



# UNCLASSIFIED

## SELECTED ACQUISITION REPORTS - HIGHLIGHTS As of March 31, 1975

Selected Acquisition Reports on 39 major acquisitions transmitted to the Congress for March 31, 1975 reflect a total Current Estimate of program Acquisition Cost of \$116.67B. M. and a total Cost Growth (the difference between the Current Estimate and the Development Estimate) of \$48.236.3M after the latter has been adjusted for quantity changes of \$44.693.7M. This compares to a Current Estimate of \$119.841.8M and Cost Growth of \$48.236.3M for 40 major acquisitions in the December reports.

"Total Cost Growth in March reports resulted from a number of causes, including engineering change -- 13%; support change -- 4%; schedule change -- 20%; economic change -- 5%; estimating change -- 2%; and other -- 7%.

The changes in Current Estimate and Cost Growth between December 1974 and March 1975 are summarized below:

	(\$ Millions)	Cost Growth
	Current Estimate	Cost Growth
December 1974 (40 SAR's)	\$ 149.841.8	\$ 48.236.9
Less Cancelled SAR (SCORT)	<u>- 14.39.8</u>	<u>+ 36.4</u>
December 1974, Adjusted (39 SAR's)	\$ 145.622.0	\$ 48.273.3
March 1975 (39 SAR's)	<u>+ 4.628.6</u>	<u>+ 14.629.3</u>
Net Change	<u>\$ - 3.123.4</u>	<u>\$ - 3.519.6</u>
<b>REASONS FOR CHANGE:</b>		
Quantity Changes	\$ + 456.2	\$ + 132.5
Engineering Changes	+ 132.5	+ 105.5
Support Changes	+ 105.0	+ 105.0
Schedule Changes	+ 205.4	+ 205.4
Economic Changes	- 4,001.8	- 4,001.8
Estimating Changes	- 97.5	- 97.5
Cost Overruns	+ 83.2	+ 83.2
Other	- 6.4	- 6.4
Total	<u>\$ - 3.123.4</u>	<u>\$ - 3.519.6</u>

The March SAR's reflect a net decrease in program acquisition cost estimates of \$3.1B since the December reports, bringing the overall cost to completion for the 39 programs to \$166.7B. Reductions in the estimate for out-year escalation accounted for a cost decrease of \$3.3B, while base program costs increased by \$96M this quarter.

The SAR cost format now identifies program costs in program base year constant dollars as well as then-year "Best Estimate" dollars. Based on such data, the then-year Current Estimate of \$116.7B for the 39 SAR programs would amount to an estimated \$99.3B in program base year constant dollars, with actual and projected escalation accounting for the remaining \$17.4B.

SAR cost estimates for all three Services were down this quarter -- the Army by \$2.5B, the Navy by \$14.4M, and the Air Force by \$18.5M. Significant reductions were reported in four Army programs: XM-1 -- \$1.736.9K, UTMAS -- \$326K, AH-64 -- \$282.4M, and SAM-D -- \$161.7M; two Navy programs: TRIDENT -- \$95.2M, and F-14A -- \$10.3K; and two Air Force programs: F-15 -- \$1.28.7M, and AWACS -- \$6.4M. In each case, all or most of the cost decrease is due to a drop in the prior estimate for out-year escalation, resulting from the application of lower escalation factors to cost projections for FY 1978 and beyond.

