

88TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
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DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1964

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JUNE 21, 1963.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. MAHON, from the Committee on Appropriations, submitted the following

**R E P O R T**

[To accompany H.R. 7179]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Department of Defense for the fiscal year ending June 30, 1964.

APPROPRIATIONS AND ESTIMATES

The Committee considered estimates presented in the President's Budget on January 17, 1963, and detailed in the Appendix thereto at pages 245-296, 323-349 and 352-354. The accompanying bill embraces the appropriations for regular military functions of the Department of Defense, other than military assistance, military construction, military family housing, and civil defense, for fiscal year 1964. These latter requirements will be provided for in subsequent appropriation bills.

There follows a tabulation listing in summary form, the appropriations for fiscal year 1963, the estimates for fiscal year 1964, and the appropriations recommended by the Committee for 1964.

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Summary of appropriations

Title	Appropriations, 1963 (to date)	Budget estimates, 1964	Recommended in full, 1964	Bill compared with—	
				Appropriations, 1963	Budget estimates, 1964
Title I—Military Personnel.....	\$12,992,690,000	\$13,235,200,000	\$12,848,200,000	-\$144,490,000	-\$387,000,000
Title II—Operation and Maintenance.....	11,688,724,500	11,792,237,000	11,678,337,000	-10,387,500	-113,900,000
Title III—Procurement.....	16,647,110,000	16,724,800,000	15,676,672,000	-970,438,000	-1,048,128,000
Title IV—Research, Development, Test, and Evaluation.....	7,021,558,000	7,262,000,000	6,889,000,000	-132,558,000	-373,000,000
Total, Titles I, II, III, and IV.....	48,350,082,500	49,014,237,000	47,092,209,000	-1,257,873,500	-1,922,028,000
Distribution of appropriations by organi- zational component:					
Army.....	11,637,874,000	12,579,628,000	12,105,763,000	+467,889,000	-473,865,000
Navy.....	15,176,832,000	14,966,300,000	14,369,838,000	-806,994,000	-596,462,000
Air Force.....	19,482,917,000	19,178,400,000	18,365,935,000	-1,116,982,000	-812,465,000
Defense Agencies.....	2,052,459,500	2,289,909,000	2,250,673,000	+198,213,500	-39,236,000
Total, Department of Defense.....	48,350,082,500	49,014,237,000	47,092,209,000	-1,257,873,500	-1,922,028,000

### SCOPE OF THE BILL

Hearings on the budget estimates of the Defense Department began on January 21, 1963, with several special area and intelligence briefings. The formal appearance of the Secretary of Defense began on February 6th. Hearings continued virtually every working day until May 20th. The Official Reporters to House Committees took a total of 11,348 pages of transcript and the public record runs to six volumes totalling 4,610 pages. The Committee this year heard the largest number of Congressional and public witnesses, on the subject of Defense appropriations, to appear in several years.

This bill, as has been indicated, does not include funds for Military Assistance, Military Construction, Military Family Housing, or Civil Defense. These items will be provided for in subsequent appropriation bills.

The Committee recommends in the accompanying bill appropriations totalling \$47,092,209,000 as against budget estimates of \$49,014,237,000. The amount recommended is \$1,922,028,000 below the budget estimates, and \$1,257,873,500 below the appropriations for fiscal year 1963, including the Supplemental Appropriation Act, 1963. It should be pointed out that \$408,100,000 of the reductions from the January budget estimates represent simply the deletion of those items in procurement and in research, development, test, and evaluation corresponding to the reductions already effected by the Congress in the Aircraft, Missiles, and Naval Vessels Authorization Act (PL 88-28). It should also be noted that \$247,000,000 of the reductions made in Title I—Military Personnel represent the substitution of additional transfers, from Stock and Industrial Funds, for the appropriations requested in the budget estimates. In addition, reductions of \$78,600,000 have been made on the basis of availability in 1964 of monies appropriated in 1963 which were not so reflected in the 1964 budget estimates. In the procurement accounts, reductions totalling \$49,000,000 have been made on the basis of underestimates of the receipts from sales of assets not requiring replacement and other recoupments. In addition, reductions based on overestimates, greater economy and efficiency, and other adjustments not affecting programs, total \$364,950,000. Thus the reductions in programs, recommended by the Committee after careful review of the justifications presented by the Department of Defense, constitute a net of approximately \$774,000,000. Details of reductions made and the appropriations recommended by the Committee appear under appropriate headings throughout the report and in the tabulation of appropriation items appearing at the conclusion of the report.

Although the appropriations recommended for fiscal year 1964 total \$1,257,873,500 below the appropriations enacted for 1963, it should be pointed out that there have been functional transfers made which result in certain amounts no longer appearing in this bill. The most significant of these is the transfer of military family housing expenses which will be considered in connection with the Military Construction Appropriation Bill and reported at a later date. The estimated requirement for 1964 for military family housing which would be comparable to the appropriations made in the Department of Defense Appropriation Act, 1963, is \$484.4 million. In addition, nearly \$17 million appropriated in this bill in 1963 for transfer to the

Coast Guard is budgeted in 1964 by that agency. Thus, in excess of \$500 million of the decrease represents, in fact, transfers of functions to other bills.

#### MILITARY POSITION OF THE UNITED STATES

Despite variations from year to year, Defense appropriations have been at a relatively high level for the last decade. This high level of expenditure has enabled the United States to maintain a position of military superiority over any other power.

The accompanying bill will support programs which will promote the security of the United States and assure the continuation of the policy of military supremacy.

#### RELATIONSHIP TO AUTHORIZATION

As was pointed out previously, in enacting Public Law 88-28 Congress made reductions totalling \$408,100,000 in the amounts authorized for appropriation for aircraft, missiles, and ships in both procurement and research, development, test, and evaluation. Additional reductions were made by the Committee in arriving at the appropriations recommended in all amounts authorized for procurement except missile procurement for the Marine Corps. With respect to those research and development budget programs provided for in the authorization bill, the Committee recommends further reductions in connection with missile research and development for both the Army and the Air Force. The specific reductions made are referred to in connection with each appropriation account.

