

**GAO**

United States General Accounting Office  
Briefing Report to Congressional  
Requesters

November 1990

# AIR FORCE BUDGET

## Potential Reductions to Aircraft Procurement Budgets

AD-A230 863



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United States  
General Accounting Office  
Washington, D.C. 20548

**National Security and  
International Affairs Division**

B-235884

November 30, 1990

The Honorable Daniel K. Inouye  
Chairman, Subcommittee on Defense  
Committee on Appropriations  
United States Senate

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

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As requested, we reviewed the Air Force's fiscal year 1991 aircraft procurement budget request and prior year appropriations for the C-17, B-2, and F-16 aircraft procurement programs and the C/KC-135, B-52, and B-1B modification programs. Our objectives were to identify potential reductions to the fiscal year 1991 budget request and potential rescissions to prior year appropriations. This report was prepared before House and Senate Conferees agreed to the terms of the fiscal year 1991 Defense Appropriations Act. On July 19, 1990, we briefed your staffs on the results of our work so that the potential reductions or rescissions could be considered in the debate on the fiscal year 1991 Defense Appropriations Act. The House and Senate Conferees agreed to the terms of this act in late October 1990.

We identified \$3,094.9 million in potential reductions: \$2,864.3 million in the fiscal year 1991 budget request and \$186.8 million, \$19.5 million, and \$24.3 million in potential rescissions of appropriated funds from fiscal years 1990, 1989, and 1988, respectively. As shown in table 1, these potential reductions were primarily the result of our suggestions not to acquire C-17 aircraft and initial spares for B-2 aircraft in fiscal year 1991.

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**Table 1: Potential Reductions to the Air Force's Aircraft Procurement Budgets**

Dollars in millions

Program	Fiscal year				Total
	1991	1990	1989	1988 <sup>a</sup>	
C-17 Airlifter	\$2,146.0	\$0.0	\$0.0	\$0.0	<b>\$2,146.0</b>
B-2 Bomber	622.0	82.0	0.0	0.0	<b>704.0</b>
F-16 Fighter	0.0	43.9	18.3	24.3	<b>86.5</b>
C/KC-135 Modifications <sup>b</sup>	56.0	22.8	1.2	0.0	<b>80.0</b>
B-52 Modifications <sup>b</sup>	40.3	6.2	0.0	0.0	<b>46.5</b>
B-1B Modifications	0.0	31.9	0.0	0.0	<b>31.9</b>
<b>Total</b>	<b>\$2,864.3</b>	<b>\$185.8</b>	<b>\$19.5</b>	<b>\$24.3</b>	<b>\$3,094.9</b>

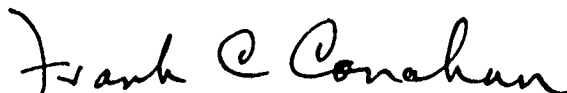
<sup>a</sup>These funds were only available for obligation through September 30, 1990.

<sup>b</sup>Among the potential reductions for the C/KC-135 and B-52 modification programs is Global Positioning System user equipment. This potential reduction is discussed in Air Force Budget Potential Reductions in Command, Control, and Communications Funds (GAO/NSIAD-90-300BR, Sept. 28, 1990).

Additional information on our review is discussed in appendix I. Our objectives, scope, and methodology are described in appendix II.

We did not obtain written agency comments on this report. However, we discussed its contents with officials from the Office of the Secretary of Defense and the Department of the Air Force and incorporated their comments where appropriate. We are sending copies of this report to appropriate congressional committees; 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 listed in appendix III.



Frank C. Conahan  
Assistant Comptroller General



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# Potential Reductions to the Air Force's Aircraft Procurement Budgets

We identified \$3,094.9 million to be considered for reduction from the Air Force's fiscal year 1991 budget request and prior year appropriations: \$2,864.3 million in the fiscal year 1991 budget request and \$186.8 million, \$19.5 million, and \$24.3 million in appropriated funds from fiscal years 1990, 1989, and 1988, respectively. These potential reductions are described below by program.