The other significant cost changes and program highlights reported in the SAR's this quarter are summarized below:

1. **FALUA** - On March 21, 1975, the Navy validated Grumman's performance measurement system as meeting the Cost/Schedule Control Systems Criteria prescribed by DD directives. This validation is applicable to the FY 1974 production contract.
2. **POSEIDON** - Program costs are down by \$15.1M since the December report due to a reduction in estimated out-year support costs. Two additional SSBN's have completed conversion for a total of 24 to date, of which 22 have been deployed.
3. **SSBN-688** - Reduction of the out-year projection for escalation has decreased the Current Estimate for this program by \$25.4M. The Project Manager now foresees the possibility of an additional delay in lead ship construction at both Newport News and Electric Boat over and above the schedule slippages at these shipyards reported in the December SAR.
4. **DD-963** - Lead ship delivery, now six months behind schedule, has again been delayed because of damage to the ship's propeller blades, sustained when the dock broke while the ship was being floated out of drydock on March 13, 1975. Both drydock and ship are undergoing repair and delivery of the DD-963 is now expected in July or August.
5. **LHA** - Damage to the LHA-1 and LHA-2 during a severe storm on January 10, 1975 is expected to result in further delays in LHA ship construction. The full impact on schedule and cost of the damage caused both by the storm and the drydock accident involving the DD-963 on March 13 is still being evaluated.
6. **PP** - The Current Estimate for March is down by \$58.3M due entirely to a reduction in the out-year estimate for escalation.
7. **A-7D** - Program costs are up by \$30.6M since the December report as a result of reinstatement of the FY 1975 appropriation for procurement of 24 additional aircraft.
8. **B-1** - A revision in the out-year escalation estimate for B-1 procurement increased the Current Estimate for this program by a net of \$31.4M. The B-1 successfully completed its sixth, seventh, and eighth test flights in April during which it achieved supersonic flight and aerial refueling for the first time.
9. **ABRCP** - This program is currently being restructured to provide for continued Command, Control and Communications (C3) development, at a reduced scale, through FY 1977 and deferral of planned procurement of three additional aircraft, and related C3 from FY 1978 to a later fiscal year. The cost impact of this slowdown will be reflected in a subsequent report.
10. **MINUTEMAN III** - A drop in the out-year estimate for escalation reduced the Current Estimate for this program by \$32.6M.
11. **HARPOON** - Program costs are up by a net of \$17M since the December report due to increased support requirements, the shift of 50 missiles from PY 1975 to PY 1981 procurement, and adjustments in out-year escalation estimates. The strike at McDonnell Douglas, which began on February 10th, has been settled. Delays of up to 60 days are expected in IOC and fleet outfitting.
12. **EHM** - The Current Estimate for March is up by \$6.4M, made up of a \$10.4M increase in development costs, mostly due to schedule slippage, and a \$4M increase in procurement costs because of reduced out-year escalation.

Department of Defense  
OASD(Comptroller)  
June 23, 1975

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FUNDING STATUS OF SAR SYSTEMS  
As Of March 31, 1975  
(\$ In Millions)

