</u>	<u>-186</u>	<u>-189</u>	<u>-186</u>	<u>-193</u>	<u>-868</u>
DOPMA	23	-	-	11	25	59
Trailer allowance	8	8	8	8	8	40
Quarters allowance (Navy)	10	10	10	10	10	50
Family separation	13	13	13	13	13	65
PCS mileage allowance	40	40	40	40	40	200
Total increases	<u>94</u>	<u>71</u>	<u>71</u>	<u>82</u>	<u>96</u>	<u>414</u>
Net decreases, DoD	- 20	-115	-118	-104	- 97	-454
Stockpile transactions	<u>-178</u>	<u>-178</u>	<u>-178</u>	<u>-178</u>	<u>-178</u>	<u>-890</u>
Net decreases requiring legislation, National Defense	<u>-198</u>	<u>-293</u>	<u>-296</u>	<u>-282</u>	<u>-275</u>	<u>-1,344</u>
<u>Pay restraints:</u>						
General schedule	-560	-967	-1,335	-1,588	-1,729	-6,179
Military personnel	-1,163	-2,005	-2,769	-3,293	-3,587	-12,817
Retired military personnel	- 14	- 54	-115	-197	-293	-673
Wage boards	-196	-474	-700	-878	-992	-3,240
Total, pay restraints	<u>-1,933</u>	<u>-3,500</u>	<u>-4,919</u>	<u>-5,956</u>	<u>-6,601</u>	<u>-22,909</u>
Net, legislation and restraints	-2,131	-3,793	-5,215	-6,238	-6,876	-24,253

Table 11-1

11-2. IMPACT OF MILITARY RETIREMENT ACCRUAL ON BUDGET TOTALS
(FY 1980, \$ Billions)

Function/Agency Subfunction/Account Title	Item	Present		Changes		Proposed	
		BA	Outlays	BA	Outlays	BA	Outlays
050 National Defense/DoD military							
051 Retired pay, Defense	Appro. for payments to retirees	11.1	11.1	-11.1	-11.1	-	-
051 Mil. personnel appro.	Amount of accrual	-	-	+ 7.3	+ 7.3	7.3	7.3
Total, Nat. Def.,/DoD Mil.		<u>11.1</u>	<u>11.1</u>	<u>- 3.8</u>	<u>- 3.8</u>	<u>7.3</u>	<u>7.3</u>
600 Income Security/DoD civil							
602 Retired pay liquidation acct.	Appro. to liquidate unfunded liab.	-	-	+10.9	+10.9	10.9	10.9
602 Retirement trust fund	Collection of accrual	-	-	+ 7.3	-	7.3	-
"	Collection from retired pay account	-	-	+10.9	-	10.9	-
"	Collection of interest	-	-	+ .6	-	.6	-
"	Payment to retirees	-	-	-	+11.1	-	11.1
602 Interfund	Net out trust/federal transactions	-	-	-10.9	-10.9	-10.9	-10.9
Total, Income Security/ DoD Civil		<u>-</u>	<u>-</u>	<u>+18.8</u>	<u>+11.1</u>	<u>18.8</u>	<u>11.1</u>
900 Interest on Public Debt/ Treasury							
901 Interest on the public debt	Payment of interest to trust fund	-	-	+ .6	+ .6	.6	.6
950 Undist. offsetting receipts/ Gov't wide							
951 Employer share, employee retirement	Amount of accrual	-	-	- 7.3	- 7.3	- 7.3	- 7.3
952 Interest recv'd by Trust Funds	Self explanatory	-	-	- .6	- .6	- .6	- .6
Net, Undist. offsetting receipts		<u>-</u>	<u>-</u>	<u>- 7.9</u>	<u>- 7.9</u>	<u>- 7.9</u>	<u>- 7.9</u>
NET TOTAL, FEDERAL BUDGET		<u>11.1</u>	<u>11.1</u>	<u>+ 7.7</u>	<u>-0-</u>	<u>18.8</u>	<u>11.1</u>

Table 11-2

12. FY 1980-84 FORECASTS

National Defense projections

Table 12-1 reflects the National Defense budget authority forecast, FY 1979-84. The totals shown here appear in the FY 1980 budget. The details appear only in part, but are available from OMB. The figures are subdivided to show the main groupings under the National Defense heading, and to show separate totals for appropriations and for trust funds and receipts. The bridge from appropriated BA to TOA for DoD is also shown.