## C-17 Airlifter

### Brief Description of Program

The C-17 aircraft is being developed by Douglas Aircraft Company to provide the Air Force with increased long-range airlift capability. The aircraft is to have four engines, a wide body, and a three-person crew. It is being designed to transport a full range of military cargo directly into small and austere airfields. Full-scale development of the C-17 began in 1985, at which time the Air Force planned to acquire a total of 210 aircraft between fiscal years 1988 and 1998. The Air Force requested \$2,146 million for fiscal year 1991: \$1,705 million for six aircraft, \$204 million for advance procurement, and \$237 million for initial spares.

On April 26, 1990, the Secretary of Defense announced that, as a result of his review of major aircraft programs, the total number of C-17s would be reduced from 210 to 120 and the request for 6 aircraft in the President's fiscal year 1991 budget would be reduced to 2 aircraft. These reductions were expected to allow more time for flight testing before the production rate increases.

### Results of Analysis

Because of continuing schedule delays under the existing contracts and the significant amount of unobligated prior year appropriations, we identified \$2,146 million of the fiscal year 1991 budget request to be considered for reduction. However, Air Force officials told us that even if no aircraft are approved for procurement in fiscal year 1991, procurement funds may be needed to keep critical subcontractors actively working on C-17 subsystems and parts.

In June 1990 we testified<sup>1</sup> on the C-17 aircraft program before the Subcommittee on Projection Forces and Regional Defense, Senate Committee on Armed Services. We stated that although some progress had been

<sup>1</sup>Status of the Air Force's C-17 Aircraft Program (GAO/T-NSIAD-90-48, June 19, 1990).

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**Appendix I  
Potential Reductions to the Air Force's  
Aircraft Procurement Budgets**

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made in developing the C-17 aircraft, the program continued to face significant cost and schedule challenges. For example, the program's total cost estimate increased from \$37.5 billion in 1988 to \$41.8 billion in 1990, a delay of nearly 1 year in the program's schedule was reported in late 1989, the first flight of the C-17 development aircraft was delayed from August 1990 until June 1991, and further delays in the program's schedule were expected because of continuing difficulties with aircraft assembly and avionics development and testing.

Delays of nearly 1 year in achieving important contract milestones, such as first flight, slowed the program, and, as a result, most of the funds appropriated in fiscal year 1990 remained unobligated. For example, because of slow progress, the production contract for aircraft authorized for fiscal year 1990, originally scheduled to be awarded in January 1990, had not been awarded as of July 1990. The Air Force believed the contract would be awarded in December 1990, 11 months later than originally planned.

The Air Force and the contractor anticipated similar delays in achieving contract milestones required before the contract for aircraft requested in fiscal year 1991 could be awarded. For example, first flight of the first production aircraft, originally scheduled for October 1990, is now expected to occur in September 1991. If the contractor accomplishes this milestone in September 1991, the Air Force will not award the fiscal year 1991 procurement contract until the end of fiscal year 1991.

In our testimony we recommended that the Congress consider reducing both the proposed procurement of two aircraft in fiscal year 1991 and the request for advance procurement funds for six aircraft to be acquired in fiscal year 1992. We believed schedule delays of about 1 year justified delaying the procurement funding requested in fiscal year 1991 until fiscal year 1992. Advance procurement funds appropriated in fiscal year 1990 could be used to acquire items with long lead times for fiscal year 1992. The acquisition of initial spares could be delayed until the aircraft are acquired.



## B-2 Bomber

### Brief Description of Program

The B-2 is intended to be a long-range, multirole bomber capable of carrying both nuclear and conventional munitions. The aircraft incorporates low observable technologies, making it difficult to detect in flight. The Northrop Corporation began full-scale development of the B-2 in 1981 and conducted the first flight test in 1989. Under the development program, six aircraft are to be built and used for flight tests. Through fiscal year 1990, 10 production aircraft were authorized and funded. Advance procurement funding was approved in fiscal year 1990 for the Air Force to begin acquiring parts with long lead times for an additional five production aircraft.