Weapon System	Current & Prior Year		FY 1976 Budget		FY 1977		Balance		Total Current Estimate	
	Funds	Qty	Funds	Qty	Funds	Qty	Funds	Qty	Funds	Qty
ARMY										
LANCE(Battalions)	\$ 852.6	8	\$ 97.5	1.0	\$ 3.1	-	\$ 153.0	-	\$ 853.6	8
IMP. HAWK (Bty Sets)	728.9	94	130.5	2	40.0	-	4,575.2	136	5,602.8	97
SAM-D (Fire Sec.)	657.6	-	19.8	-	3.0	-	17.1	-	218.9	138
HLH	179.0	1	91.9	6	18.7	-	3,266.1	1,111	3,616.5	1
UTTAS	239.8	-	16.0	7	3.0	-	339.8	1,186	401.1	1,117
MICV	42.3	6	65.0	6	17.9	-	2,622.4	4,75	2,835.5	1,203
AAH	130.2	-	53.2	-	39.0	-	1,201.1	3,323	4,453.8	481
XH-1	160.5	-	-	-	-	-	-	-	-	3,323
NAVY										
A-7E	1,021.9	506	174.4	30	40.1	6	711.4	124	2,747.8	666
E-2C	973.9	36	161.4	6	23.3	1	132.7	6	1,291.3	49
F-1A	4,043.2	234	639.7	36	138.4	9	1,832.2	111	7,533.5	390
P-3C	1,138.0	142	175.7	12	62.1	3	1,079.9	84	3,155.7	241
S-3A	2,804.1	146	516.6	41	16.8	-	-	-	3,322.1	187
AEGIS	428.3	-	66.0	-	9.6	-	72.9	-	576.8	-
CONDOR	381.9	264.1	178	91.0	205	10.4	38	162	422.5	583
HARPOON	738.2	1,172	152	169.9	270	44.9	95	903.6	2,405	1,590.3
PHOENIX	4,609.5	31	45.4	101.2	340	27.0	-	300.5	1,020	1,166.9
POSEIDON	26.0	60	45.2	800	11.2	-	-	172.2	-	4,838.3
SIDEWINDER AIM-9L	209.9	659	57.2	360	1.2	-	-	65.1	1,750	31
SPARROW III F	4,417.5	3	2,099.7	1	585.4	-	520.3	5,785	788.6	3,610
TRIDENT	1,089.0	2,015	127.3	175	7.0	-	8,755.6	6	15,856.2	10
MK-18	4,682.4	26	819.0	2	192.3	-	637.9	600	2,922	2,790
SSN-688	2,826.5	30	781.4	-	-	-	2,796.7	10	8,490.4	38
DD-963	1,344.8	4	397.2	1	1.1	-	-	21.9	-	3,632.8
DLMR-38	411.3	4	1,094.5	10	.4	-	50.5	-	-	30
LHA	174.3	5	219.7	2	24.6	-	5,267.1	-	1,593.6	5
PF	2,332.0	3	268.1	-	.9	-	84.6	17	6,773.2	56
PHM	-	-	-	-	-	-	-	-	1,264.2	24
CVAN-68 Class	-	-	-	-	-	-	-	-	2,627.2	3
AIR FORCE										
A-7D	1,582.8	459	-	-	-	-	-	-	-	1,582.8
A-10	493.6	32	460.0	61	107.2	33	2,098.9	617	3,159.7	743
B-1	2,027.3	4	749.2	-	199.3	-	17,627.2	240	20,603.0	244
F-5F	4,266.6	154	3.4	-	-	-	-	-	430.0	154
F-5J	4,156.8	184	1,663.4	108	355.8	27	4,618.7	430	10,814.7	749
F-111	7,183.1	478	-	-	-	-	-	-	7,183.1	478
AWACS	1,295.4	9	689.7	6	84.5	-	1,646.6	19	3,716.2	34
AABNCP	246.3	4	35.6	-	185.3	3	24.4	-	1,681.5	7
MATRICK	433.0	14,286	144.8	6,000	25.2	1,200	159.5	8,750	762.5	30,236
MINUTEMAN III	6,157.9	742	592.5	56	62.2	-	433.7	-	7,246.3	798
SIDEWINDER AIM-9L	15.6	63	40.1	710	.1	-	185.3	6,720	241.1	7,523
SPARROW III F	86.3	475	81.7	620	.4	-	365.5	4,320	531.9	5,415
SUMMARY (% of Total)										
ARMY	3,190.9	(17)	174.4	(2)	124.7	(1)	15,174.7	(80)	18,964.7	(100)
NAVY	37,271.9	(53)	8,115.4	(11)	1,180.9	(2)	21,359.9	(34)	70,961.1	(100)
AIR FORCE	24,110.1	(42)	4,480.4	(8)	1,020.0	(2)	27,114.7	(48)	56,752.8	(100)
GRAND TOTAL	\$64,570.5	(44)	\$13,100.2	(9)	\$2,325.6	(2)	\$66,682.3	(45)	\$146,678.6	(100)

Classified by: Directorate for Acquisition Management Systems  
 SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADED AT TWO-YEAR INTERVALS.  
 DECLASSIFIED ON DECEMBER 31, 1983.

Department of Defense  
 OASD(Comptroller)  
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