#### MANNED STRATEGIC AIRCRAFT

The Committee is not recommending in the accompanying bill additional appropriations for the RS-70 aircraft above the \$155,800,000 which will remain available in the account. Congress appropriated, in the Defense Appropriation Act, 1963, \$362,600,000 for the RS-70, \$191,600,000 of which was above the budget estimate. The total thus made available for the RS-70 by Congress, including appropriations made in prior years, is now \$1,751,300,000. In lieu of additional appropriations for the RS-70, an amount of money has been earmarked for either the DYNASOAR or Mach 3 aircraft programs.

In making this recommendation, the Committee has taken into consideration a number of apparently unrelated circumstances. The Secretary of Defense, in discussing the budget estimates in February, tended to de-emphasize the importance and significance of the DYNASOAR space vehicle. The Committee is aware of the delay and difficulties in the first flight of a B-70 prototype vehicle. There is also new work being undertaken, by other agencies of the Government, in connection with the development of a commercial supersonic

transport aircraft in the Mach 3 range. Also, the Committee has been advised of research underway leading to the development of a supersonic low altitude craft designed to penetrate enemy air defenses, and other research programs in the field of manned long-range aircraft.

The language and funds recommended in the accompanying bill will provide for the continuation of the DYNASOAR program should that be the decision of the Secretary, or for application to Mach 3 aircraft development including, but not necessarily limited to, the RS-70.

MAJOR MILITARY PROGRAMS

As was the case last year, Defense programs proposed for the coming fiscal year were presented to the Committee in terms of both the major military missions which programs are to serve and in terms of the usual annual budget request.

The Committee is presenting an analysis of major military missions and a distribution of the President's budget estimate by major military mission as was done last year.

In view of the multitude of items which would have to be allocated or re-allocated as a result of the Committee action, the figures, representing changes proposed by the Committee, appear separately at the bottom of each of the tables. Reductions made as a result of the authorizing legislation are included as financing decreases inasmuch as the program decrease has already been made by prior Congressional action.

DEPARTMENT OF DEFENSE

Major military programs

[In millions of dollars]

Major military program	Fiscal year 1963 current estimates	Fiscal year 1964 budget estimates
1. Strategic Retaliatory Forces.....	7,984	7,077
2. Continental Air and Missile Defense Forces.....	1,921	1,880
3. General Purpose Forces.....	17,916	18,827
4. Airlift/Sealift Forces.....	1,358	1,430
5. Reserve and Guard Forces.....	1,911	1,946
6. Research and Development.....	5,380	5,829
7. General Support.....	12,501	13,382
Total Obligational Authority.....	48,952	50,370
Deduct: Financing adjustments.....	1,088	1,356
Add: Appropriation transfers.....	467	
Appropriation.....	48,350	49,014
Changes recommended by Appropriations Committee:		
Financing decreases.....		1,148
Program decreases.....		774
New appropriations in accompanying bill.....		47,092

NOTE.—Detail may not add to totals due to rounding.

*Distribution of President's fiscal year 1964 budget estimates for Titles I, II, III, and IV—By major military program*

[In millions of dollars]

Major military program	Title I military personnel	Title II operation and main- tenance	Title III procure- ment	Title IV R.D.T. & E.	Total titles I, II, III, and IV
Strategic Retaliatory Forces.....	1,180	1,037	4,267	584	7,077
Continental Air and Missile Defense Forces.....	628	741	492	19	1,880
General Purpose Forces.....	5,203	3,503	9,443	578	18,827
Airlift/Sealift Forces.....	268	221	826	15	1,430
Reserve and Guard Forces.....	928	748	270		1,946
Research and Development.....	288	52	100	5,438	5,829
General Support.....	4,882	5,488	2,276	735	13,382
Total Obligational Authority.....	13,535	11,792	17,673	7,370	60,370
Deduct: Financing Adjustments.....	-300		-948	-108	-1,356
New Obligational Authority Re- quested in the President's Budget Estimates.....	13,235	11,792	16,725	7,262	49,014
Changes recommended by Appropriations Committee:					
Financing decreases.....	387		607	154	1,148
Program decreases.....		114	441	219	774
New appropriations in accompany- ing bill.....	12,848	11,678	15,677	6,889	47,092

NOTE.—Detail may not add to totals due to rounding.

STRATEGIC RETALIATORY FORCES

The strategic retaliatory forces are designed to carry out the long-range strategic mission and to carry the burden of battle in a general nuclear war. The forces proposed for the 1964-1968 planning period will continue to consist of a mix of manned aircraft and submarine and land-based missiles.

The manned bomber force includes about 700 B-52 and B-58 aircraft which will be maintained in the force through the planning period as well as several hundred of the older B-47's which will be phased out of the force over the next few years. The missile force, composed of ATLAS, TITAN and MINUTEMAN intercontinental ballistic missiles and POLARIS submarine-launched missiles, is expanding rapidly as additional MINUTEMAN sites are declared operational and the improved TITAN II missiles enter the inventory. Over 1,000 ICBM's and 35 POLARIS submarines carrying 560 missiles have been funded to date, and this bill will further expand this force, by providing an increased number of the improved MINUTEMAN and six additional POLARIS submarines which will complete the presently planned 41 ship, 656 missile program. Moreover, to ensure that missiles can reasonably be expected to reach their targets, even in the event an anti-missile system is deployed against them, added funds are provided for penetration aids. The bill also provides for additional KC-135 tankers for refueling aircraft and for the further improvement of the effectiveness and survivability of the command and control system.

