
CHAPTER IV. THE ADMINISTRATION'S DEFENSE BUDGET

The Administration's fiscal year 1984 budget proposes rapid real growth in defense spending over the next five years. New budget authority for national defense is projected to increase from \$281 billion in 1984 to \$433 billion in 1988, for a five-year total of about \$1.8 trillion. This represents average annual real growth of 6.8 percent, using Administration assumptions about future rates of inflation. As a consequence, the defense share of the federal budget would climb steadily. Defense spending relative to the size of the economy would also grow, regaining the levels of the early 1970s.

The Administration's current defense budget plan is similar to the one proposed last year, although funding levels are somewhat lower. Budget authority is \$11 billion less for 1984 and \$55 billion less over the 1984-1988 period, mainly because pay raises, cost-of-living adjustments (COLA), and inflation estimates are lower. The Administration's plan also cuts previously planned purchases of ships, missiles, and aircraft. These reductions, however, are offset somewhat by funding increases for readiness activities.

The Administration's 1984 defense budget is higher than the targets set by the Congress in its First Concurrent Resolution on the Budget for Fiscal Year 1983. Compared to CBO's national defense baseline projections for 1984-1988, which are based on the 1983 Congressional budget resolution, the Administration's budget represents an increase of \$81 billion in budget authority and \$75 billion in outlays. In effect, the Administration budget substitutes reductions in pay raises, COLAs, and inflation assumptions for program reductions implicit in the resolution.

Despite recent revisions in defense procurement policies, defense purchases have experienced significant real cost growth again this year. CBO analysis shows that unit cost growth for 60 weapons systems has increased the 1984 budget by about \$2.6 billion.

DEFENSE BUDGET GROWTH IN PERSPECTIVE

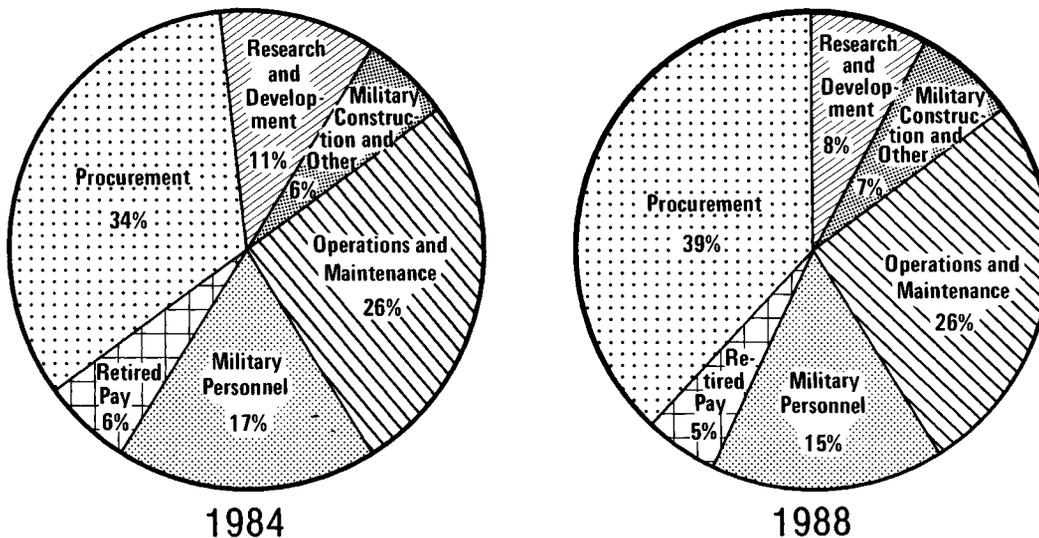
The Administration's defense budget for 1984-1988 is summarized in Table IV-1 and Figure IV-1. The Administration requests 1984 budget authority of \$280.5 billion--a \$35 billion, or 14 percent, increase over the

TABLE IV-1. THE ADMINISTRATION'S DEFENSE BUDGET (By fiscal year, In billions of dollars)

	Actual	Administration Estimates					
	1982	1983	1984	1985	1986	1987	1988
Budget Authority							
Department of Defense-Military							
Operations	66.9	67.2	76.8	85.5	96.0	106.6	115.7
Procurement	64.5	80.3	94.1	119.6	136.4	150.4	170.3
Other	82.4	91.9	102.5	116.5	124.0	131.3	138.3
Subtotal, DoD	213.8	239.4	273.4	321.6	356.4	388.3	424.3
Other National Defense	5.0	6.0	7.1	8.4	8.4	8.7	8.4
Total	218.7	245.5	280.5	330.0	364.8	397.0	432.7
Real Growth (year to year in percents)	12.0	7.3	10.2	11.2	5.2	3.7	3.8
Outlays							
Department of Defense-Military							
Operations	60.4	64.8	72.6	82.2	92.1	102.0	111.5
Procurement	43.3	55.2	68.2	85.9	103.7	117.5	131.4
Other	79.2	88.9	97.8	109.4	119.1	126.1	134.1
Subtotal, DoD	182.9	208.9	238.6	277.5	314.9	345.6	377.0
Other National Defense	4.5	5.9	6.7	7.8	8.1	8.7	8.0
Total	187.4	214.8	245.3	285.3	323.0	354.3	385.6
Real Growth (year to year in percents)	7.7	9.8	10.3	9.6	7.7	4.5	3.7

SOURCE: Office of Management and Budget.