Table 12-2 shows the outlay projections, with the same breakdowns as for Table 12-1.

Table 12-3 provides a comparison of the FY 1980 estimates appearing in the FY 1980 budget (January 1979) with the FY 1980 forecast presented in the FY 1979 budget (January 1978). The National Defense estimates declined by \$1,282 million. This is the net of a \$1,627 million drop for DoD appropriated funds (ex Civil Defense); a \$319 million increase for DoE activities; an \$18 million increase for CD/GSA/FEMA, net; and a net \$48 million decrease for everything else.

Table 12-4 shows changes in BA and TOA for the period FY 1979-83 from the January 1978 estimates to the January 1979 estimates. For FY 1980-83, the major changes involve DoD reductions and DoE increases.

Table 12-5 shows a comparison of the FY 1979-83 estimates of DoD TOA with those presented in January 1978. MAP is excluded from all figures. The changes in total are shown at the top. The middle portion of the table shows changes due to pricing or other nonprogram developments. Thus, retired pay is projected at higher levels than a year ago.

Funding in FY 1979 to cover pre-1975 shipbuilding deficiencies was estimated at \$636 million a year ago. The current estimate is \$917 million for FY 1979, and \$300 million for FY 1980. Thus there are increases of \$281 million for FY 1979 and \$300 million for FY 1980 which provide no new programs in those years.

Since the higher pay/price amounts have to be paid within the dollars provided, the program reductions are considerably greater than the raw dollar changes would indicate. As shown, the FY 1979 program is \$1.9 billion below that projected in January 1978. The spread grows from \$3.4 billion in FY 1980 to \$6.5 billion in FY 1983. These program reductions are converted to constant (FY 1980) prices on the last line. For the FY 1980-83 period, the reductions average about \$4.5 billion per year in these terms.

Table 12-6 compares the changes in FY 1979-83 National Defense outlay estimates from January 1978 to January 1979, in a format comparable to that presented for budget authority in Table 12-4.

CBO projections

The Congressional Budget Office prepared 5-year budget projections in January 1979. Table 12-7 is presented to facilitate comparison with CBO projections. DoD figures in Table 12-7 for all years are the same as those appearing in the President's budget and elsewhere. So are defense-related figures and National Defense totals through FY 1980. For FY 1981-84, the defense-related projections in the President's budget do not include amounts for pay raises and price increases; this is covered, instead, in a government-wide contingency estimate. In Table 12-7, the defense-related estimates for the years FY 1981-84 have been increased above the budget amounts to cover such inflation, using the standard assumptions. Thus the defense-related figures in Table 12-7 are comparable with the DoD projections, and the totals are comparable with the CBO projections of National Defense. Such adjusted figures are used in Tables 12-7, 12-8, 12-9, and 12-10.

Table 12-8 compares CBO and administration projections for budget authority. The first line of the table (\$184.9 billion in FY 1984) shows the CBO projections. The third line (\$180.9 billion in FY 1984) shows the administration projections. Note that, through FY 1983, these projections are quite close together -- they vary by less than \$2 billion per year. By FY 1984, the spread grows to \$4 billion.

This parallelism, however, masks major differences in the assumptions underlying the projections. CBO projects a no-growth defense program (aside from increases associated with the retired military population). The administration projects real growth of 13% from FY 1979 to FY 1984 (\$17.8 billion at FY 1980 prices). However, as the last lines of the table show, CBO projects pay and price increases to be nearly twice as great as the administration projects.

