



OFFICE OF THE SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

#92

OFFICE OF  
THE DIRECTOR  
PROGRAM ANALYSIS  
AND EVALUATION

2 AUG 1981

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: Outlay Cuts and Their Effect on TOA

As you requested, the attached table provides our estimate of how various levels of outlay cuts would translate into TOA cuts, and how this would affect the defense budget topline. The table indicates that with an \$8 billion outlay cut we could easily wind up with FY83 TOA below the Carter plan. Also attached are other items that may be helpful for your meeting.

*Jack R. Borsting*  
Jack R. Borsting  
Assistant Secretary of Defense  
Comptroller

*David S. C. Chu*  
David S. C. Chu  
Director  
Program Analysis and Evaluation

Attachment

Office of the Secretary of Defense 5 U.S.C. § 552  
Chief, RDD, ESD, WHS +  
Date: 05 FEB 2016 Authority: EO 13526  
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Reason: \_\_\_\_\_  
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Effects of FY83 Outlay Cuts on TOA

A \$1B outlay cut requires:

- \$1.9B in TOA if taken across the board
- \$2.9B in TOA if taken across the board but with manpower excluded
- \$4B in TOA if concentrated in procurement and other investment items

A \$5B outlay cut requires:

- \$9.5B in TOA if taken across the board
- \$14.5B in TOA if taken across the board but with manpower excluded
- \$20B in TOA if concentrated in procurement and other investment items

An \$8B outlay cut requires:

- \$15.2 in TOA if taken across the board
- \$23.2 in TOA if taken across the board but with manpower excluded
- \$32 in TOA if concentrated in procurement and other investment items

Current outlay estimate <sup>1/</sup>	221.3
Current TOA	253.7
Carter TOA <sup>2/</sup>	224.0

Current TOA less 1.9B =	251.8
Current TOA less 2.9B =	250.8
Current TOA less 4B =	249.7

Current TOA less 9.5B =	244.2
Current TOA less 14.5B =	239.2
Current TOA less 20B =	233.7

Current TOA less 15.2B =	238.5
Current TOA less 23.2B =	230.5
Current TOA less 32B =	221.7

(Note: below Carter's level)

- <sup>1/</sup> Based on POMs as submitted  
<sup>2/</sup> Using Carter's inflation assumptions

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Current Dollars - Outlays  
(\$ Billions)

	<u>1983</u>	<u>1984</u>
Current DoD Est.	221.3	251.9
OMB Mid-Session	219.9	248.6
OMB Proposal	211.	240.7
Old Programs (1982 & before)	72.	87.
New Programs	150.	165.
Military Personnel	40.	41.1
Retired Pay	17.3	18.8
O&M	56.6	61.3
Procurement	9.2	10.8
R&D	13.6	14.7
Military Construction	1.0	1.3
Family Housing	1.6	1.7
Contingencies (Pay raises & some inflation)	10.3	15.1

NOTE: In a given year the following rules-of-thumb might be helpful:

- 1) If outlays were cut across-the-board, the TOA cut would be double.
- 2) If procurement outlays were cut, the TOA cut would be eight (8) times.