Due to the high cost of the B-2 program, funding restrictions, and a reduction in the Soviet threat, the Secretary of Defense, in April 1990, reduced the total number of aircraft to be procured from 127 to 70 and the number to be procured in fiscal year 1991 from 5 to 2.

### Results of Analysis

We identified potential reductions of \$704 million: \$622 million in the fiscal year 1991 budget request and \$82 million in fiscal year 1990 appropriated funds, as shown in table I.1.

Table I.1: Potential Reductions in B-2 Bomber Procurement Funds

	Fiscal year		Total
	1991	1990	
Initial spares	\$622.0	\$0.0	\$622.0
Advance procurement	0.0	82.0	82.0
<b>Total</b>	<b>\$622.0</b>	<b>\$82.0</b>	<b>\$704.0</b>

### Initial Spares

According to Air Force Logistics Command officials, the program changes proposed by the Secretary of Defense reduced the requirement for the procurement of initial spares in fiscal year 1991. Air Force officials said current unobligated prior year appropriations were adequate to acquire the necessary spares through fiscal year 1991. Thus, we identified \$622 million in the fiscal year 1991 budget request to be considered for reduction.

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Advance Procurement

The Congress provided \$424.8 million in fiscal year 1990 for advance procurement of B-2 aircraft. These funds were intended, in part, to provide funding for items with long lead times for five aircraft, which were to be requested by the Air Force in fiscal year 1991. We identified approximately \$82 million of these funds to be considered for rescission because the number of aircraft in the fiscal year 1991 budget was reduced from 5 to 2 by the Secretary of Defense. The program office estimated that the \$82 million was applicable to the aircraft that will no longer be procured in fiscal year 1991. Air Force officials told us that if the \$82 million in fiscal year 1990 advance procurement funds were rescinded, additional funding in fiscal year 1991 would be required.

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F-16 Fighter

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Brief Description of  
Program

The F-16 fighter aircraft is a single-engine, lightweight, high-performance aircraft that is capable of delivering both air-to-air and air-to-surface weapons. The first aircraft was delivered in September 1978. The F-16 is used by the air forces of 17 nations. The Air Force plans to acquire 150 F-16s per year for fiscal years 1990 through 1993 under a multiyear contract that is being negotiated. Program officials expect this contract to be finalized in June 1991.

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Results of Analysis

We did not identify any potential reductions to the fiscal year 1991 budget request. However, we identified potential rescissions of \$86.5 million in appropriated funds: \$43.9 million from fiscal year 1990, \$18.3 million from fiscal year 1989, and \$24.3 million from fiscal year 1988, as shown in table I.2.

**Appendix I  
Potential Reductions to the Air Force's  
Aircraft Procurement Budgets**

**Table I.2: Potential Reductions in F-16  
Fighter Procurement Funds**

	Fiscal year			Total
	1990	1989	1988 <sup>a</sup>	
	Dollars in millions			
Advanced Identification Friend or Foe System	\$29.8	\$0.0	\$0.0	<b>\$29.8</b>
Economic price adjustments				
Airframe	0.0	3.4	15.9	<b>19.3</b>
Engines	14.1	14.9	6.3	<b>35.3</b>
Final contract price adjustment	0.0	0.0	2.1	<b>2.1</b>
<b>Total</b>	<b>\$43.9</b>	<b>\$18.3</b>	<b>\$24.3</b>	<b>\$86.5</b>

<sup>a</sup>These funds were only available for obligation through September 30, 1990.

**Advanced Identification Friend or Foe System**

The Air Force was developing an Advanced Identification Friend or Foe System to help F-16 pilots identify aircraft encountered during combat missions. The Air Force received \$29.8 million in fiscal year 1990 and planned to request \$50.3 million in fiscal year 1991 to procure the system. In June 1989, however, the Air Force changed plans to buy and install this system in F-16s and reallocated the \$50.3 million included in the fiscal year 1991 budget request to pay for expected increases in manufacturing labor and overhead costs. Since the system is not going to be acquired for F-16s, we identified \$29.8 million in fiscal year 1990 appropriated funds to be considered for rescission.