Various forms of highlighting these differences are shown. The first line shows the CBO projection (no real growth) at CBO prices. The second line shows such a no-growth projection at administration price assumptions. Note that there is a \$25.8 billion difference by FY 1984.

The third line shows the administration projection (substantial real growth) with administration price assumptions. The fourth line shows what that real growth would cost at CBO prices. The spread is \$29.4 billion by FY 1984. For the 5 years together, FY 1980-84 cumulative, the price differences are \$70 billion. Clearly, these differences over price levels are much larger than any other issues that are likely to arise in connection with the defense budget.

The third section of the table uses the administration current-dollar projections, and converts them to FY 1980 prices using CBO deflators and administration deflators.

Depending upon which deflator one chooses, the FY 1984 program would be either \$3.7 billion (2.7%) below the FY 1979 level, or \$17.8 billion (13.1%) above that level.

The fourth section shows the annual real changes in program, using the CBO and administration deflators.

Table 12-9 provides similar comparisons with respect to outlays.

Current Service Budget

Special Analysis A of the FY 1980 budget presents current service estimates. These can be compared with DoD figures on real (non-inflationary) program growth.

	(\$ Millions)		
	<u>FY 1979</u>	<u>FY 1980</u>	<u>Increases</u>
TOA in FY 1980 prices	133,248	135,500	+2,252
FY 1979 current services and FY 1980 President's budget, DoD BA (Special Analysis A, p. 21)	132,093	135,041	<u>+2,948</u>
Difference			696

"Real growth" is \$2,252 million; "discretionary growth" is \$2,948 million, for a difference of \$696 million. Three items are involved:

	(\$ Millions)
. Retired pay -- real growth (TOA) is calculated at \$336 million. Only a \$23 million legislative item is treated as discretionary, a difference of	-336
. Certain items included in the FY 1979 column of the FY 1980 budget were not included in the FY 1980 current services amount. These are the program supplemental (\$2,160 million); the \$500 million provided for foreign currency fluctuations, regarded as a one-time item; the \$96 million supplemental request for foreign currency adjustment costs; and \$142 million for FY 1979-80 inflation on the foregoing, a total of	2,898

The current service projections assume a 10.25% pay raise on 10/1/79, and no wage board reform. The budget assumes 5.5% and wage board reform, a difference (excluding retired pay) of

-1,866

Difference

696

Baseline projections through FY 1983

The totals in Tables 12-1 and 12-2 are those appearing in the President's FY 1980 budget. In those figures, the DoD amounts are inflated, while the Defense-related items (DoE and other) generally are not. That is, the DoD figures include amounts to cover pay raises and price increases through FY 1984, while the Defense-related figures are generally stated in FY 1980 budget prices. A single Government-wide allowance amount is projected each year, to cover pay raises and price increases for non-DoD activities.

To provide figures that are comparable, Table 12-10 reflects TOA and appropriated BA for Defense-related activities in current and constant prices. The Defense-related figures were increased here, above the amounts reflected in the FY 1980 budget, to cover inflation.

The data are presented in baseline terms, excluding trust fund and receipt transactions and showing nonbaseline items separately. Data are shown from FY 1973 to FY 1984. Baseline and nonbaseline items are discussed at length in Section 10.

The last line of Table 12-10 shows the baseline trend in constant prices. This is the best single expression of the trend in real buying power provided and projected in support of the U.S. defense program. There was a decline for many years to FY 1975. The trend was reversed with a \$2.3 billion growth from FY 1975 to FY 1976, followed by much larger growth of \$5.9 billion from FY 1976 to FY 1977. There was growth of \$1.7 billion from FY 1977 to FY 1978, and \$0.5 billion from FY 1978 to FY 1979. Growth of \$3 billion is projected from FY 1979 to FY 1980. For the next 4 years the growth is projected at \$3 billion, \$2.7 billion, \$3.9 billion, and \$4.2 billion. For these four years, the increases average about 2.6% per year.