Under Committee questioning, key Defense Department officials insisted that plans to concentrate future efforts on strategic missiles do not mean an early end to the need for manned bombers. For a number of years, after the currently planned missile force becomes

fully operational, bombers will still be useful in attacking certain types of targets. However, because of their vulnerability on the ground, as many as possible must be kept on 15-minute ground alert, the warning time provided by the Ballistic Missile Early Warning System. Furthermore, the increasing missile threat, particularly from submarine-launched missiles which have very short flight times, underscores the importance of an on-the-shelf airborne alert capability.

Moreover, it is clear that the Department is continuing to consider seriously the development of future manned strategic systems. The Committee feels that this is essential. The budget proposed use of funds previously appropriated to proceed with the development of the RS-70, as well as the key sensor components required, and the Committee recommendation makes no change in the funds available for these purposes.

Over and above work on the RS-70, possibilities of other more advanced aircraft are also being carefully studied. One such system involves the concept of a missile-launching plane which could be kept airborne for an extended period of time, thereby reducing its time on the ground where it would be vulnerable to missile attack.

Despite some differences over specifics of the program, it appears that there is wide general agreement among Defense officials, both military and civilian, that the Strategic Retaliatory Forces planned for the period ahead are fully adequate to their mission and that further increases would provide only marginal gains in capability in comparison with the cost. The strategic retaliatory program already provides for a threefold increase in the number of alert nuclear weapons in the force, compared with fiscal year 1961. Furthermore, since ample capacity for manufacturing MINUTEMAN and POLARIS is assured for some years to come, more could be added if needed. The strategic forces supported by this bill will be adequate for their task, that is, to deter war insofar as war can be deterred by military readiness and power.

The cost of these forces in fiscal year 1964 is estimated at \$7.1 billion, about \$.9 billion less than the current year, reflecting completion of much of the costly deployment of the intercontinental missiles, particularly ATLAS and TITAN.

#### CONTINENTAL AIR AND MISSILE DEFENSE FORCES

The continental air and missile defense forces include those weapons systems, warning and communications networks and ancillary equipment needed to detect, identify, track and destroy unfriendly forces approaching the North American Continent.

Despite the fact that the weight of the strategic threat continues to shift from manned bombers to ICBM's and submarine-launched missiles, it seems clear that the anti-bomber defense system must be maintained for as long as the Soviet maintains a significant bomber force. Because an initial missile attack on the U.S. would disrupt the present air defense system, the problem in this area is to reduce its present vulnerability to a missile attack. To do so, requires a manual backup to the SAGE control system, control centers at selected prime radar sites, supplementary communications and power facilities and a dispersal of the fighter interceptor forces. To reduce further the vulnerability of SAGE, a semi-automatic Backup Inter-

ceptor Control System is now being added. The fighter interceptor force will be further dispersed during 1964 over a larger number of bases.

The most urgent problem of continental defense continues to be the lack of an effective active defense against ICBM's and submarine-launched missiles. The bill provides funds for the continued testing of NIKE-ZEUS, although it does not, nor did the budget, provide for its operational deployment. Funds are, however, included for the priority development of a new, more advanced system, the NIKE-X, which would combine a new, high acceleration missile and a new, large capacity radar.

The bill also provides for the development of techniques and certain components of the equipment which would be needed for a space satellite system for defense against an enemy satellite-based threat should it ever materialize.

The cost of the continental air and missile defense forces in 1964 is estimated at \$1.9 billion, about the same as the current fiscal year.

#### GENERAL PURPOSE FORCES

This is the largest of the major military programs, both in terms of costs (requiring about \$18.8 billion for fiscal year 1964 as compared with \$17.9 billion in 1963) and the numbers of military personnel assigned (over 1.3 million). Included in this program are all the combat units of the Marine Corps, virtually all of the Army and Navy combat forces, and the tactical units of the Air Force.

The General Purpose Forces of all the Services have been greatly strengthened during the past two years. This accounts for much of the increase in appropriations over prior years. A series of actions have been undertaken to expand and to equip non-nuclear forces so they can fight effectively in the broad range of limited conflicts where nuclear weapons may not be introduced. Particular emphasis has been given to those forces that are specially trained and equipped for counter-insurgency warfare.

The Department's General Purpose Forces requirement studies indicated that adequate stocks of modern weapons, equipment and munitions are far more important at this particular time than more military units. The lack of adequate, modern equipment has repeatedly been criticized by this Committee. The correction of these serious deficiencies apparently has been made one of the highest priority goals. It is clear that there is little point in supporting large forces unless they are properly equipped and supplied to engage in sustained military action.

The Army Special Forces have been tripled in size during the past two years and a further expansion is planned for the coming year. Those Navy, Marine Corps and Air Force units that are trained and equipped to meet the threat of local or sub-limited wars have also been strengthened and expanded and markedly greater attention is being devoted to developing new equipment and techniques to aid these forces and the forces of our allies in this kind of warfare.

The Navy General Purpose Forces supported by this bill will include a total of 836 active ships and approximately 3,200 active naval



aircraft, slightly more than the number planned for the end of the current fiscal year.

A significant portion of the Navy's General Purpose Forces are trained and equipped to carry out the anti-submarine warfare (ASW) mission. The detection, tracking and destruction of enemy submarines continues to be a problem of growing concern to the United States. The funds provided in this bill will add substantially to capabilities in this area, providing additional ships, aircraft and other equipment designed for the ASW mission.

The bill includes substantial funds for the procurement of Navy aircraft, missiles, combat consumables, and other equipment. As in the case of the Army, the funds provided will raise the Navy's combat stocks of consumables with attention concentrated on the requirements of the active fleet and high readiness reserve ships and selected air units. The details of the procurement programs will be discussed later under Title III.

This bill will continue to support a 190,000-man Marine Corps, constituting 3 division/air wing teams and supporting forces. In addition, the Marine Corps will maintain within this force the nucleus of a 4th division/air wing which could be brought rapidly to full strength by calling up the Marine Reserves.