**Economic Price Adjustments**

The provisions of F-16 aircraft and engine production contracts allow periodic adjustments in price due to changes in inflation; the price of specific materials, such as industrial metals; or the labor cost index. Under these provisions, General Dynamics, the F-16 prime contractor, and the Air Force agreed to reduce the price of the current production contract for fiscal years 1989 and 1988. The Air Force subsequently modified the F-16 multiyear contract in May 1990 to deobligate \$38.5 million and \$33.1 million for fiscal years 1989 and 1988, respectively. The fiscal year 1988 funds were only available for obligation through September 30, 1990.

In anticipation of this modification, the Air Force committed \$35.1 million and \$17.2 million in fiscal year 1989 and 1988 appropriated funds, respectively, to other program costs. Since the amounts committed were less than the amounts deobligated, we identified \$3.4 million and \$15.9 million in fiscal year 1989 and 1988 appropriated funds, respectively, to be considered for rescission.

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Also, the Air Force expected higher engine costs due to the increased price of nickel and, as a result, allocated funds to cover increases in the engine prices. However, a recent analysis showed cost increases were \$35.3 million less than expected. Thus, we identified \$14.1 million, \$14.9 million, and \$6.3 million in fiscal year 1990, 1989, and 1988 appropriated funds, respectively, to be considered for rescission.

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**Final Contract Price Adjustment**

The Air Force and General Dynamics both agreed to decrease the final contract price for the F-16's F110 engine support equipment in fiscal year 1988. The Air Force modified the F110 engine contract in November 1989 to deobligate \$2.1 million for fiscal year 1988. These funds were only available for obligation through September 30, 1990.

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After reviewing the results of our evaluation, officials from Air Force Headquarters and the program office emphasized that although the original purposes for which these funds were budgeted may have changed, the funds are not excess. They are needed to compensate for unanticipated increases in procurement costs and transfers of program funds for high-priority requirements. The program manager told us that significant increases over budgeted amounts were expected in the contractor's costs for manufacturing labor and overhead. Additionally, program office officials said \$142.1 million from the fiscal year 1990 budget had been transferred for other purposes including military pay and Central American relief. Accordingly, the program manager advised us that all available funds appropriated for the F-16 program are needed to acquire aircraft and support equipment.

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**C/KC-135  
Modifications**

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**Brief Description of  
Program**

Over 800 C/KC-135 aircraft were produced in the 1950s and 1960s for aerial refueling and other purposes. Modifications have been made to C/KC-135 aircraft to improve their performance, reliability, and maintainability. The fiscal year 1991 budget includes \$631.9 million for 11 different modification programs.

Results of Analysis

We identified potential reductions of \$80 million: \$56 million in the fiscal year 1991 budget request and \$22.8 million and \$1.2 million in appropriated funds from fiscal years 1990 and 1989, respectively, as shown in table I.3.

Table I.3: Potential Reductions in C/KC-135 Modification Funds

Program	Fiscal year			Total
	1991	1990	1989	
Global Positioning System <sup>a</sup>	\$19.0	\$5.6	\$0.0	\$24.6
Ground Collision Avoidance System	7.7	7.2	0.0	14.9
Fuel Savings Advisory System	16.5	10.0	0.0	26.5
Engine replacement	0.0	0.0	1.2	1.2
MILSTAR UHF/EHF Command Post upgrade	12.8	0.0	0.0	12.8
<b>Total</b>	<b>\$56.0</b>	<b>\$22.8</b>	<b>\$1.2</b>	<b>\$80.0</b>

<sup>a</sup>We identified a total potential reduction of \$110 million to the fiscal year 1991 budget request for user equipment for this system. This potential reduction is discussed in *Air Force Budget: Potential Reductions in Command, Control, and Communications Funds* (GAO/NSIAD-90-300BR, Sept. 28, 1990).