Figure IV-1.
 Defense Department Budget, Fiscal Years 1984 and 1988
 (Budget Authority)

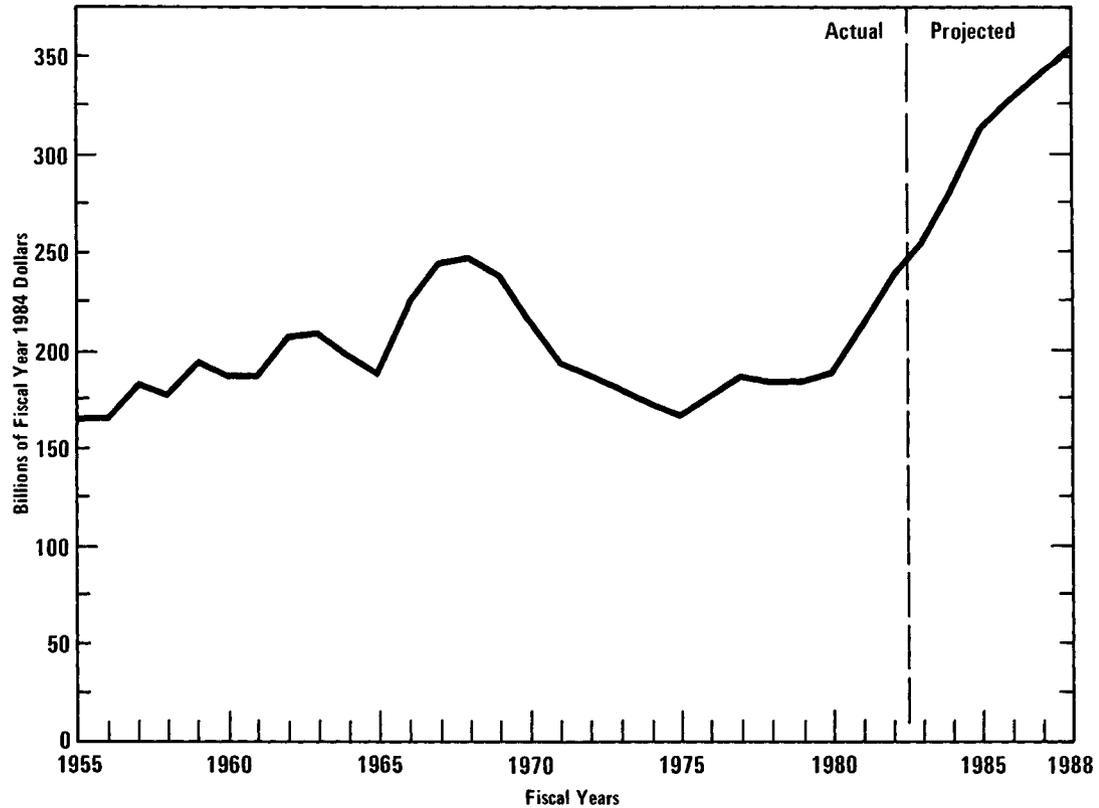


SOURCE: *Budget of the United States Government, Fiscal Year 1984.*

1983 estimated level. The January budget also proposes \$1.6 billion for supplemental appropriations and \$650 million in rescissions for defense programs in 1983.

Further large increases in defense appropriations are planned for 1985-1988. New budget authority would rise to \$330 billion in 1985, \$365 billion in 1986, \$397 billion in 1987, and \$433 billion in 1988. Together with the requested 1984 budget authority, this represents almost a \$1.8 trillion defense program over the next five years. This is nearly \$900 billion more for national defense than the Congress provided during the past five years (1979-1983)--or, in real terms, a 49 percent increase. Figure IV-2 portrays the proposed rapid real growth in the level of future Department of Defense (DoD) appropriations. Figure IV-3 shows the year-to-year real growth rates planned by the Administration.