The equipment and readiness of the General Purpose Forces of the Air Force, which include the tactical fighters, bombers, and reconnaissance aircraft, the tactical missiles and the interceptor aircraft deployed overseas, will be improved substantially with the funds provided in this bill. The principal concern of the Committee in this area has been the urgent need to build up adequate air support for the Army ground forces so that they could engage, if needed, in a sustained non-nuclear conflict. During the past two years, tactical fighter strength has been sharply increased, with the number of wings expanded from 16 to 21 and the procurement of the new, highly effective F-4C aircraft.

With respect to non-nuclear ordnance and combat consumables, about \$350 million is recommended compared with about \$300 million in 1962 and 1963. These funds will provide the Air Force General Purpose Forces with the bombs, rockets and ammunition needed to give the Army ground forces the required tactical air support.

Additional discussion of force size, equipment programs, and maintenance requirements appears in the section on "Forces to be Supported—By Organization" and in connection with the individual appropriation items.

#### AIRLIFT AND SEALIFT FORCES

A capability for quick reaction to crises in any part of the world is provided in any one or a combination of three principal ways: by permanently stationing sizable general purpose forces overseas; by pre-positioning equipment and supplies in overseas areas; and by a central reserve of general purpose forces at home combined with a rapidly expanding airlift capacity, as well as a sizable sealift capacity, capable of moving forces quickly to foreign trouble spots.

Providing adequate airlift to move military forces promptly to distant trouble spots has been a major concern of this Committee for

a number of years. In action on the 1961 budget request, for example, Congress added \$200 million above the budget for the procurement of modern airlift aircraft and included these funds in a separate appropriation titled "Airlift Aircraft," to ensure they were used only for that purpose. In view of this concern, and as a result of it, there has been a sizable expansion of airlift capacity over the past two years. In addition to procuring a fleet of C-135 jet troop transports, the C-130 cargo aircraft fleet has been sharply expanded and the development of a new, highly efficient long-range, turbo-fan jet cargo aircraft, the C-141, undertaken. Airlift capacity has already been increased by about sixty percent as a result of these actions and the programs now underway or planned for the next few years will, by the end of the planning period, more than double this capacity again. The funds included in this bill will support a major step in this planned expansion through a further increase in the size of the C-130E fleet and the first major procurement of the C-141 transport.

Despite these long needed improvements in airlift capability, in view of the growing threat of covert aggression in Asia and elsewhere, and the incipient chaos in many of the newly independent nations of the world, efforts to expand and improve the ability to move adequate forces, quickly, to a crisis area cannot be relaxed. The Department is urged to continue to explore new and more effective techniques and equipment to ensure that capabilities in this vital field will more adequately match valid requirements.

With respect to sealift, the bill will continue to support a large fleet of special purpose cargo ships, maintained specifically to augment the capabilities of the U.S. Merchant Marine. To further modernize this fleet, another new "roll-on/roll-off" cargo ship is included.

The cost of the Airlift and Sealift Forces is estimated at \$1.4 billion in 1964, about the same as the current fiscal year.

#### RESERVE AND NATIONAL GUARD FORCES

For the Reserve and National Guard Forces, the bill recommended by the Committee will support a total of 1,074,987 personnel on paid status at the end of fiscal year 1964, 56,560 more than estimated for the end of the current year and 116,974 more than the end of fiscal year 1962.

Although the Department of Defense has programmed a total paid drill training strength of 300,000 and 400,000 for the end of fiscal year 1963, for the Army Reserve and Army National Guard, respectively, it does not appear likely that these levels can be achieved. The funds provided in the bill will support those lower strength levels which the Department reports to be attainable. However, the bill includes a provision that average strengths of 300,000 and 400,000 should be programmed. Such supplemental funds as are necessary should be sought if this goal appears achievable.

The realignment of the Army's reserve components announced last year is now complete. Moreover, in the course of the realignment, all 23 National Guard and 6 Reserve divisions were reorganized under the new ROAD concept, a reorganization which is also underway in the regular Army. Since the realignment and the ROAD reorganization of the Reserve and Guard forces were both completed before the beginning of the annual summer training, the units that were affected should be able to utilize the two weeks of active duty training to attain rapidly a satisfactory level of readiness.

## RESEARCH AND DEVELOPMENT

This program includes the cost of all research and development projects not yet approved for production and deployment and is divided into five major categories: research; exploratory developments; advanced developments; engineering developments; and management and support.

The 1964 program for "research", designed for the expansion of knowledge in the basic sciences, will support work in such fields as tropical medicine and oceanography. For "exploratory developments", i.e., studies and investigations directed to the solution of specific military problems, funds are recommended for a wide variety of projects such as remote area warfare, ballistic missile defense techniques, vertical/short-take-off-and-landing (V/STOL) aircraft technology, nuclear detection and propellant chemistry. For "advanced developments", i.e., the development of hardware for experimental or operational testing, the bill would support such projects as a new surveillance aircraft, the reoriented military communications satellite system, the X-15 research aircraft and the Large Solid Booster for the space programs.

In the area of "engineering developments", i.e., programs being engineered for Service use but not yet approved for production and deployment, the funds recommended will provide for work on such projects as NIKE-ZEUS, NIKE-X, the RS-70, the LANCE missile system, the new main battle tank, an advanced design ASW destroyer escort, the TYPHON missile, the TRANSIT navigation satellite, the Mobile Medium Range Ballistic Missile and the TITAN III standardized boost vehicle. In the case of "management and support" the bill also provides for the support of the national missile ranges, the Atlantic Undersea Test and Evaluation Center, the Armed Services Technical Information Center and a wide range of other Defense Department operated R&D activities. Finally, the bill provides, as in prior years, \$150 million in appropriations and \$150 million in transfer authority for the Emergency Fund.