Global Positioning, Ground Collision Avoidance, and Fuel Savings Advisory Systems

The Air Force plans to integrate and install the Global Positioning, the Ground Collision Avoidance, and the Fuel Savings Advisory Systems on C/KC-135 aircraft as one project. The Global Positioning System is to provide precise, worldwide, three-dimensional positioning and navigation for various military aircraft, including the C/KC-135. The Ground Collision Avoidance System is to provide visual indications, alarm signals, and verbal cautions if the aircraft encounters hazardous flight conditions. The Fuel Savings Advisory System is to provide the flight crew optimum power settings needed to meet mission requirements while getting the most efficient fuel use.

The Air Force's fiscal year 1991 budget request includes \$43.2 million for these modifications: \$19 million for the Global Positioning System, \$7.7 million for the Ground Collision Avoidance System, and \$16.5 million for the Fuel Savings Advisory System. These modifications are to be installed in C/KC-135 aircraft by one contractor. The contract award is scheduled for September 1991, less than 1 month before the end of fiscal year 1991. To accomplish the planned contract award schedule, the Air Force would have to compress several pre-contract award activities. Since the modifications are to be accomplished in fiscal year 1992, the funds can be requested and justified for fiscal year 1992. Accordingly, we suggested these funds be deleted from the fiscal year 1991 budget request.

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These three modifications were originally scheduled to be procured in fiscal year 1990, but the procurement was postponed until fiscal year 1991 because of delays in determining the requirements for the integrated system. Therefore, we identified \$22.8 million in fiscal year 1990 appropriated funds—\$5.6 million for the Global Positioning System, \$7.2 million for the Ground Collision Avoidance System, and \$10 million for the Fuel Savings Advisory System—to be considered for rescission. The C/KC-135 System Manager agreed with our conclusion.

#### Engine Replacement

The Air Force is replacing the engines in the C/KC-135 aircraft to reduce fuel consumption, comply with engine noise standards, and increase the amount of fuel the aerial tankers can carry by 1-1/2 times. The Air Force received \$743.6 million for this modification in fiscal year 1989, but only \$742.4 million was needed to meet contract commitments and other program costs. Accordingly, we identified \$1.2 million in fiscal year 1989 appropriated funds to be considered for rescission. The system manager agreed with our conclusion.

#### MILSTAR UHF/EHF Command Post Upgrade

This modification will allow the Air Force to use Navy fleet satellites to disseminate command messages in a more jam-resistant mode. The President's fiscal year 1991 budget request included \$51.3 million for this modification; however, Air Force estimates showed requirements for only \$38.5 million. Thus, we identified \$12.8 million in the fiscal year 1991 request to be considered for reduction. Program officials explained that the \$12.8 million is needed to procure a prototype of the system. The Air Force has yet not documented and justified the need to acquire a prototype.

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## B-52 Modifications

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### Brief Description of Program

B-52 bombers were acquired in the late 1950s and early 1960s and are used in both nuclear and conventional roles. The current inventory includes B-52G and B-52H models. Modifications have been made to these aircraft to improve their performance, reliability, and maintainability. The fiscal year 1991 budget included nine different modification projects for B-52 bombers, totaling \$109.6 million.

**Appendix I  
Potential Reductions to the Air Force's  
Aircraft Procurement Budgets**

In light of dramatic changes in eastern Europe and other factors, such as efforts to reduce the defense budget, the Air Force planned to restructure the bomber force and retire some of the B-52G bombers. The current program objective memorandum for B-52 aircraft indicates the current B-52G inventory of 159 aircraft will be reduced to 40 by fiscal year 1995. Thus, fewer aircraft will have to be modified than previously planned.

**Results of Analysis**

We identified potential reductions of \$46.5 million: \$40.3 million in the fiscal year 1991 budget request and \$6.2 million in appropriated funds from fiscal year 1990, as shown in table I.4.