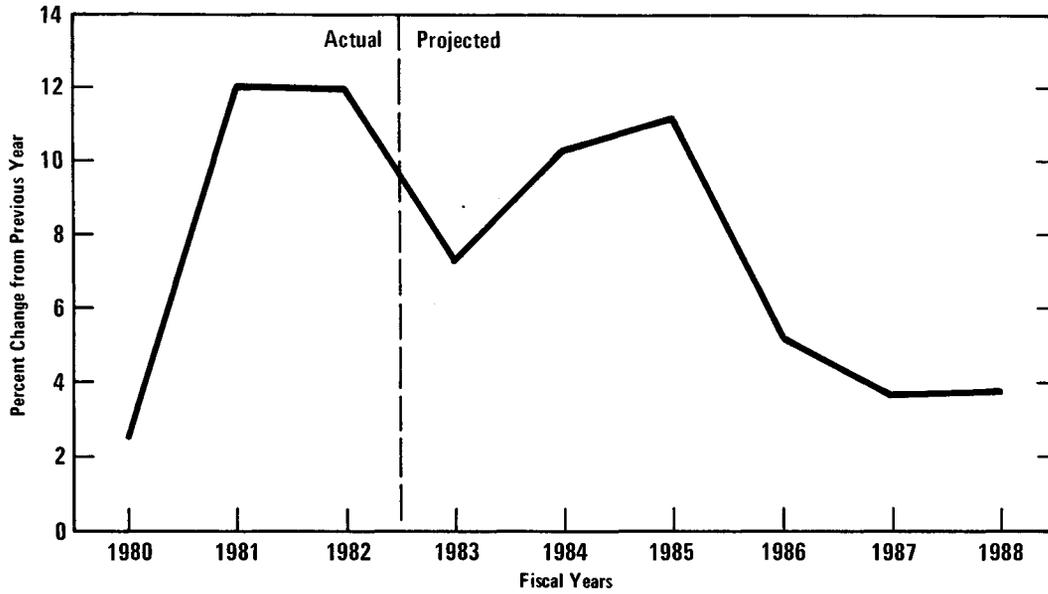
Figure IV-2.
 Budget Authority for National Defense (In Constant 1984 Dollars)



SOURCE: CBO calculations based on data from the Department of Defense.

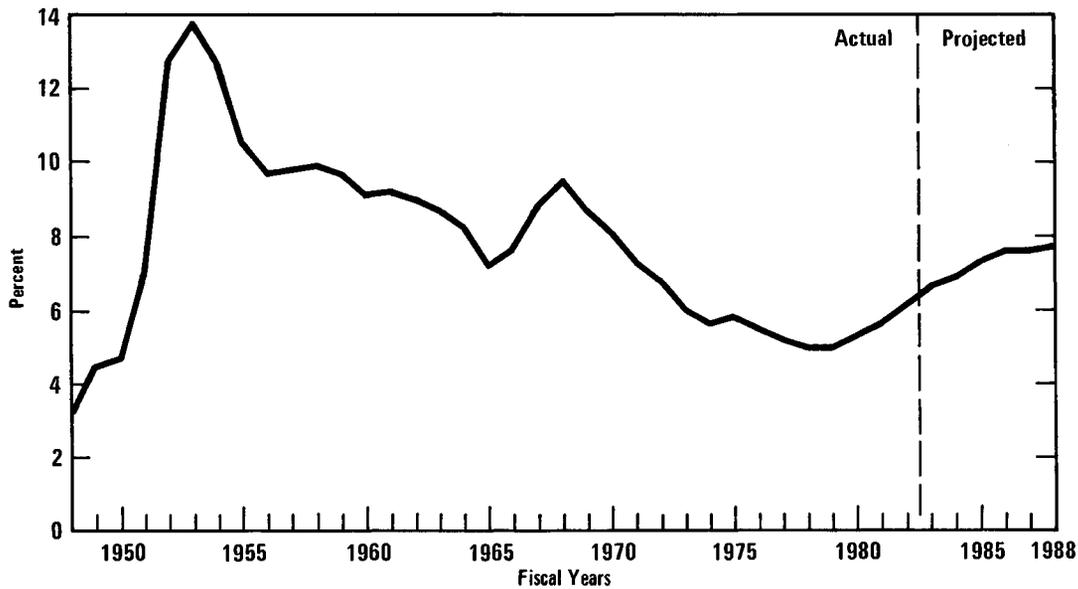
Relative to the total economy, the Administration estimates that defense spending would increase from 6.7 percent of GNP in 1983 to 7.9 percent in 1988. Figure IV-4 shows the post-World War II trend for defense outlays as a share of GNP. Over the 1984-1988 period, the Administration's proposed defense outlays would average 7.6 percent of GNP. This is higher than the average 5.8 percent of GNP for the preceding five years. It is lower, however, than the 10 percent average for several years following the Korean War.

Figure IV-3.
Real Growth in National Defense (Budget Authority)



SOURCE: CBO calculations based on data from the Office of Management and Budget.

Figure IV-4.
National Defense Outlays as a Percentage of GNP



SOURCES: For historical data, Department of Defense; for projections, *Budget of the United States Government, Fiscal Year 1984*.