12-1 NATIONAL DEFENSE BUDGET AUTHORITY AND APPROPRIATIONS AND DOD TOA, FY 1979-84
(\$ Millions)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>
<u>BA subject to appropriations</u>						
DoD	125,559	135,477	145,677	155,675	166,774	177,673
DoE (Atomic Energy)	2,614	3,022	3,206	3,176	3,084	3,066
FEMA	130	139	139	139	139	139
GSA	19	200	201	200	200	200
CIA retirement fund	44	52	56	61	66	71
Intelligence community staff	12	13	13	14	14	14
Selective Service	9	10	12	10	10	10
Renegotiation Board	6	7	7	7	7	7
Total, appropriated	<u>128,393</u>	<u>138,920</u>	<u>149,311</u>	<u>159,282</u>	<u>170,294</u>	<u>181,180</u>
<u>Trust funds and receipts</u>						
DoD	-350	-436	-462	-482	-498	-509
Stockpile receipts	-125	-238	-238	-238	-238	-238
Other defense-related	-3	-3	-3	-3	-3	-3
Net, trust funds and receipts	<u>-478</u>	<u>-677</u>	<u>-703</u>	<u>-723</u>	<u>-739</u>	<u>-750</u>
<u>Total National Defense BA</u>						
DoD	125,209	135,041	145,215	155,193	166,276	177,164
DoE (Atomic Energy)	2,614	3,022	3,206	3,176	3,084	3,066
FEMA	130	139	139	139	139	139
GSA	19	200	201	200	200	200
CIA retirement fund	44	52	56	61	66	71
Intelligence community staff	12	13	13	14	14	14
Selective Service	9	10	12	10	10	10
Renegotiation Board	6	7	7	7	7	7
Stockpile receipts	-125	-238	-238	-238	-238	-238
Other receipts	-3	-3	-3	-3	-3	-3
Total BA, National Defense	<u>127,915</u>	<u>138,243</u>	<u>148,609</u>	<u>158,560</u>	<u>169,555</u>	<u>180,431</u>
<u>DoD TOA</u>						
DoD BA subject to appropriation	125,559	135,477	145,677	155,675	166,774	177,673
DoD financing adjustments	181	23	-	-	-	-
Total TOA	<u>125,740</u>	<u>135,500</u>	<u>145,677</u>	<u>155,675</u>	<u>166,774</u>	<u>177,673</u>

Table 12-1

12-2 NATIONAL DEFENSE OUTLAYS, FY 1979-84
(\$ Millions)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>
<u>Outlays from BA subject to appropriation</u>						
DoD	112,245	123,129	134,161	145,382	155,998	166,209
DoE (Atomic Energy)	2,509	2,968	3,156	3,099	3,136	3,025
FEMA	133	140	139	139	139	139
GSA	19	182	201	200	200	200
CIA retirement fund	44	52	56	61	66	71
Intelligence community staff	12	12	14	14	14	14
Selective Service	9	10	11	10	10	10
Renegotiation Board	7	7	7	7	7	7
Total, appropriated	<u>114,976</u>	<u>126,500</u>	<u>137,745</u>	<u>148,913</u>	<u>159,571</u>	<u>169,676</u>
<u>Trust funds and receipts</u>						
DoD	-345	-429	-461	-482	-498	-509
Stockpile receipts	-125	-238	-238	-238	-238	-238
Other defense-related	-3	-3	-3	-3	-3	-3
Net, trust funds and receipts	<u>-473</u>	<u>-670</u>	<u>-702</u>	<u>-723</u>	<u>-739</u>	<u>-750</u>
<u>Total National Defense outlays</u>						
DoD	111,900	122,700	133,700	144,900	155,500	165,700
DoE (Atomic Energy)	2,509	2,968	3,156	3,099	3,136	3,025
FEMA	133	140	139	139	139	139
GSA	19	182	201	200	200	200
CIA retirement fund	44	52	56	61	66	71
Intelligence community staff	12	12	14	14	14	14
Selective Service	9	10	11	10	10	10
Renegotiation Board	7	7	7	7	7	7
Stockpile receipts	-125	-238	-238	-238	-238	-238
Other receipts	-3	-3	-3	-3	-3	-3
Total outlays, National Defense	<u>114,503</u>	<u>125,830</u>	<u>137,043</u>	<u>148,190</u>	<u>158,832</u>	<u>168,926</u>