**Table I.4: Potential Reductions in B-52 Modification Funds**

Dollars in millions			
Program	Fiscal year		Total
	1991	1990	
Advanced Cruise Missile integration	\$1.0	\$0.0	\$1.0
ALQ-172 electronic countermeasures set	15.9	0.0	15.9
Global Positioning System <sup>a</sup>	5.1	3.6	8.7
Heads-up display and night vision goggles	2.0	2.6	4.6
Weapon system trainer update	10.8	0.0	10.8
Enhanced Ground Egress	5.5	0.0	5.5
<b>Total</b>	<b>\$40.3</b>	<b>\$6.2</b>	<b>\$46.5</b>

<sup>a</sup>See note a in table I.3.

**Advanced Cruise Missile Integration**

This modification will enable the B-52H to carry heavier weapon loads. The fiscal year 1991 budget request included \$11.7 million for this modification; however, in June 1990 the system manager determined that only \$10.7 million would be needed, since contract proposals were lower than budgeted. Thus, we identified \$1 million to be considered for reduction from the fiscal year 1991 budget request.

**ALQ-172 Electronic Countermeasures Set**

This modification will update the B-52H's primary defensive system. The fiscal year 1991 budget request included \$65.4 million for the procurement of support equipment. During our evaluation, program officials documented an estimated cost for the support equipment of \$49.5 million and advised us that the remaining \$15.9 million in the fiscal year 1991 budget request would be used to partially fund an engineering change to the system, which is expected eventually to cost \$89 million. Because the Air Force did not document or justify this requirement in its

original budget submission and has not identified sources for the additional \$73 million needed for this change, we identified \$15.9 million from the fiscal year 1991 budget request to be considered for reduction.

### Global Positioning System

When fully deployed, the Global Positioning System is expected to provide precise, worldwide positioning and navigation data for many military users. The fiscal year 1991 budget request included \$5.1 million to acquire and install the system on 16 B-52G aircraft. However, because the Air Force now plans to retire these aircraft by 1995, the modifications are no longer needed. Thus, we identified \$5.1 million in the fiscal year 1991 budget request to be considered for reduction.

Even though the Air Force received \$4 million to install this modification on some B-52 aircraft in fiscal year 1990, only \$400,000 was needed. Therefore, we identified \$3.6 million in fiscal year 1990 appropriated funds to be considered for rescission.

The B-52 system manager agreed with the proposed rescission of \$3.6 million and that the Global Positioning System should not be installed on the 16 B-52G aircraft beginning in fiscal year 1991 if these aircraft are to be retired. However, the system manager planned to use the \$5.1 million requested in fiscal year 1991 to begin the installation of this modification on B-52H aircraft. Since the modification of B-52H aircraft was not justified in the budget request and was not planned until fiscal year 1993, we identified \$5.1 million in the fiscal year 1991 budget request to be considered for rescission. The Air Force can justify the B-52H modification as a separate modification.

### Heads-Up Display and Night Vision Goggles

This modification will acquire kits that provide lighting support for a heads-up display and night vision goggles. For fiscal year 1991, the Air Force requested \$5.1 million to acquire 60 modification kits (component parts and materials). However, because all but 40 B-52G aircraft are planned to be retired by fiscal year 1995, and since 12 kits were acquired in fiscal year 1990, only 28 kits needed to be acquired in fiscal year 1991. We estimated that \$3.1 million would be needed in fiscal year 1991 to procure the 28 modification kits. Thus, we identified \$2 million in the fiscal year 1991 budget request to be considered for reduction. Program officials disagreed with our conclusion. They maintained that any modification kits not installed on B-52G aircraft can be used on B-52H aircraft. However, this modification project for B-52H bombers was not requested or justified in the budget request.