TABLE IV-2. SUMMARY OF MAJOR U.S. FORCES AND MANPOWER
(By fiscal year)

	1983	1984
Active Forces (in units)		
Strategic bomber aircraft	297	297
Land-based intercontinental ballistic missiles	1,043	1,034
Sea-based intercontinental ballistic missiles	568	616
Army and Marine Corps divisions	19	19
Naval fleet	434	443
Tactical air squadrons	167	172
Manpower (personnel in thousands)		
Active duty end strength	2,127	2,165
Civilian end strength	1,056	1,072

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

Relative to total federal unified budget outlays, national defense outlays from 1979 to 1983 were about 25 percent--the lowest share since World War II. The Administration's 1984 budget proposes to increase this share to about 31 percent by 1988--a level last reached in 1972. In the post-World War II period, national defense as a percent of unified budget outlays exceeded 31 percent each peacetime year from 1954 to 1972.

The growth in the defense budget, according to the Administration, is necessary to meet the Soviet Union and Warsaw Pact threat. The Defense Department asserts that, even after including the efforts of our Allies, the Soviet Union and Warsaw Pact nations have both out-produced and out-spent the United States in military capability. ^{1/}

Short term changes planned for U.S. strategic nuclear forces, tactical air forces, and general purpose naval forces are shown in Table IV-2. Major strategic force changes for 1984 are the retirement of nine Titan II intercontinental ballistic missile launchers, which will be offset by the

^{1/} Statement of the Secretary of Defense Caspar W. Weinberger before the Senate Armed Services Committee on February 1, 1983.

delivery of two Trident submarines. Tactical air forces will increase by five squadrons--three for the Navy and one each for the Marine Corps and Air Force. For naval forces, a net increase of nine ships is planned for the active fleet in 1984.

In the longer term, major planned increases in force structure are designed to meet the Administration's goal of expanding Navy resources from the current 434 active and 72 reserve ships to over 600 ships by the early 1990s. The Air Force is also projected to expand from its present level of approximately 41 tactical and air defense air wings to about 44 by 1988. The Administration's five-year plan for land forces includes continued force modernization through the acquisition of heavy and light armored vehicles as well as attack and assault-support helicopters.

The next section of this chapter discusses the Administration's 1984 appropriations request in terms of real growth in budget authority as well as the Administration's procurement plan for major weapons. The second section describes the revisions in the Administration's current defense plan compared to the five-year defense plan that the Administration submitted in February 1982. A third section compares the Administration's defense budget with the Administration's previous five-year plan and the national defense targets in the First Concurrent Resolution on the Budget for Fiscal Year 1983. To illustrate the point that initial outlay effects of defense budget authority reductions can be relatively small and that realizing the total outlay savings from such cuts typically requires several years, the last section briefly examines the structure of 1984 defense outlays.

REAL GROWTH IN DEFENSE SPENDING IN THE 1984 APPROPRIATION REQUEST

The 1984 defense appropriation request submitted by the President represents substantial real growth (measured in constant fiscal year 1984 dollars) of \$25.2 billion--a 10.2 percent real increase above appropriations enacted for 1983. In dollar terms, the largest real increases in 1984 budget authority are for procurement (\$7.7 billion), research, development, test, and evaluation (\$5.8 billion), and operations and maintenance (\$5.8 billion). Together, these categories account for over three-quarters of the real growth in the 1984 defense budget. A significant share of the growth in all these appropriation categories would fund strategic programs.

In percentage terms, the largest real growth rates are 196.6 percent for the revolving funds, which triple in terms of budget authority; 24.5 percent for research, development, test, and evaluation (RDT&E); and 22.3 percent for military construction. Defense real growth from 1983 to 1984 is summarized by appropriation categories in Table IV-3.

TABLE IV-3. REAL GROWTH IN DEFENSE BUDGET BY APPROPRIATION CATEGORIES
(Budget authority and outlays by fiscal year, in billions of dollars)

Category	1983 Enacted Appropriations	President's Budget Request	1984	
			Billions of Dollars	Real Growth in Budget Authority a/ Percents b/
Department of Defense				
Military				
Military personnel				
Budget authority	45.5	47.9	2.1	4.7
Outlays	45.3	47.7		
Retired personnel				
Budget authority	16.2	16.8	0.6	3.8
Outlays	16.1	16.8		
Operations & Maintenance				
Budget authority	66.3	74.0	5.8	8.6
Outlays	64.6	71.7		
Procurement				
Budget authority	80.3	94.1	7.7	8.9
Outlays	55.2	68.2		
RDT&E				
Budget authority	22.8	29.6	5.8	24.5
Outlays	21.4	26.3		
Military construction				
Budget authority	4.5	5.8	1.1	22.3
Outlays	4.1	4.4		
Family housing				
Budget authority	2.5	2.8	0.2	6.6
Outlays	2.4	2.6		
Revolving funds				
Budget authority	0.9	2.8	1.9	196.6
Outlays	0.1	1.0		
Other DoD				
Budget authority	-0.5	-0.5	c/	-2.4
Outlays	-0.5	-0.1		
Subtotal				
Budget authority	238.4	273.4	25.2	10.2
Outlays	208.8	238.6		
Atomic Energy Defense				
Activities				
Budget authority	5.7	6.8	0.8	13.5
Outlays	5.5	6.4		
Defense Related Activities				
Budget authority	0.4	0.3	-0.1	-14.6
Outlays	0.4	0.3		
Total				
Budget authority	244.5	280.5	26.0	10.2
Outlays	214.7	245.3		

SOURCE: Compiled by CBO from data supplied by the Department of Defense, and CBO.

a. Real growth computed using CBO economic assumptions for purchases and retired pay with the President's pay raise assumptions.

b. Individual percentage calculations are not weighted and therefore are not additive.

c. Less than \$50 million.