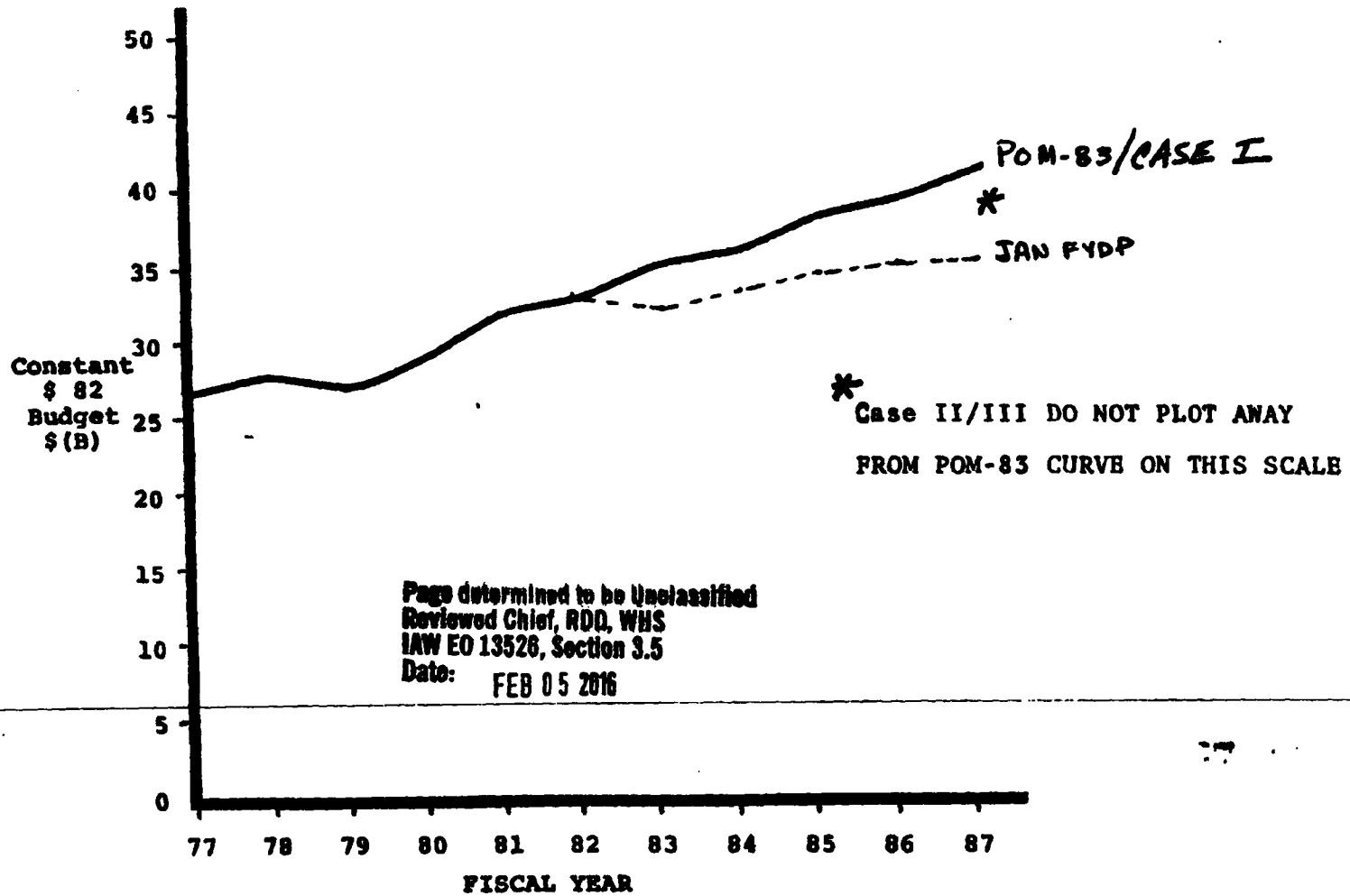
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DoD BA/Outlays  
 Mid-Session Review Summary  
 FY 83-86 POM Submissions  
 (4 Bilkoes)