Table 12-2

12-3 COMPARISON OF FY 1980 ESTIMATES FOR NATIONAL DEFENSE
JANUARY 1978 AND JANUARY 1979
(\$ Millions)

	Budget Authority			Outlays		
	January 1978	January 1979	Change	January 1978	January 1979	Change
<u>BA subject to appropriation</u>						
DoD	137,200	135,477 a/	-1,723	126,146	123,129 a/	-3,017
DoE (Atomic Energy)	2,703	3,022	+319	2,793	2,968	+175
FEMA	-	139 a/	+139	-	140 a/	+140
GSA	219	200 a/	-19	201	182 a/	-19
CIA retirement fund	53	52	-1	53	52	-1
Intelligence community staff	10	13	+2	10	12	+2
Other appropriated	17	17	-	17	17	-
Total appropriated	140,202	138,920	-1,282	129,220	126,500	-2,720
<u>Trust funds and receipts</u>						
DoD	-346	-436	-90	-346	-429	-83
Stockpile receipts	-279	-238	+41	-279	-238	+41
Other defense-related	-3	-3	-	-3	-3	-
Net, trust funds and receipts	-627	-677	-49	-627	-670	-43
<u>Total National Defense</u>						
DoD	136,854	135,041	-1,813	125,800	122,700	-3,100
Other appropriated	3,002	3,443	+441	3,074	3,371	+297
Other trust funds and receipts	-282	-241	+41	-282	-241	+41
Total, National Defense	139,575	138,243	-1,332	128,593	125,830	-2,762
<u>DoD TOA</u>						
DoD BA subject to appropriation	137,200	135,477	-1,723			
DoD financing adjustment	-	23	+23			
DoD TOA	137,200	135,500	-1,700			

a/ The January 1978 estimate included funds for Civil Defense under DoD and for preparedness activities under GSA which are reflected under the new Federal Energy Management Agency (FEMA) in the FY 1979 estimates. A reconciliation follows:

(BA, \$ millions)

	January 1978	January 1979	Change
Civil Defense in DoD	102		
Civil Defense in FEMA		109	(+ 7)
Remainder of FEMA	-	30	(+11)
GSA	219	200	
Total	321	339	(+18)

Table 12-3

12-4 COMPARISON OF JANUARY 1978 AND JANUARY 1979 ESTIMATES OF
NATIONAL DEFENSE BUDGET AUTHORITY AND APPROPRIATIONS
AND DOD TOA, FY 1979-83
(Changes, \$ Millions)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>
<u>BA subject to appropriation</u>					
DoD	-342	-1,723	-2,923	-4,825	-5,926
DoE (Atomic Energy)	-215	+319	+544	+642	+604
FEMA	+130	+139	+139	+139	+139
GSA	-199	-19	-47	-75	-92
CIA retirement fund	-	-1	+1	-1	-1
Intelligence community staff	+2	+3	+3	+4	+4
Selective Service	-1	-	+2	-	-
Renegotiation Board	-1	-	-	-	-
Total, appropriated	-625	-1,282	-2,282	-4,116	-5,272
<u>Trust funds and receipts</u>					
DoD	-15	-90	-98	-100	-97
Stockpile receipts	+117	+41	+41	+28	+28
Other defense-related	-1	-	-	-	-
Net trust funds and receipts	+101	-49	-58	-72	-70
<u>Total National Defense budget authority</u>					
DoD	-358	-1,813	-3,021	-4,925	-6,023
Other appropriated	-284	+441	+640	+709	+654
Other trust funds and receipts	+116	+41	+41	+28	+28
Total BA, National Defense	-524	-1,332	-2,340	-4,188	-5,342
<u>DoD TOA</u>					
DoD BA subject to appropriation	-342	-1,723	-2,923	-4,825	-5,926
DoD financing adjustments	+82	+23	-	-	-
DoD TOA	-260	-1,700	-2,923	-4,825	-5,926