The cost of the Research and Development Program in 1964 is estimated at \$5.8 billion compared with \$5.4 billion for the current fiscal year.

## GENERAL SUPPORT

The General Support Program includes all costs not capable of being directly or meaningfully allocated to the other major programs and as such can be considered a grouping of residual activities or programs. It includes such categories as individual training and education, communications, logistics support, medical services, the Defense Atomic Support Program, military retired pay, claims and contingencies. These types of activities are discussed in connection with the Committee's recommendations on specific appropriations.

The cost of the General Support Program in 1964 is estimated at \$13.4 billion compared with \$12.5 billion for the current fiscal year.

## FORCES TO BE SUPPORTED—By ORGANIZATION

This section of the report outlines the military forces and programs to be supported in terms of organizational component as contrasted

with the preceding remarks which dealt with the budget proposal in terms of major military programs.

Total active duty military personnel strength for the end of fiscal year 1964 is planned at 2,695,000—8,334 fewer than estimated for the end of the current fiscal year and 110,987 fewer than actually achieved at the end of fiscal year 1962. However, it should be noted that the 1962 strength figure includes the reserve component personnel recalled during the Berlin crisis. The detail strength levels are shown in the following table:

*Active duty military personnel strengths (excluding reimbursables)*  
 [In thousands]

	Actual strength		Fiscal year 1963, planned		Fiscal year 1964, estimate	
	June 30, 1962	Dec. 31, 1962	Average	End	Average	End
<b>Army:</b>						
Officers.....	115.6	107.2	110.2	110.4	110.7	112.1
Enlisted.....	949.4	842.2	863.9	867.8	855.2	861.1
Cadets, USMA.....	1.8	2.4	2.4	1.8	2.4	1.8
<b>Total, Army.....</b>	<b>1,066.7</b>	<b>951.8</b>	<b>976.4</b>	<b>980.0</b>	<b>968.3</b>	<b>975.0</b>
<b>Navy:</b>						
Officers.....	75.2	74.0	74.4	75.9	76.3	76.4
Enlisted.....	586.0	583.4	582.7	583.8	587.1	588.9
Midshipmen, USNA.....	4.1	4.0	4.0	4.1	3.9	4.0
Aviation Cadets.....	.7	.7	.6	.6	.6	.7
<b>Total, Navy.....</b>	<b>666.0</b>	<b>662.1</b>	<b>661.7</b>	<b>664.4</b>	<b>667.9</b>	<b>670.0</b>
<b>Marine Corps:</b>						
Officers.....	16.9	16.9	16.7	16.7	16.7	16.7
Enlisted.....	178.6	171.8	173.4	172.8	172.8	172.7
Aviation Cadets, MARCADS.....	.5	.5	.5	.8	.5	.6
<b>Total, Marine Corps.....</b>	<b>191.0</b>	<b>189.2</b>	<b>190.6</b>	<b>190.0</b>	<b>190.0</b>	<b>190.0</b>
<b>Air Force:</b>						
Officers.....	124.6	133.2	133.6	133.0	133.5	133.0
Enlisted.....	745.8	726.6	736.3	733.1	728.7	724.1
Cadets, USAFA.....	2.5	2.5	2.4	2.6	2.4	2.5
Aviation Cadet.....	.4	.2	.3	.3	.3	.3
<b>Total, Air Force.....</b>	<b>873.3</b>	<b>862.5</b>	<b>872.6</b>	<b>868.9</b>	<b>865.0</b>	<b>860.0</b>
<b>Total, Department of defense:</b>						
Officers.....	842.2	331.5	334.8	336.0	337.2	338.3
Enlisted.....	2,451.5	2,322.2	2,356.3	2,357.5	2,343.8	2,346.8
Officer Candidates, Cadets and Midshipmen.....	12.2	11.9	10.2	9.8	10.2	9.9
<b>Grand total.....</b>	<b>2,806.0</b>	<b>2,665.7</b>	<b>2,701.3</b>	<b>2,703.3</b>	<b>2,691.1</b>	<b>2,695.0</b>

NOTE.—Detail may not add to totals due to rounding.

DEPARTMENT OF THE ARMY

For the military functions (excluding civil defense, family housing, and military construction) of the Army, the budget proposes \$12,579,628,000 in new appropriations and the transfer of \$150,000,000 from the revolving funds in lieu of new appropriations. The Committee recommends appropriations of \$12,105,763,000 and the transfer of \$190,000,000 from the revolving funds. The amount recommended is \$467,889,000 above the appropriations for fiscal year 1963 and \$473,865,000 below the estimates for fiscal year 1964.

DEPARTMENT OF THE ARMY  
 Appropriation summary comparison

[Millions of dollars]

Appropriation title	Appropriated, 1963	Budget estimate, 1964	Recommended in bill, 1964	Bill compared with—	
				1963	Estimate, 1964
Military personnel.....	13,662.9	13,885.0	13,785.0	+122.1	-100.0
Reserve personnel.....	239.2	210.1	210.1	-29.1	
National Guard personnel.....	261.8	240.3	240.3	-21.5	
Operation and maintenance.....	3,452.6	3,396.2	3,361.0	-91.6	-34.2
Operation and maintenance, Army National Guard.....	174.4	176.6	176.6	+2.2	
National Board for the Promotion of Rifle Practice.....	.6	.5	.5	-0.1	
Operation and maintenance, Alaska Communication System.....	6.9			-6.9	
Procurement of equipment and missiles.....	2,520.0	3,202.0	2,969.1	+449.1	-232.9
Research, development, test, and evaluation.....	1,319.5	1,469.9	1,363.1	+43.0	-106.8
Total.....	11,637.9	12,679.6	12,105.8	+487.9	-473.9

<sup>1</sup> In addition, transfers from working capital funds, as follows: 1963—\$350 million; 1964 estimate—\$150 million; recommended, 1964—\$190 million.