	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>
<u>Final OMB</u>						
<u>Mid Session Summary</u>						
TOA	176.2	221.3	253.7	288.0	325.1	366.0
B/A	175.9	220.9	253.3	287.6	324.8	365.6
O/L	156.6	183.8	219.9	248.6	295.8	334.5
<u>DoD POM</u>						
TOA	176.6	221.5	254.9	289.3	326.5	367.5
B/A						
O/L	156.6	183.8	221.4	252.0	284.3	320.7
<u>Delta (DoD vs OMB)</u>						
TOA						
B/A						
O/L			+1.5	+3.4	-11.5	-13.8
<u>Strategic PDG</u>			<del>1.3</del>	<del>3.2</del>	1.5	3.5
<u>Outlay</u>			1.3	3.2	1.8	1.9
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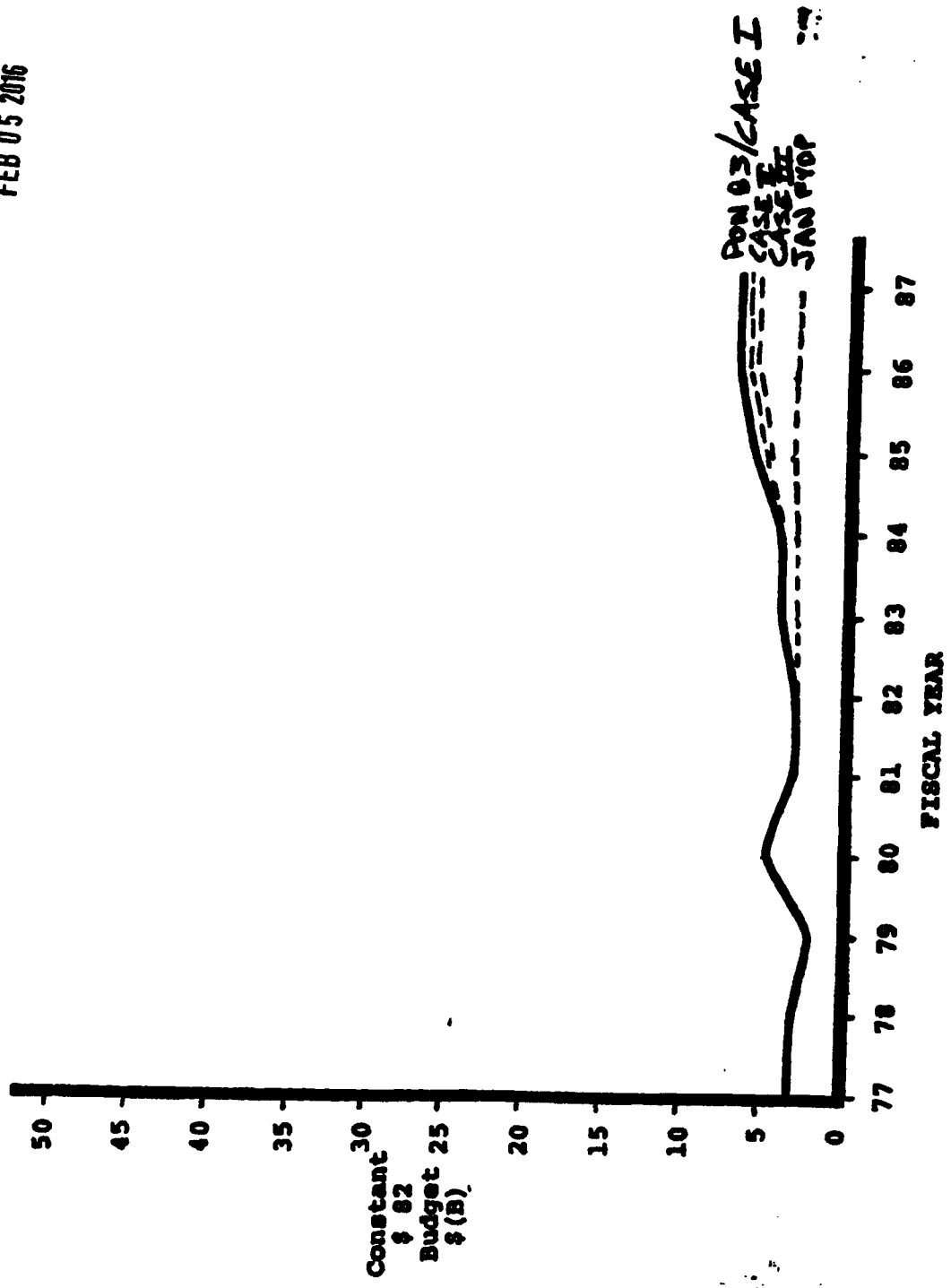
READINESS