Table 12-4

12-5 COMPARISON OF DOD 5-YEAR PROJECTIONS, JANUARY 1978 AND JANUARY 1979
(TOA, \$ Millions)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>
January 1978 projections	126,000	137,200	148,600	160,500	172,700	NA
Deduct Civil Defense	-97	-102	-106	-111	-117	NA
January 1978 Projections, ex. CD	<u>125,903</u>	<u>137,098</u>	<u>148,494</u>	<u>160,389</u>	<u>172,583</u>	<u>NA</u>
January 1979 projections	125,740	135,500	145,700	155,700	166,800	177,700
Net reductions, ex. CD	<u>-163</u>	<u>-1,598</u>	<u>-2,794</u>	<u>-4,689</u>	<u>-5,783</u>	<u>NA</u>
Increases (+) or decreases (-) from January 1978 to January 1979:						
Military retired pay	+147	+277	+362	+443	+485	
Prior-year shipbuilding	+281	+300	-	-	-	
Pay/price changes	+1,319	+1,197	+1,064	+153	-1,176	
Pay/price and related	<u>+1,747</u>	<u>+1,774</u>	<u>+1,426</u>	<u>+596</u>	<u>-691</u>	
Program decreases	-1,910	-3,372	-4,220	-5,285	-6,474	
Net reductions	<u>-163</u>	<u>-1,598</u>	<u>-2,794</u>	<u>-4,689</u>	<u>-5,783</u>	
Program decreases in constant (FY 1980) prices	-2,021	-3,372	-4,013	-4,813	-5,676	

Table 12-5

12-6 COMPARISON OF JANUARY 1978 AND JANUARY 1979 ESTIMATES
OF NATIONAL DEFENSE OUTLAYS, FY 1979-83
(Changes, \$ Millions)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>
<u>Outlays from BA subject to appropriation</u>					
DoD	-3,281	-3,017	-2,703	-2,901	-3,903
DoE (Atomic Energy)	-27	+175	+384	+486	+602
FEMA	+133	+140	+139	+139	+139
GSA	-200	-19	-50	-57	-67
CIA retirement fund	-	-1	-1	-1	-1
Intelligence community staff	+2	+2	+4	+4	+4
Selective Service	-	-	+1	-	-
Renegotiation Board	-	-	-	-	-
Total, appropriated	<u>-3,373</u>	<u>-2,720</u>	<u>-2,226</u>	<u>-2,329</u>	<u>-3,225</u>
<u>Trust funds and receipts</u>					
DoD	-19	-83	-97	-99	-97
Stockpile receipts	+117	+41	+41	+28	+28
Other defense-related	-1	-	-	-	-
Net trust funds and receipts	<u>+97</u>	<u>-43</u>	<u>-57</u>	<u>-72</u>	<u>-70</u>
<u>Total National Defense outlays</u>					
DoD	-3,300	-3,100	-2,800	-3,000	-4,000
Other appropriated	-92	+297	+477	+571	+677
Other trust funds and receipts	+116	+41	+41	+28	+28
Total outlays, National Defense	<u>-3,276</u>	<u>-2,762</u>	<u>-2,283</u>	<u>-2,401</u>	<u>-3,294</u>