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The Air Force also received \$6 million for 24 modification kits in fiscal year 1990. In June 1990 program officials estimated a requirement for \$3.4 million because the procurement of 12 modification kits was delayed until fiscal year 1991. Thus, we identified \$2.6 million in fiscal year 1990 appropriated funds to be considered for rescission. The program manager agreed with our conclusion.

#### Weapon System Trainer Update

The weapon system trainer update modification will replace the current computer system with a state-of-the-art computer that has the capacity and spare memory required to accommodate extensive modifications to B-52 training devices. The Strategic Air Command has not revalidated the requirement for this modification, since B-52 force structure has changed and the program manager is uncertain whether this modification will be required in fiscal year 1991. Accordingly, we identified \$10.8 million in the fiscal year 1991 budget request to be considered for reduction. Air Force Logistics Command officials that manage the modification program did not agree with our conclusion, since they were not certain whether the Strategic Air Command would revalidate the requirement for this modification.

#### Enhanced Ground Egress

Concern arose over the safety of B-52 ejection seat systems after a repair technician pulled an ejection seat lever and was killed. The Enhanced Ground Egress modification will allow the system to be repaired safely. Since this modification had already been funded with excess prior year funds, fiscal year 1991 funds were not needed. Thus, we identified \$5.5 million requested for this modification in the fiscal year 1991 budget to be considered for reduction.

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## B-1B Modifications

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### Brief Description of Program

B-1B multirole bombers were produced in the mid-1980s to replace aging B-52 bombers. Air Force plans call for the B-1B to replace the B-52 as a penetrating bomber and provide the capability to penetrate Soviet defenses until the B-2, a more advanced bomber, is deployed in the mid-1990s. The B-1B will eventually become a cruise missile carrier and could be used as a conventional bomber. The B-1B will be modified throughout its life span to correct deficiencies, improve reliability and maintainability, and add or improve operational capability.

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## Results of Analysis

We did not identify any potential reductions to the fiscal year 1991 budget request. However, we identified a potential rescission of \$31.9 million from fiscal year 1990 appropriated funds because the Air Force did not proceed as planned with a modification to add anti-icing heaters to B-1B engine inlets.

The B-1B anti-icing modification is required to permit low-level flights during icing conditions. Under certain conditions, ice can build up on B-1B engine inlets, break off, and damage the engine. A proposed solution was to install heating elements on each engine inlet.

The Air Force requested and received \$31.9 million in fiscal year 1990 to procure anti-icing modification kits. However, procurement was not initiated because no funds were available to complete full-scale development of the modification. Accordingly, we identified \$31.9 million in fiscal year 1990 appropriated funds to be considered for rescission.

Even though the \$31.9 million is not needed for the anti-icing modification, the Air Force wants to apply these funds to a new modification program to install fire detection and suppression equipment in a section of the B-1B wing in which fires have occurred and destroyed two aircraft. Program officials told us this modification is a high priority and involves the safety of flight crews. The Air Force requested \$33.4 million in its fiscal year 1991 budget for this modification program but wants to begin the program in fiscal year 1990 using the funds appropriated initially for the anti-icing modification. Since the Air Force has not formally justified the need for additional funds in the first year of the fire detection and suppression modification program, we identified the \$31.9 million to be considered for rescission.

# Objectives, Scope, and Methodology

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This review is one of a series that examines defense budget issues. Our objectives were to review the Air Force's fiscal year 1991 aircraft procurement budget request and prior year appropriations and identify potential reductions and/or rescissions. We examined the C-17, B-2, F-15, and F-16 aircraft procurement programs and the C/KC-135, B-52, and B-1B modification programs. We identified potential reductions and/or rescissions to the budgets for all of the programs except the F-15.

We interviewed budget and program officials and reviewed pertinent program documents, audit reports, and budget support data at the Air Force Logistics Command and Aeronautical Systems Division, Air Force Systems Command, Wright-Patterson Air Force Base, Ohio; Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma; and Douglas Aircraft Company, Long Beach, California. We performed our work from March to July 1990 in accordance with generally accepted government auditing standards.

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# Major Contributors to This Report

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