SUSTAINABILITY

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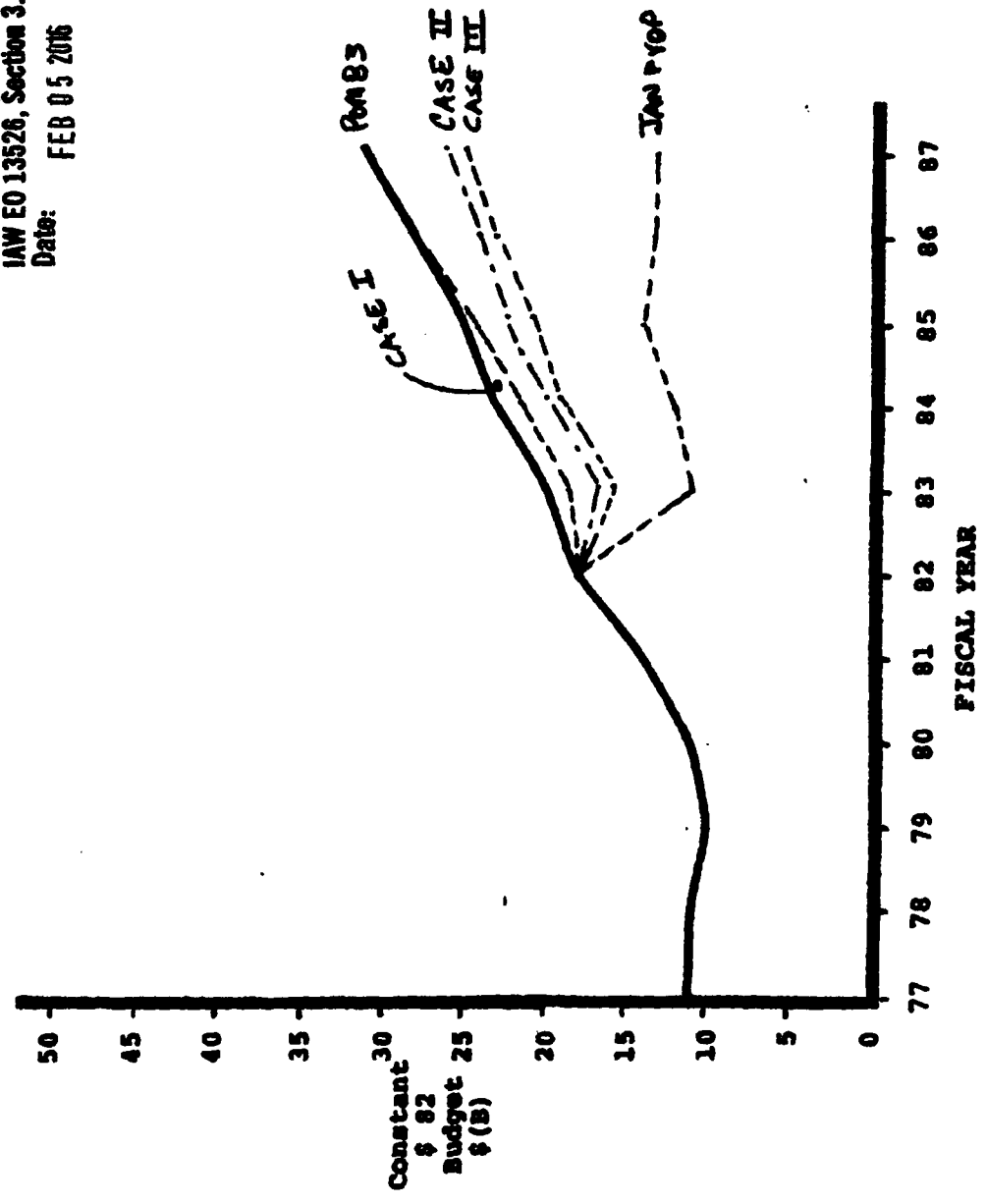
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SUSTAINABILITY BALANCE

	<u>ON HAND</u>	<u>REQUIRED</u>	<u>GUIDANCE</u>	<u>POM-83</u>	<u>CASE I</u>	<u>CASE II</u>	<u>CASE III</u>
WAR RESERVE SPARES	D+21	D+180	D+60	D+60	D+60	D+45	D+23
LOE ORDNANCE	D+44	D+180	D+60	D+48	D+51	D+51	D+48
THREAT WEAPONS	49%	99%	90%	90%	90%	90%	90%
ADVANCED BASE FUNCTIONAL COMPONENTS	0	100%	-	88%	88%	23%	0
FLEET HOSPITALS	0	17,200 BEDS	17,200 BEDS	15,750 BEDS	15,750	11,750	6,750

**FORCE STRUCTURE**

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# ALTERNATIVE FIVE YEAR SHIPBUILDING PLANS

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	CARTER BUDGET	POM-83	CASES			
			I	II	III A	B
CVN	0	2	NO CHANGE	2	2	2 CV
AEGIS CRUISERS	16	18		17	17	17
SSN-688	7	17		14	13	13
DD-963	0	3		2	2	2
FFG-7 (VARIANT)	1	12		0	0	0
AMPHIBS	0	11		9	10	9
T-AO/AOE/AE	7	28		21	19	20
ALL OTHER	49	54		49	47	44
<b>TOTAL</b>	<b>80</b>	<b>145*</b>	<b>140</b>	<b>112</b>	<b>107</b>	<b>109</b>

\* PLUS 16 ACQUISITIONS/CONVERSIONS

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# FIVE YEAR SHIPBUILDING

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 83-87
<u>NEW CONSTRUCTION</u>								
CVN	-	-	-	1	-	1	-	2
AEGIS CRUISERS	2	3	3	3	3	4	5	18
SSN-688	2	2	3	3	3	4	4	17
DDGX	-	-	-	-	1	-	3	4
DD-983	-	-	-	-	2	1	-	3
AMPHIBS	1	-	1	2	3	2	3	11
MCM/MSH	-	1	4	5	5	5	5	24
T-AO	-	1	2	2	4	6	6	20
AOE/AE	-	-	-	1	1	3	3	8
T-AGOS	5	4	1	-	2	3	-	6
FFG-7	6	3	2	2	2	3	3	12
TRIDENT	1	1	1	1	2	1	2	7
ALL OTHERS	1	3	3	6	1	3	-	13
POT-85	18	18	20	28	29	38	34	145
TOTAL								
CASE I			18	23	29	36	34	140
CASE II			14	20	22	29	27	112
CASE III A			12	20	20	28	27	107
III B			12	20	21	28	28	109