Table 12-6

12-7 NATIONAL DEFENSE TOTALS IN CURRENT AND CONSTANT PRICES
(Fiscal Years, \$ Millions)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<u>BA, current prices</u>												
DoD	77,555	80,991	85,661	95,508	108,338	115,322	125,209	135,041	145,215	155,193	166,276	177,164
Defense-related	<u>1,516</u>	<u>477</u>	<u>538</u>	<u>1,664</u>	<u>2,094</u>	<u>2,605</u>	<u>2,706</u>	<u>3,202</u>	<u>3,564</u>	<u>3,678</u>	<u>3,702</u>	<u>3,785</u>
Total, National Defense	79,071	81,468	86,199	97,172	110,432	117,926	127,915	138,243	148,779	158,871	169,978	180,949
<u>BA, FY 1980 prices</u>												
DoD	127,892	122,737	118,909	124,344	131,343	130,453	132,680	135,041	137,987	141,082	145,464	150,047
Defense-related	<u>2,593</u>	<u>739</u>	<u>756</u>	<u>2,192</u>	<u>2,553</u>	<u>2,960</u>	<u>2,869</u>	<u>3,202</u>	<u>3,394</u>	<u>3,367</u>	<u>3,279</u>	<u>3,267</u>
Total, National Defense	130,485	123,476	119,665	126,536	133,896	133,413	135,549	138,243	141,381	144,449	148,743	153,314
<u>Outlays, current prices</u>												
DoD	73,223	77,550	84,900	87,891	95,557	103,042	111,900	122,700	133,700	144,900	155,500	165,700
Defense-related	<u>1,318</u>	<u>231</u>	<u>652</u>	<u>1,539</u>	<u>1,944</u>	<u>2,144</u>	<u>2,603</u>	<u>3,130</u>	<u>3,544</u>	<u>3,655</u>	<u>3,838</u>	<u>3,821</u>
Total, National Defense	74,541	77,781	85,552	89,430	97,501	105,186	114,503	125,830	137,244	148,555	159,338	169,521
<u>Outlays, FY 1980 prices</u>												
DoD	122,454	119,648	118,351	114,567	116,537	117,396	119,063	122,700	126,399	130,486	134,418	138,447
Defense-related	<u>2,334</u>	<u>373</u>	<u>925</u>	<u>2,037</u>	<u>2,404</u>	<u>2,477</u>	<u>2,785</u>	<u>3,130</u>	<u>3,343</u>	<u>3,290</u>	<u>3,332</u>	<u>3,226</u>
Total, National Defense	124,788	120,021	119,276	116,604	118,941	119,873	121,848	125,830	129,742	133,776	137,750	141,673

Note: Defense-related BA and outlays differ slightly from budget, FY 1981-84. See Chapter 12 text for explanation.

12-8 CBO AND ADMINISTRATION PROJECTIONS, BUDGET AUTHORITY
(National Defense BA, \$ Billions)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>
CBO Projections:						
In CBO prices	127.2	137.4	147.9	159.4	171.8	184.9
In Administration prices	127.2	134.8	141.8	148.2	154.0	159.1
Administration Projections:						
In Administration prices	127.9	138.2	148.8	158.9	170.0	180.9
In CBO prices	127.9	140.9	155.1	170.9	189.6	210.3
Administration current \$ projections, converted to FY 1980 \$ using:						
CBO deflators	138.1	138.2	138.2	136.8	135.9	134.4
Administration deflators	135.5	138.2	141.4	144.4	148.7	153.3
Real change from prior year using:						
CBO deflators		+0.1%	-	-1.0%	-0.7%	-1.1%
Administration deflators		+2.0%	+2.3%	+2.1%	+3.0%	+3.1%
Deflators (FY 1980 = 100):						
CBO	92.6	100.0	107.7	116.1	125.1	134.6
Administration	94.4	100.0	105.2	110.0	114.3	118.0

Note: Administration National Defense BA FY 1981-84 differs from budget. See Chapter 12 text for explanation.