NOTE.—Detail may not add to totals due to rounding.

Summary of major forces, fiscal years 1962-64

	Actual, June 30, 1962	Planned	
		June 30, 1963	June 30, 1964
Divisions.....	16	16	16
Armored Cavalry Regiments.....	5	4	4
Brigades.....	1	4	7
Battle Groups (Infantry).....	9	6	
Missile Commands.....	3	2	2
Special Forces Groups.....	4	6	6
Missile Battalions.....	95 1/4	90 1/4	84 1/4
Aircraft Inventory—Active.....	5,684	5,957	6,444
Active Duty Military Personnel.....	<sup>3</sup> 1,005,718	980,000	975,000
Reserve Component Personnel (Drill Pay Status and 3-6 Months Trainees) <sup>4</sup> .....	(622,426)	(650,000)	(700,000)
Army National Guard.....	360,970	375,500	400,000
Army Reserve.....	261,456	274,500	300,000

<sup>1</sup> Excludes 2 National Guard Divisions in active status.

<sup>2</sup> And, in addition, a provisional 17th division as a part of air mobility tests.

<sup>3</sup> Includes Reserve Components personnel called to active duty during the Berlin crisis.

<sup>4</sup> The strength shown for end fiscal year 1963 is that which the Defense Department believes can actually be attained. The authorized and programmed strengths for 1964 total 700,000, and the Bill includes language to this effect.

1. The bill recommended by the Committee would provide funds to support 16 divisions at the end of fiscal year 1964, the same as planned for the end of the current fiscal year. In addition, for all practical purposes a seventeenth division is provided as a part of a temporary manpower increase of 15,000 in connection with testing of Army air mobility concepts. The infantry battle groups will be phased out in fiscal year 1964. The men and equipment released as a result will be used to help increase the number of brigades which will increase to seven by the end of 1964. The Special Forces, which constitute the Army's primary counter-insurgency capability, have already been increased in strength threefold in the last two years. Six Special Forces groups will be maintained through fiscal year 1964.

Within the category of missile battalions, the number of air defense missile battalions will decline as additional NIKE HERCULES sites are transferred to the National Guard. There will also be a small reduction in the number of surface-to-surface missile battalions as the liquid-fueled REDSTONE and CORPORAL missiles are replaced by the solid-fueled SERGEANT and PERSHING.

The active aircraft inventory of the Army will continue to rise during fiscal year 1964 as large numbers of reconnaissance and utility helicopters and other types of aircraft funded in prior years are delivered to the forces. The Army will also continue to receive large deliveries of small arms and ammunition, M-60 tanks, personnel carriers, support vehicles, SERGEANT and PERSHING surface-to-surface missiles, ENTAC anti-tank missiles, and a wide variety of other equipment and supplies.

2. *Personnel.*—The bill provides for an active Army strength of 975,000 at the end of 1964 compared with 980,000 planned for the end of the current fiscal year and 1,065,718 on duty at the end of fiscal year 1962. It should be noted that the 1962 figure includes the reserve component personnel called to active duty during the Berlin crisis and subsequently released. The 1963 figure includes a temporary increase of 20,000 authorized primarily to reduce fluctuation in the training load. The 1964 figure includes an increase of 15,000 men to provide for testing of air mobility concepts. These two increases have in effect provided for an additional division which, together with other units, while not fully combat ready, will be employed in tests of new concepts of the mobility of Army troops.

For the Army National Guard, the budget estimates were predicated on a paid drill training strength of 384,400 and for the Army Reserve a paid drill strength of 281,000. As noted below in connection with Title I—Military Personnel, the accompanying bill includes language providing for average strengths of 400,000 and 300,000, respectively, for these reserve components.

3. *Procurement.*—The bill recommended by the Committee would provide a substantial increase in the procurement of weapons and equipment over the already much increased levels of the past two years. These funds would provide about 1,400 aircraft, large numbers of air defense and tactical missiles and a wide variety of other weapons, equipment and supplies. The major items are discussed under Title III.

#### DEPARTMENT OF THE NAVY

For the military functions (excluding civil defense, family housing, and military construction) of the Navy, the budget proposes \$14,966,300,000 in new appropriations and the transfer of \$120,000,000 from the revolving funds in lieu of new appropriations. The Committee recommends appropriations of \$14,369,838,000 and the transfer of \$147,000,000 from the revolving funds. The amount recommended is \$806,994,000 below the appropriations for fiscal year 1963 and \$596,462,000 below the estimates for fiscal year 1964.

DEPARTMENT OF THE NAVY  
 Appropriation summary comparison

[Millions of dollars]

Appropriation title	Appropriated, 1963	Budget estimate, 1964	Recommended in bill, 1964	Bill compared with—	
				1963	Estimate, 1964
Military personnel, Navy.....	1 2,747.4	1 2,676.0	1 2,614.0	-133.4	-62.0
Military personnel, Marine Corps.....	667.9	678.6	678.6	+10.7	-----
Reserve personnel, Navy.....	85.6	92.3	92.3	+6.7	-----
Reserve personnel, Marine Corps.....	28.1	28.5	28.5	+0.4	-----
Operation and maintenance, Navy.....	2,864.4	2,934.0	2,905.0	+40.6	-29.0
Operation and maintenance, Marine Corps.....	194.0	192.3	191.0	-3.0	-1.3
Procurement of aircraft and missiles, Navy.....	2 3,034.7	3,066.0	2,877.4	-157.2	-185.6
Shipbuilding and conversion, Navy.....	2 2,919.2	2,310.0	2,080.1	-339.1	-229.9
Other procurement, Navy.....	903.6	1,208.0	1,175.2	+271.6	-32.8
Procurement, Marine Corps.....	256.0	207.7	202.0	-54.0	-5.7
Research, development, test, and evaluation, Navy.....	1,476.0	1,572.9	1,525.7	+49.8	-47.2
Total.....	15,176.8	14,966.3	14,369.8	-807.0	-596.5

1 In addition, transfers from working capital funds, as follows: 1963—\$25 million; 1964 estimate—\$120 million; recommended, 1964—\$147 million.