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# COMPARATIVE SHIPBUILDING PROGRAMS

FY 80 FY 81 FY 82 FY 83 FY 84 FY 85 FY 86 FY 87 FY 88 FY 89 FY 90

## CARTER PROGRAM

● SHIPBUILDING QTY	18	14	9	19	18	20	-
COST (\$B)	\$7.5	\$8.8	\$8.7	\$9.4	\$12.7	\$12.4	-

## REAGAN AMENDMENT

● SHIPBUILDING QTY	4
COST (\$B)	\$3.7

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## POM-83

● SHIPBUILDING QTY	20	28	29	38	34
COST (\$B)	\$12.7	\$15.4	\$18.4	\$21.9	\$28.8
CASE I QTY	18	23	29	36	34
COST	\$12.1	\$14.5	\$18.4	\$21.9	\$26.6
CASE II QTY	14	20	22	29	27
COST	\$10.5	\$13.3	\$15.6	\$18.4	\$22.3
CASE IIIA QTY	12	20	20	28	27
COST	\$ 8.6	\$13.0	\$15.4	\$18.9	\$22.2
B QTY	12	20	21	28	28
COST	\$ 8.7	\$12.7	\$15.1	\$18.2	\$21.1

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## ALTERNATIVE FIVE YEAR AIRCRAFT PROCUREMENT PLANS

	CARTER BUDGET	NAVY POM-83	I	CASES II	III A/B
F-14A	42	144			120
F/A-18	602	534			
AV-8B	0	228		210	198
A-6E	20	60		44	44
EA-6B	10	30			24
P-3C	36	58	43	19	19
E-2C	30	30			24
SH-2F	0	72			
SH-60B	204	314			
T-34C, TH-57	0	186			
C-9B	0	10			
ALL OTHER	147	287			
<b>TOTAL</b>	<b>1091</b>	<b>1953</b>	<b>1938</b>	<b>1880</b>	<b>1832</b>

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NO CHANGE UNLESS SHOWN

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# FIVE YEAR AIRCRAFT PROCUREMENT PLAN

ACFT	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 83-87
F-14A	30	30	24	30	30	30	30	144
F/A-18	60	63	66	96	108	132	132	534
AV-8B	0	12	24	36	48	60	60	228
A-6E	12	12	12	12	12	12	12	60
EA-6B	6	6	6	6	6	6	6	30
E-2C	6	6	6	6	6	6	6	30
P-3C	12	12	6	8	8	18	20	58
LAMPS I	0	18	18	18	18	18	-	72
LAMPS III	0	18	48	64	74	64	64	314
T-34C, TH-57	92	90	81	49	28	28	-	188
C-9B	2	0	2	2	2	2	2	10
ALL OTHER	27	16	19	45	60	68	95	287
POM-83 TOTAL	235	283	312	372	400	442	427	1953
		CASE I	308	366	395	442	427	1938
		CASE II	298	356	385	428	413	1880
		CASE IIIA / B	294	346	375	416	401	1832

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# COMPARATIVE AIRCRAFT PROCUREMENT PROGRAMS

	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>
<b><u>CARTER PROGRAM</u></b>							
● AIRCRAFT PROC QTY	188	121	175	240	278	277	-
COST (\$B)	\$8.1	\$7.0	\$8.3	\$9.0	\$10.6	\$10.7	-
<b><u>REAGAN AMENDMENT</u></b>							
● AIRCRAFT PROC QTY	+47	+162					
COST (\$B)	\$0.1	\$2.4					
<b><u>POM-83</u></b>							
● AIRCRAFT PROC QTY			312	372	400	442	427
COST (\$B)			\$10.8	\$12.2	\$14.4	\$15.9	\$16.1
CASE I							
AIRCRAFT PROC QTY			308	366	395	442	427
COST (\$B)			\$10.6	\$11.9	\$14.1	\$15.9	\$16.1
CASE II							
AIRCRAFT PROC QTY			298	356	385	428	413
COST (\$B)			\$10.4	\$11.7	\$14.0	\$15.6	\$15.7
CASE III A/B							
AIRCRAFT PROC QTY			294	346	375	416	401
COST (\$B)			\$10.2	\$11.4	\$13.6	\$15.3	\$15.4

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