

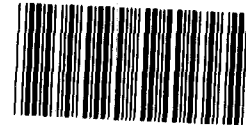
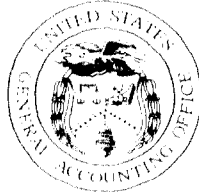
GAO

Briefing Report to the Chairman,
Subcommittee on Defense, Committee
on Appropriations, House of
Representatives

September 1991

1992 AIR FORCE BUDGET

Potential Reduction for the B-2 Initial Spares



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**National Security and
International Affairs Division**

B-245778

September 30, 1991

The Honorable John P. Murtha
Chairman, Subcommittee on Defense
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

As requested, we reviewed the Air Force's fiscal year 1992 aircraft procurement budget request and its prior years' appropriations for the B-2 bomber's initial spares. Our objective was to identify potential reductions to the fiscal year 1992 budget request for the B-2 bomber's initial spares and potential rescissions to the fiscal years 1989 and 1990 appropriations.¹ We briefed your staff in September 1991 concerning these matters so that the potential reduction could be considered in your evaluation of the fiscal year 1992 Defense Appropriations Act. This report supplements our earlier report entitled 1992 Air Force Budget: Potential Reductions to Aircraft Procurement Programs (GAO/NSIAD-91-285BR, Sept. 25, 1991).

We identified \$178.9 million for potential reduction to the fiscal year 1992 budget request for B-2 initial spares. (See app I.)

**Scope and
Methodology**

During our review we interviewed budget and program officials and reviewed pertinent program documents and budget support data for fiscal years 1986 through 1992 at the Air Force Logistics Command and Aeronautical Systems Division of the Air Force Systems Command, Wright-Patterson Air Force Base, Ohio; and the Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma. We compared funding authorizations to total obligated balances to determine the amount of funds from prior years that was not used. We also compared Air Force funding requirements for initial spare parts as of August 1991 to funds available from fiscal year 1990, and to funds requested for fiscal year 1992.

We conducted our review during July and August 1991 in accordance with generally accepted government auditing standards. As requested by your office, we did not obtain written agency comments on a draft of

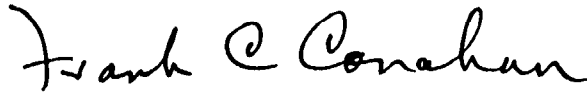
¹The Congress did not appropriate funds for B-2 initial spares in the fiscal year 1991 budget because from fiscal years 1986 to 1990, the Air Force had requested and received more funding for B-2 initial spares than it later needed to purchase the parts.

this report. However, we discussed the information in this report with officials from the Office of the Secretary of Defense and the Department of the Air Force and incorporated their comments where appropriate.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 5 days after its issue date. At that time we will send copies to the Chairmen, House and Senate Committees on Appropriations and House and Senate Committees on Armed Services; the Secretaries of Defense and the Air Force; the Director, Office of Management and Budget; and other interested parties.

This report was prepared under the direction of Nancy R. Kingsbury, Director, Air Force Issues, who may be reached at (202) 275-4268 if you or your staff have any questions concerning this report. Other major contributors to this report are Robert D. Murphy, Assistant Director, and Roger L. Tomlinson, Evaluator-in-Charge, and Gary L. Nelson, Evaluator, Kansas City Regional Office.

Sincerely yours,



Frank C. Conahan
Assistant Comptroller General

Potential Reduction to the Air Force's Budget Request for B-2 Initial Spares

We reviewed the Air Force's fiscal year 1992 aircraft procurement budget request and prior years' appropriations for the B-2 bomber's initial spares. We identified \$178.9 million as a potential reduction to the fiscal year 1992 budget request. We did not find potential rescissions for fiscal years 1990 and 1989.

The following sections briefly describe the B-2 bomber program and the results of our analysis.

B-2 Bomber's Initial Spares

The Air Force began developing the B-2 bomber in 1981. The B-2 is to be capable of attacking well defended targets at close range during conventional or nuclear wars. The Air Force originally planned to acquire 132 operational B-2s. However, in April 1990 the Secretary of Defense decreased the number of operational aircraft to be purchased to 75 and delayed aircraft procurement and delivery dates.

To develop its fiscal year 1992 budget request for B-2 initial spares, the Air Force used a formula that calculated funding requirements for initial spares as a percentage of the total cost of the aircraft. The Air Force considers the formula to be generally accurate based on the history of aircraft programs. However, the Air Force actually purchases initial spare parts based upon predicted usage, wearout rates, and lead times that are determined after a budget request is submitted to the Congress.

Results of Analysis

We identified a potential reduction of \$178.9 million to the B-2 program's initial spares budget request of \$289.1 million for fiscal year 1992; we did not identify any rescissions to prior years' appropriations.

The Air Force estimates the total cost to acquire 75 aircraft at about \$63.7 billion, which includes about \$2.6 billion to purchase initial spare parts that will support the B-2s in their early deployment years. From fiscal year 1986 until August 1991, the Air Force had spent about \$500 million for B-2 initial spares but had requested and received more funding than it later needed to purchase the parts. As a result, the Congress did not appropriate funds for B-2 initial spares in the fiscal year 1991 budget.

The budget request submitted to the Congress in February 1991 may no longer be valid. Since that time, the Air Force has revised its requirements by calculating the parts to be purchased based on predicted

**Appendix I
Potential Reduction to the Air Force's Budget
Request for B-2 Initial Spares**

usage, wearout rates, and lead time. In its calculation, the Air Force considered that a classified subsystem was canceled and would not require spares. In addition, the Air Force determined that unobligated funds for fiscal year 1990 could be used for purchases through fiscal year 1992.