2 In addition, transfer of \$165 million from "Aircraft and related procurement, Navy."

3 In addition, \$20 million transfer from working capital fund.

NOTE.—Detail may not add to totals due to rounding.

Summary of major forces, fiscal years 1962-64

	Actual, June 30, 1962 <sup>1</sup>	Planned	
		June 30, 1963	June 30, 1964
Commissioned Ships in Fleet.....	(900)	(859)	(872)
Warships.....	397	384	394
Other.....	503	475	478
Carrier Air Groups.....	30	23	23
Patrol and Warning Squadrons.....	53	35	35
Marine Divisions.....	3	3	3
Marine Air Wings.....	3	3	3
Aircraft Inventory—Active.....	9,176	8,897	8,860
Active Duty Military Personnel.....	(856,939)	(854,413)	(860,000)
Navy.....	665,977	664,413	670,000
Marine Corps.....	190,962	190,000	190,000
Reserve Components Personnel (Drill Pay and 3-6 Month Trainees).....	(157,904)	(167,500)	(171,500)
Naval Reserve.....	111,280	122,000	126,000
Marine Corps Reserve.....	46,684	45,500	45,500

<sup>1</sup> Includes ships, aircraft, and personnel called to active duty or retained on active duty because of the Berlin crisis.

1. The bill recommended by the Committee will support an active fleet of 872 ships at the end of fiscal year 1964 compared with 859 planned for the end of the current fiscal year and 900 at the end of fiscal year 1962. It should be noted that the end fiscal year 1962 figure includes the Naval Reserve ships ordered to active status during the Berlin crisis in the fall of 1961.

The combat capabilities of the fleet will be strengthened during 1964 by the delivery of a number of new ships funded in prior year programs. These include, some six nuclear powered attack submarines, six guided missile frigates and a number of destroyer-type ships which will be commissioned. Nine more POLARIS submarines are expected to become deployable during 1964.

The active aircraft inventory of the Navy and Marine Corps is scheduled to rise slightly during fiscal year 1964 as additional A-4 and A-5 bombers, F-4 and F-8 fighters and other modern planes join the active forces. Overall Navy and Marine Corps capabilities will be further enhanced by the delivery of substantial quantities of weapons, modern bombs, ammunition, torpedoes, electronic and communications equipment, air defense missiles, tactical missiles, etc.

2. *Personnel.*—The bill provides for an active Navy strength of 670,000 at the end of fiscal year 1964 compared with 664,413 estimated for the end of the current fiscal year and 665,977 at the end of fiscal year 1962. For the Marine Corps, the bill provides for a strength of 190,000 at the end of fiscal year 1964 compared with 190,000 estimated for the end of the current fiscal year and 190,962 at the end of fiscal year 1962.

For the Naval Reserve, the bill provides a paid drill training strength of 126,000 at the end of fiscal year 1964 compared with 122,000 planned for the end of the current fiscal year and 111,280 at the end of fiscal year 1962. For the Marine Corps Reserve, the bill provides a paid drill training strength of 45,500, the same as planned for the end of the current fiscal year and 1,184 fewer than at the end of fiscal year 1962.

3. *Procurement.*—The bill as recommended by the Committee will provide for 32 new ships and 36 ship conversions. Funds are also recommended to procure about 600 aircraft for the Navy and Marine Corps. The details on these and other major items of procurement are discussed under Title III of the report.

DEPARTMENT OF THE AIR FORCE

For the military functions (excluding civil defense, family housing, and military construction) of the Air Force, the budget proposed \$19,178,400,000 in new appropriations and the transfer of \$30,000,000 from the revolving funds in lieu of new appropriations. The Committee recommends appropriations of \$18,365,935,000 and the transfer of \$210,000,000 from the revolving funds. The amount recommended is \$1,116,982,000 below the appropriations for fiscal year 1963 and \$812,465,000 below the estimates for fiscal year 1964.

DEPARTMENT OF THE AIR FORCE  
*Appropriation summary comparison*

(Millions of dollars)

Appropriation title	Appropriated, 1963	Budget estimate, 1964	Recommended in bill, 1964	Bill compared with—	
				1963	Estimate, 1964
Military personnel.....	4,167.7	4,148.0	3,943.0	-224.7	-205.0
Reserve personnel.....	60.1	55.1	55.1	+5.0	
National Guard personnel.....	53.0	58.3	58.3	+5.3	
Operation and maintenance.....	4,408.0	4,388.0	4,341.0	-67.0	-44.0
Operation and maintenance, Air National Guard.....	194.4	222.7	222.7	+28.3	
Aircraft procurement.....	3,562.4	3,559.0	3,628.9	-233.5	-230.1
Missile procurement.....	2,459.0	2,177.0	2,129.5	-329.5	-47.5
Other procurement.....	956.2	951.5	871.3	-85.0	-80.2
Research, development, test, and evaluation.....	3,632.1	3,621.8	3,416.1	-216.0	-205.7
Total.....	19,482.9	18,178.4	18,365.9	-1,117.0	-812.5

<sup>1</sup> In addition, transfers from working capital funds, as follows: 1963—\$70 million; 1964 estimate—\$30 million; recommended, 1964—\$210 million.

NOTE.—Detail may not add to totals due to rounding.