Procurement Plans

Under the Administration's defense budget, procurement appropriations would increase by about \$7.7 billion in real terms from 1983 to 1984. Increases are proposed in the following areas: aircraft and missiles, including strategic systems such as the MX (Peacekeeper) missile, B-1 bomber and tactical air-to-surface and surface-to-surface missiles; light armored vehicles; readiness and sustainability items, such as spare and repair parts and ammunition; modifications of existing equipment; and investment in communications, electronics, vehicles, and other support equipment. The increases within proposed procurement programs are partially offset by several reductions, principally the proposed shipbuilding program. Real increases in procurement plans are discussed in this subsection; real cost growth is discussed later.

Aircraft. Table IV-4 shows planned aircraft purchases for the period 1983-1985. The budget proposes buying 44 more aircraft for 1984 than in 1983. Requested purchases of AH-64 attack helicopters would increase by 64 aircraft, although 12 fewer UH-60 assault-support helicopters and 11 fewer other aircraft would be purchased. Except for increases in AV-8B attack aircraft, requested purchases of Navy and Marine Corps aircraft in 1984 are relatively unchanged from the levels funded for 1983. The most significant changes in the Air Force are the projected increases for F-15, B-1B, and C-5 aircraft, with offsetting decreases for A-10 and E-3A aircraft.

The plan for 1985 proposes 200 more aircraft than the projected levels in 1984. Nearly 50 percent of the proposed increase would fund Navy and Marine Corps aircraft purchases, primarily AV-8B and other aircraft such as trainers and transports. In 1985 the Air Force plans to purchase more F-15, B-1B, C-5B, and E-3A aircraft than it proposes for 1984. Also, Army orders for AH-64 helicopters for 1985 would increase over the projected 1984 level.

Missiles. Projected purchases of all strategic and theater nuclear missiles for 1984 would decline by 109 missiles, below the quantities funded for 1983. As shown in Table IV-5, large net reductions in proposed Air Force strategic and theater nuclear missile procurement are offset partially by proposed increases in Army and Navy missile procurement. The initial production of the Army's Pershing II missiles would begin in 1984. The Pershing II program was scheduled to start production in 1983, but the Congress denied production funding because of test failures and other technical problems. The first successful test firing of Pershing II occurred on January 21, 1983. Navy proposed purchases of missiles would increase by 56 percent over the numbers funded for 1983. Significantly increased orders for Tomahawk would be offset somewhat by a reduction in the Trident I

TABLE IV-4. AIRCRAFT ACQUISITION PLANS, BY SERVICE (By fiscal year, in units procured)

Aircraft Type	1983	1984	1985
Army			
AH-64 helicopter	48	112	144
UH-60 helicopter	96	84	78
Other aircraft	<u>23</u>	<u>12</u>	<u>18</u>
Subtotal	<u>167</u>	<u>208</u>	<u>240</u>
Navy/Marine Corps			
F/A-18 aircraft	84	84	92
F-14 aircraft	24	24	24
AV-8B aircraft	21	32	48
A-6E aircraft	8	6	6
EA-6B aircraft	6	6	6
CH-53E helicopter	11	11	11
SH-60B helicopter	27	21	18
Other aircraft	<u>91</u>	<u>97</u>	<u>169</u>
Subtotal	<u>272</u>	<u>281</u>	<u>374</u>
Air Force			
F-16 aircraft	120	120	120
F-15 aircraft	39	48	72
A-10 aircraft	20	--	--
B-1B aircraft	7	10	34
KC-10 aircraft	8	8	8
E-3A aircraft	2	--	3
C-5B aircraft	1	4	10
TR-1 aircraft	5	5	5
Other aircraft	<u>17</u>	<u>18</u>	<u>36</u>
Subtotal	<u>219</u>	<u>213</u>	<u>288</u>
Total	658	702	902

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

program. Table IV-5 also shows that the proposed 1984 procurement program for Air Force strategic and theater nuclear missiles would decline by 267 missiles. Projected changes include the cancellation of previous plans to buy air-launched cruise missiles and increased purchases of ground-launched cruise missiles and MX missiles.