12-9 CBO AND ADMINISTRATION PROJECTIONS, OUTLAYS
(National Defense Outlays, \$ Billions)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>
CBO Projections:						
In CBO prices	113.3	125.0	139.0	151.0	163.0	175.0
In Administration prices	113.3	123.2	134.5	142.3	148.5	153.3
Administration Projections:						
In CBO prices	114.5	127.7	141.7	157.7	174.8	193.6
In Administration prices	114.5	125.8	137.2	148.6	159.3	169.5
Administration current \$ projections converted to FY 1980 \$ using:						
CBO deflators	123.7	125.8	127.4	128.0	127.3	125.9
Administration deflators	121.8	125.8	129.7	133.8	137.8	141.7
Real change from prior year using:						
CBO deflators		+1.7%	+1.3%	+0.5%	-0.5%	-1.1%
Administration deflators		+3.3%	+3.1%	+3.1%	+3.0%	+2.8%

Table 12-9

Note: Administration National Defense BA differs slightly from budget, FY 1981-84. See Chapter 12 text for explanation.

12-10 TOTAL AND BASELINE PROGRAM, FY 1973-84
(TOA \$ in Millions)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<u>Current Prices</u>												
TOA	78,944	81,664	86,190	95,881	108,190	116,494	125,740	135,500	145,700	155,700	166,800	177,700
Prior-year shipbuilding	+241	+1,081	+1,483	-1,366	-1,584	-418	-917	-300	-	-	-	-
Comparable TOA	79,185	82,745	87,673	94,515	106,606	116,076	124,823	135,200	145,700	155,700	166,800	177,700
Retired pay	4,392	5,137	6,239	7,326	8,219	9,173	10,319	11,466	12,575	13,680	14,735	15,717
Military functions, SEA	5,172	1,290	270	-	-	-	-	-	-	-	-	-
Total, non-baseline	9,564	6,427	6,509	7,326	8,219	9,173	10,319	11,466	12,575	13,680	14,735	15,717
Baseline TOA, DoD	69,621	76,318	81,164	87,189	98,387	106,903	114,504	123,734	133,125	142,020	152,065	161,983
DOE and other appropriated	1,892	1,767	1,626	1,828	2,244	2,698	2,834	3,443	3,816	3,940	3,929	4,063
Baseline, National Defense	<u>71,513</u>	<u>78,085</u>	<u>82,790</u>	<u>89,017</u>	<u>100,631</u>	<u>109,601</u>	<u>117,338</u>	<u>127,177</u>	<u>136,941</u>	<u>145,960</u>	<u>155,994</u>	<u>166,046</u>
<u>Constant (FY 1980) Prices</u>												
TOA	130,234	123,726	119,651	124,833	131,178	131,774	133,248	135,500	138,423	141,518	145,900	150,483
Prior-year shipbuilding	+241	+1,081	+1,483	-1,366	-1,584	-418	-917	-300	-	-	-	-
Comparable TOA	130,475	124,807	121,134	123,467	129,594	131,356	132,331	135,200	138,423	141,518	145,900	150,483
Retired Pay	8,150	8,693	9,252	9,784	10,363	10,759	11,130	11,466	11,821	12,188	12,566	12,955
Military functions, SEA	8,865	2,025	363	-	-	-	-	-	-	-	-	-
Total, non-baseline	17,015	10,718	9,615	9,784	10,363	10,759	11,130	11,466	11,821	12,188	12,566	12,955
Baseline TOA, DoD	113,460	114,089	111,519	113,683	119,231	120,597	121,201	123,734	126,602	129,330	133,334	137,528
DOE and other appropriated	3,236	2,739	2,283	2,408	2,736	3,065	3,006	3,443	3,634	3,607	3,480	3,507
Baseline, National Defense	<u>116,696</u>	<u>116,828</u>	<u>113,802</u>	<u>116,091</u>	<u>121,967</u>	<u>123,662</u>	<u>124,207</u>	<u>127,177</u>	<u>130,236</u>	<u>132,937</u>	<u>136,814</u>	<u>141,035</u>

Table 12-10

Note: DOE and other appropriated BA differs slightly from budget in current prices, FY 1981-84. See text of Chapter 12 for explanation.