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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

17 DEC 1984

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date:

MEMORANDUM FOR THE PRESIDENT

AUG 22 2018

The attached table reflects your decisions on the Defense Budget this morning for FY 86 through FY 88. In FY 86 we will now be providing \$8.7 billion in outlays, considerably more than OMB requested of us. This also means a reduction in BA of \$11.1 billion to \$313.7, a real growth of roughly 5.6%. This is \$1.6 billion below the amount Congress voted for Defense in the Budget Resolution about two months ago. It is also \$2.1 billion below the outlay estimates for FY 86 they approved on the same resolution. I believe it is important for us to get this decision out as fast as possible--preferably this afternoon. I also believe it will be most effective to release it as a White House announcement stating that after full consultation with all of your advisors, you have reached a decision on a defense budget level that shows a commitment to your defense program while at the same time recognizing the need for all agencies to contribute to the deficit reduction effort.

It is also particularly important that we hold to the FY 87 and FY 88 numbers shown in the table, which are simply the Rose Garden numbers reduced by the effect of the FY 86 savings stated above.

Pop-

cc: Mr. McFarlane
Mr. Heese

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
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See Def Cont Nr. X33342

**Defense FY 86 Deficit Reduction Plan
(051 Military Functions)
(\$ Billions)**

	FY 86		FY 87		FY 88		Total	
	BA	OL	BA	OL	BA	OL	BA	OL
Rose Garden	324.8	286.5	362.6	321.5	411.5	358.8	1,098.9	966.8
1) Freeze FY 86 Military Pay after a July 1, 1985 3.0% Catchup Increase	-2.6	-2.6	-2.8	-2.8	-3.0	-3.0	-8.4	-8.4
2) DoD Civilian Pay Freeze	-1.6	-1.6	-2.8	-2.8	-3.7	-3.7	-8.1	-8.1
3) DoD Civilian 5% Pay Cut	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-3.3	-3.3
4) Annualization of PY Inflation	-1.1	-.4	-1.3	-.9	-1.5	-1.2	-3.9	-2.5
5) Annualization of PY Fuel	-.5	-.5	-.6	-.6	-.6	-.6	-1.7	-1.7
6) Program Reductions	<u>-4.2</u>	<u>-2.5</u>	<u>-</u>	<u>-1.0</u>	<u>-</u>	<u>-.6</u>	<u>-4.2</u>	<u>-4.1</u>
Total Reductions	<u>-11.1</u>	<u>-8.7</u>	<u>-8.6</u>	<u>-9.2</u>	<u>-9.9</u>	<u>-10.2</u>	<u>-29.6</u>	<u>-28.1</u>
Revised Level	<u>313.7</u>	<u>277.8</u>	<u>354.0</u>	<u>312.3</u>	<u>401.6</u>	<u>348.6</u>	<u>1,069.3</u>	<u>938.7</u>
% Real Growth (DoD)	5.6	7.9	7.6	6.9	8.5	6.4	7.3 (Avg)	7.1 (Avg)

Page determined to be Unclassified
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