TABLE IV-5. STRATEGIC AND THEATER NUCLEAR MISSILE ACQUISITION PLANS, BY SERVICE (By fiscal year, in units procured)

Missile Type	1983	1984	1985
Army			
Pershing II	--	95	104
Navy			
Trident I	62	52	--
Tomahawk	51	124	353
Subtotal	<u>113</u>	<u>176</u>	<u>353</u>
Air Force			
MX	--	27	37
Air-launched cruise missile	330	--	--
Ground-launched cruise missile	84	120	120
Harpoon	--	--	50
Subtotal	<u>414</u>	<u>147</u>	<u>207</u>
Total	527	418	664

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

The procurement plan for 1985 includes 246 more missiles, or a 59 percent increase over proposed orders in 1984. Projected purchases include increases in Tomahawk and MX and the first order of 50 Harpoon missiles for the Air Force B-52 sea-control mission.

The Administration's proposed plan for tactical missiles includes the acquisition of four groups of missiles:

- o Air-to-air missiles, which include Air Force and Navy versions of Sparrow and Sidewinder, the Navy Phoenix, and the Air Force advanced medium range air-to-air missile (AMRAAM);
- o Air-to-surface missiles, which include Army and Navy purchases of Hellfire, and Air Force and Navy versions of Maverick and high-speed anti-radiation missiles (HARM), as well as purchases of a new missile-launched laser-guided bomb (LLGB) for the Navy;
- o Surface-to-air missiles, which include the Army Patriot, Navy Rolling Airframe missile (RAM), and Marine Hawk as well as purchases of Stinger for the Army, Marines, and Air Force; and
- o Surface-to-surface missiles, which include Army and Marine purchases of TOW anti-tank missiles (which can also be used as air-to-surface missiles) as well as Navy purchases of Harpoon and Standard missiles.

Table IV-6 shows that the number of tactical missile purchases in 1984 are projected to increase by roughly 9,700 missiles over the numbers funded for 1983. Proposed increases in purchases of air-to-surface missiles and surface-to-surface missiles would be partially offset by decreases in air-to-air missiles and surface-to-air missiles.

The plan proposed for 1985 includes a 21 percent increase, or about 8,100 more tactical missiles than the total plan for 1984. Increases for air-to-surface, surface-to-air, and surface-to-surface missiles would be partially offset by decreases for air-to-air missiles.

Armored Vehicles. Armored combat vehicles include tanks, fighting vehicles, Light Armored Personnel Carriers, and ancillary Armored Recovery Vehicles. The Administration's armored combat vehicle program emphasizes acquisition of two "families" of vehicles (see Table IV-7):

- o Heavy combat vehicles dedicated for use by Army forces in Europe committed to NATO; and
- o Light Armored Vehicles for both the Army and the Marine Corps to support the heavy combat vehicles committed to NATO and to strengthen the Rapid Deployment Force, primarily for deployment in the Middle East.

The major 1984 change for heavy combat vehicles is a reduction of 135 M-1 tanks from the purchases funded for 1983. Proposed quantities for the tank's companion fighting vehicles would remain at the 1983 funded level of

TABLE IV-6. TACTICAL MISSILE ACQUISITION PLANS, BY TYPE AND SERVICE (By fiscal year, in units procured)

Missile Type	1983	1984	1985
Air-to-Air Missiles			
Navy	1,228	1,335	2,549
Air Force	3,085	2,705	224
Subtotal	<u>4,313</u>	<u>4,040</u>	<u>2,773</u>
Air-to-Surface Missiles			
Army	3,971	5,351	6,026
Navy	172	614	2,438
Air Force	1,029	2,885	6,601
Subtotal	<u>5,172</u>	<u>8,850</u>	<u>15,065</u>
Surface-to-Air Missiles			
Army	2,543	2,033	3,425
Navy/Marine Corps	1,771	1,106	1,424
Air Force	---	108	108
Subtotal	<u>4,314</u>	<u>3,247</u>	<u>4,957</u>
Surface-to-Surface Missiles			
Army	12,000	18,000	18,000
Navy	1,372	1,520	2,140
Marine Corps	1,000	2,200	3,028
Subtotal	<u>14,372</u>	<u>21,720</u>	<u>23,168</u>
Total	28,171	37,857	45,963

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

600, however. The 1984 budget contains for the first time in a number of years an Army order for 652 Light Command Post Carriers. The budget also proposes increased quantities of Field Artillery Ammunition Support Vehicles and "off-the-shelf" Light Armored Vehicles, but reduced purchases of Armored Personnel Carriers.

The plan for 1985 includes about 600 fewer armored vehicles than the total requested for 1984. The proposed plan includes increases in Fighting

TABLE IV-7. ARMORED COMBAT VEHICLE ACQUISITION PLANS, BY TYPE AND SERVICE (By fiscal year, in units procured)

Vehicle Type	1983	1984	1985
Heavy Combat Vehicles			
Army			
M-1 Tanks	855	720	720
Fighting Vehicles	600	600	830
Subtotal	<u>1,455</u>	<u>1,320</u>	<u>1,550</u>
Light Armored Vehicles			
Army			
M-113 Armored Personnel Carriers	520	400	---
Light Command Post Carriers	---	652	---
Field Artillery Amunition Support Vehicles	54	217	274
M-88A1 Medium Recovery Vehicles	180	180	199
LAV-25 Light Armored Vehicles	36	176	257
Light Armored Recovery Vehicles	---	--	24
Subtotal	<u>790</u>	<u>1,625</u>	<u>754</u>
Marines			
Light Armored Vehicle	<u>134</u>	<u>113</u>	<u>117</u>
Total	2,379	3,058	2,421

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

Vehicles and Light Armored Vehicles, but no planned purchases of Light Command Post Carriers or Armored Personnel Carriers.