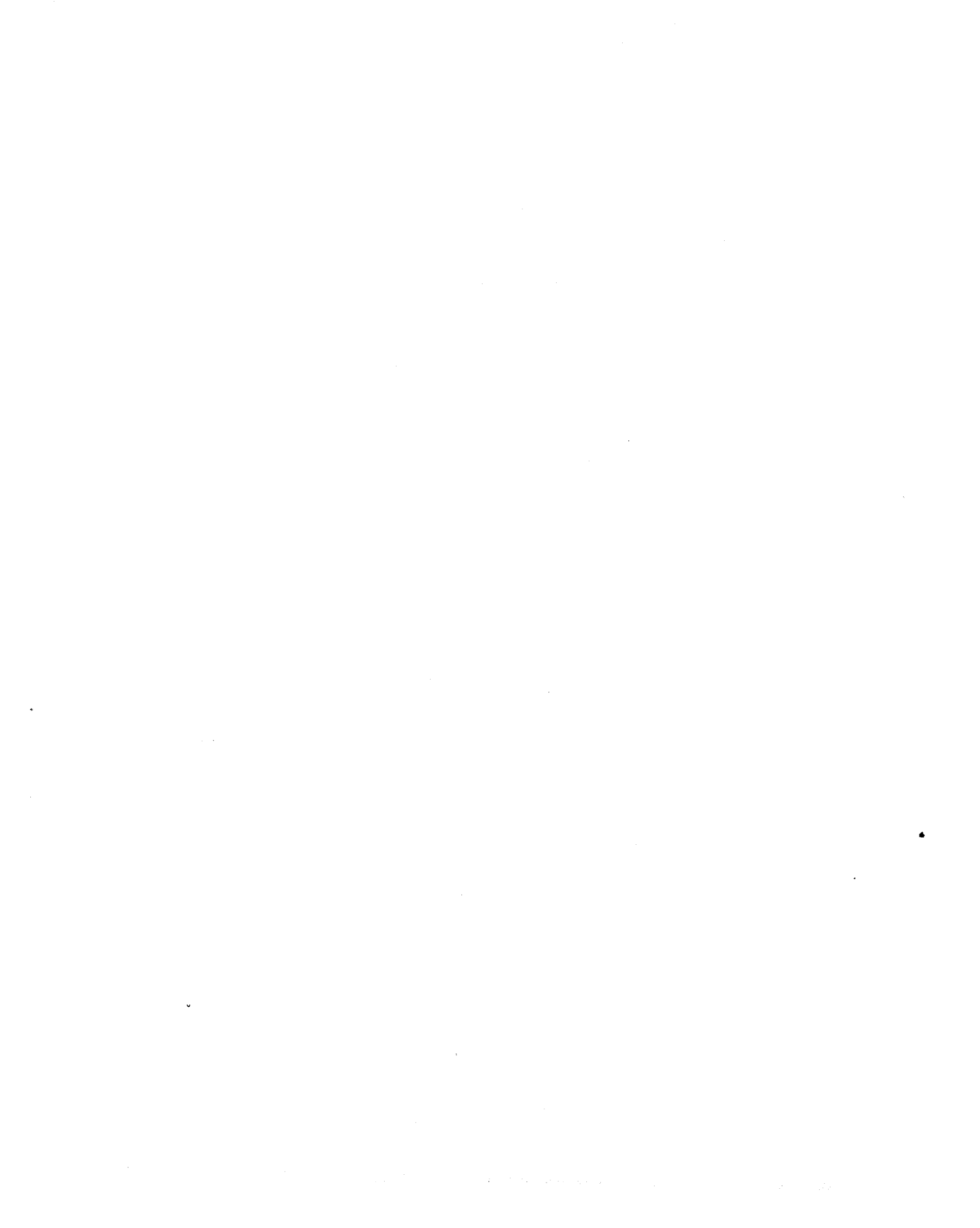
As of August 1991, the Air Force's total funding requirements for initial spare parts for the remainder of fiscal year 1991 and for fiscal year 1992 were \$259.1 million (see table I.1).

Table I.1: Planned B-2 Initial Spares Purchases Through Fiscal Year 1992

Dollars in millions	
Requirements	Amount
Committed funds	\$7.1
Normal spares provisioning	77.3
Cathode ray tubes	45.4
Trainer spares	20.0
Interim contractor support spares	63.3
Long lead spares	20.0
Provisioning data for depot support equipment	15.0
Support equipment spares	11.0
Total	\$259.1

The Air Force anticipates \$438 million will be available to fund these requirements through fiscal year 1992. As of August 1991, Air Force officials said \$148.9 million of the fiscal year 1990 initial spares funds was unobligated and available through fiscal year 1992. In addition, the Air Force requested \$289.1 million for fiscal year 1992. As a result, funds available and requested (\$438 million) exceed purchases planned for these years (\$259.1 million) by \$178.9 million.

Air Force officials said that requirements might be added during the year but, at this time, they could not be specifically defined or priced for budget purposes. For example, Air Force officials noted that some funds might be needed to purchase spare parts for an advanced systems integration laboratory. As of September 1991, the Air Force had not defined the spares requirements for the laboratory and did not know when it would do so.



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