Readiness Procurement. Readiness procurement programs include the spare and repair parts, support equipment, facilities, and munitions necessary to keep military forces ready for combat in peacetime and to sustain their operation once combat begins. In past years, funding for readiness has often been traded off for procurement of aircraft, tanks, and ships. Both the current and previous Administrations are committed to raise funding levels for readiness.

As shown in Table IV-8, the proposed funding level for readiness items in 1984 would increase by about \$4 billion over the level funded for 1983. Similarly, the planned level for 1985 expenditures is about \$7 billion higher than the 1984 total. In each year, proposed funding for spare parts, support equipment, and facilities would receive the larger share of the increase.

TABLE IV-8. PROPOSED FUNDING FOR READINESS ITEMS (By fiscal year, in billions of dollars)

Readiness Category	1983	1984	1985
Spare Parts, Support Equipment, and Facilities	11.5	15.2	20.2
Munitions <u>a/</u>	<u>3.3</u>	<u>4.0</u>	<u>5.9</u>
Total	14.8	19.2	26.1

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

- a. Navy ammunition was included in ordinance support equipment and aviation support equipment in the budget documentation.

Ships. The Administration has developed an ambitious shipbuilding and conversion program. As Table IV-9 shows, this plan calls for 145 ships to be constructed, converted, modified, or leased between 1984 and 1988.

The budget for shipbuilding and conversion declines from \$16.2 billion in 1983 to \$12.7 billion in 1984. The budget for 1984 contains a net increase of six ships from the revised 1983 budget request (see Table IV-9). The proposed funding difference is attributable to increases in less expensive auxiliaries, mine warfare, and amphibious ships, as well as one attack submarine which are offset by reductions of more costly ships in 1984--namely two nuclear carriers, one Service Life Extension Program carrier, and one battleship.

TABLE IV-9. ADMINISTRATION'S NAVY SHIPBUILDING PROGRAM FOR 1984-1988 (By fiscal year, in units procured)

Ship Type	Funded 1983	Planned					Total 1984- 1988
		1984	1985	1986	1987	1988	
Trident Submarines	1	1	1	1	1	1	5
Nuclear Carrier Ships	2	--	--	--	--	1	1
Other Warships a/	7	6	10	8	12	13	49
Amphibious Ships b/	1	2	2	4	5	7	20
Mine Warfare and Patrol Ships	3	5	4	8	4	4	25
Auxiliaries b/	<u>3</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>7</u>	<u>45</u>
Total	17	23	26	31	32	33	145

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

a. Includes Service Life Extension Program for one conventional carrier in 1983, 1985 and 1987.

b. Includes planned reactivations and conversions.

Research and Development (R&D)

The Administration's 1984 appropriations request for R&D is spread across nearly all defense elements, but is concentrated in strategic programs. Major increases are for the Trident II missile, MX missile, Air Force Strategic Communications, and Army Ballistic Missile Defense .

Operations and Maintenance

The proposed real increase of \$5.8 billion in 1984 for operations and maintenance (O&M) appropriations would support higher levels of activity. Among the military services, the Navy shows the largest gain in proposed funds (though the smallest percent change), with a combined Navy and Marine Corps real budget authority increase of \$1.5 billion, or 6.6 percent. Much of this increase would be applied to depot maintenance and the support necessary to sustain a planned increase to annual ship operations of over 50 thousand hours at sea, or 5 percent more than proposed for 1983. The Air Force program shows real increases of almost \$1.5 billion, mainly to fund space support programs, logistics programs, and operations support for about 80 thousand added flying hours--an increase of about 3 percent over the plan funded for 1983. The proposed \$1.4 billion, or 8.6 percent, real increase in Army C&M appropriations primarily reflects the costs of continuing the Army modernization program and improvements in unit and individual training.

Military Personnel

A \$2.5 billion increase to military personnel appropriations consists of four large adjustments and numerous smaller changes. A rise in troop strength and an increase in the length of service time of military personnel account for \$1.1 billion. Adjustments to permanent-change-of-station costs amount to \$400 million. Enacted legislation to pay unemployment compensation to ex-military personnel results in the need for an additional \$200 million, while the Administration's request for enlistment/reenlistment bonuses is up by \$188 million.

Other Accounts

The \$1 billion proposed real increase in military construction from 1983 to 1984 results, in part, from the continuation of the facilities modernization program begun in 1981. The addition of new weapons systems, notably MX and Trident, explains part of the increase.

During 1982, the Congress directed the Department of Defense (DoD) to purchase from DoD's revolving funds the additional inventory associated with the authorized expansion of forces and activity levels of the four military services. This has resulted in a \$1.9 billion real increase from 1983 to 1984. Of the \$2.8 billion requested for the revolving and management fund accounts in 1984, \$2.3 billion is to replenish and expand the peacetime inventory and \$0.5 billion represents additions to the war reserve.

All categories of atomic energy defense accounts--namely, weapons research, development, test, and production, weapons materials production and waste management, naval reactor development, and other research programs--were increased in 1984 over the levels funded for 1983 by a total of \$0.8 billion in real terms, or 13.5 percent.

CHANGES FROM THE 1983-1987 DEFENSE PLAN FOR FISCAL YEAR 1984

The Administration's fiscal year 1983 budget, submitted in February 1982, reflected its first complete analysis of defense requirements. These requirements were embodied in a five-year defense plan covering 1983-1987. The Congress set lower spending targets for national defense for 1983-1985 in its budget resolution for 1983 and provided lower 1983 appropriations for defense than proposed by the President. These reductions and other circumstances prompted the Administration to revise its five-year defense plan this year.

This section discusses the changes in this year's defense plan relative to the plan of a year ago. The discussion of the projected funding changes is limited primarily to fiscal year 1984. Whenever possible, the changes to last year's proposed forces, personnel levels, and purchases, beyond 1984 are also discussed.

As shown in Table IV-10, the 1984 budget reflects a reallocation of proposed funds for 1984 from procurement, pay, and military construction (about \$18.5 billion) to other activities, primarily cost growth in weapons purchases, research and development (R&D) and spare parts purchases (about \$8.0 billion).

This reallocation of funds represents a shifting of priorities. Proposed modernization, through investment in weapons production and facility construction, would be slowed in favor of increased readiness and future systems development and in response to the escalating unit cost of major weapons.

Program Decreases

The largest reductions are for purchases, which decline by roughly \$10 billion in 1984, mainly because fewer weapons would be purchased under the Administration's new plan.

Aircraft. As shown in Table IV-11, this year's defense program proposes 93 fewer aircraft purchases for 1984, thereby saving about \$3 bil-

TABLE IV-10. ADMINISTRATION CHANGES TO NATIONAL DEFENSE BUDGET FOR 1984 BETWEEN FEBRUARY 1982 AND JANUARY 1983 (Budget authority in billions of dollars)

Administration Proposal	
1984 Budget (January 1983)	280.5
1983 Budget (February 1982)	291.0
Total Net Change	-10.5

Decreases:	
Purchases	
Quantities of major weapons purchases	-7.0
Other purchases	-3.4
Pay raises and retired pay	-6.9 a/
Construction of facilities	-1.2
Subtotal, decreases	-18.5
Increases	
Costs of major weapons purchases	2.6
Research and development	2.1
Spare parts purchases by stock funds	2.0
Costs of military personnel	0.4
Nuclear materials costs	0.4
Other	0.5
Subtotal, increases	8.0
Total Net Change	-10.5

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

a. Pay raise data adjusted to reflect annualization of 1983 pay raise.

lion in budget authority for 1984. Proposed purchases of combat aircraft for the Navy and Air Force would be 44 and 17 fewer in 1984, respectively. Air Force procurement planning data indicate that 266 aircraft should be procured in 1984 to sustain the 41 tactical and air defense air wings now planned for 1984. Because these reductions limit proposed procurement to only 168 fighter and attack aircraft in 1984, the Defense Department does not propose procuring enough aircraft to sustain its existing Air Force

tactical and air defense forces, and therefore would not be able to begin its proposed increase in the number of air wings. Navy and Air Force aircraft planned procurement would also be smaller in 1985. Army AH-64 helicopter procurement would increase in both 1984 and 1985.

TABLE IV-11. CHANGES IN ADMINISTRATION PLANS FOR AIRCRAFT PROCUREMENT BETWEEN FEBRUARY 1982 AND JANUARY 1983 (By fiscal year, in units procured)

Aircraft Type	1984	1985
Combat Aircraft		
Army		
AH-64	16	19
Navy		
F/A-18	-12	-16
F-14	-6	-6
Other	-26	-10
Air Force		
B-1	--	-2
F-15	-12	-24
F-5	-5	--
Other Aircraft	<u>-48</u>	<u>1</u>
Total	-93	-38

SOURCE: Compiled by CBO from data supplied by the Department of Defense.

Missiles. Reduced procurement of missiles would save roughly \$2 billion in budget authority for 1984. As shown in Table IV-12, the MX, the Trident I, Tomahawk, and air launched cruise missile--four of the six strategic missile systems being procured--would be reduced in both 1984 and 1985. This year's plan proposes buying nearly 8,000 fewer tactical missiles in 1984 compared to last year. Many systems would be reduced, but the largest planned decreases are for Sparrow, Maverick, and Stinger. The