## Summary of major forces, fiscal years 1962-64

	Actual, June 30, 1962 <sup>1</sup>	Planned	
		June 30, 1963	June 30, 1964
USAF Combat Wings (Including Missile Wings)-----	97	80	88
USAF Combat Support Flying Forces (Squadrons)-----	141	131	131
Aircraft Inventory—Active-----	16,541	15,455	15,501
Active Duty Military Personnel-----	883,330	868,931	860,000
Reserve Components Personnel (Drill Pay Status and 3-6 months Trainees)-----	(108,763)	(133,000)	(133,000)
Air National Guard-----	50,319	72,000	72,000
Air Force Reserve-----	58,444	61,000	61,000

<sup>1</sup> Includes aircraft and personnel of the Reserve components on active duty as result of the Berlin crisis.

1. The bill recommended by the Committee would provide funds to support an Air Force of 88 combat wings and 131 combat support flying squadrons at the end of fiscal year 1964. It should be noted that the decline in the number of combat wings during fiscal year 1963 primarily reflects the return to inactive status of the reserve component units called to active duty during the Berlin crisis. Similarly, the decrease in the number of combat support squadrons during that period reflects the return of the reserve components' air transport squadrons to inactive status.

During fiscal year 1964, the B-52 and B-58 forces will be maintained at their present strengths of 14 wings and 2 wings, respectively. The B-47 medium bombers will continue to be phased out of the active forces. However, the ICBM forces will continue to grow. In the case of TITAN, all 12 squadrons will be in place by the end of the current calendar year. Also, the number of operationally ready MINUTEMAN ICBM's will increase rapidly. The Air Force will continue to maintain half of its strategic bomber force on fifteen-minute ground alert. With respect to airborne alert, the Committee recommends continuation of Section 512(b) of the current Act which authorizes the Secretary of Defense, upon Presidential determination, to provide for the cost of such an alert as an excepted expense.

During fiscal year 1964, the third BMEWS radar site will reach operational status, thereby providing a greater certainty of warning of surprise attack for our alert strategic retaliatory forces. With respect to defense against manned bombers, work on a semi-automatic backup system to SAGE and the program for dispersal of interceptor forces will be continued.

The capability of the tactical air forces will be substantially increased during fiscal year 1964 as sizable numbers of high performance aircraft such as the F-4C and F-105 are delivered. Similarly, there will be an increase in capabilities of the air refueling fleet as additional KC-135 jet tankers procured in prior years enter the active inventory. The airlift fleet will benefit from continuing deliveries of C-130 aircraft.

Arresting the downward trend of the past several years, the active aircraft inventory of the Air Force will actually experience a modest rise of about 50 aircraft during fiscal year 1964.

2. *Personnel.*—The bill provides for an active Air Force strength of 860,000 on June 30, 1964 compared with 868,931 on June 30, 1963 and 883,330 on June 30, 1962.

The paid drill training strength of the Air National Guard on June 30, 1964 is estimated at 72,000 compared with 72,000 planned for June 30, 1963 and 50,319 on June 30, 1962. The paid drill training strength of the Air Force Reserve on June 30, 1964 is estimated at 61,000 compared with 61,000 planned for June 30, 1963 and 58,444 on June 30, 1962.

3. *Procurement.*—The bill recommended by the Committee would provide about 900 aircraft for the Air Force compared with 918 aircraft in fiscal year 1963 and 756 aircraft in fiscal year 1962.

## DEFENSE AGENCIES

For the various activities grouped under "Defense Agencies", the President's Budget proposes \$2,289,909,000 in new appropriations for military functions. The Committee recommends appropriations of \$2,250,673,000, \$198,213,500 above the appropriations for fiscal year 1963 and \$39,236,000 below the estimate for fiscal year 1964.

## DEFENSE AGENCIES

*Appropriation summary comparison*

[Millions of dollars]

Appropriation title	Appropriated, 1963	Budget estimate, 1964	Recommended in bill, 1964	Bill compared with—	
				1963	Estimate, 1964
Retired pay	1,029.0	1,163.0	1,143.0	+114.0	-20.0
Operation and maintenance, Defense Agencies	359.0	451.4	446.0	+87.0	-5.4
Claims	119.0	19.0	19.0		
Contingencies	15.0	15.0	15.0		
Court of Military Appeals	.5	.5	.6		
Procurement, Defense Agencies	30.0	43.6	43.2	+7.2	-4
Research, development, test, and evaluation, Defense Agencies	444.0	447.4	434.0	-10.0	-13.4
Emergency Fund	150.0	150.0	150.0		
Total	2,052.5	2,289.9	2,250.7	+198.2	-39.2

<sup>1</sup> Not to exceed \$3,300,000 may be transferred from Retired pay to Claims.

<sup>2</sup> In addition, \$160 million to be derived by transfer from other appropriations available for obligation in the respective fiscal year.

NOTE.—Detail may not add to totals due to rounding.

One of the major areas of program increase in the Defense Agencies category is military retired pay, where the average number of retirees is expected to rise about 51,000 over the level of the current fiscal year. Operations and maintenance costs increase because of both the civilian pay increase enacted last year and the expanding activities of the Defense Supply Agency which obviously will require more funds.

## UNEXPENDED AND UNOBLIGATED BALANCES

Inasmuch as most readily available data on unexpended and unobligated balances in the Department of Defense include funds not related to the pending bill, the Committee is at this point inserting tabulations showing totals and amounts pertaining to the appropriations in the pending bill covering a nine year period.

Although the unobligated balances anticipated at the end of fiscal year 1963 are not as low as were projected in the budget last year, it is gratifying to note that over the period of years tighter control has seemingly been exercised with the result that unobligated balances are on a downward trend.

With respect to unexpended balances, the large appropriations made for fiscal years 1962 and 1963, and recommended for fiscal year 1964 (that is large in relationship to appropriations for earlier fiscal years) result in the downward trend in unexpended balances being temporarily halted. It should be borne in mind that substantial amounts appropriated in fiscal years 1962 and 1963 represent full funding for procurements of expensive items with long delivery schedules with the result that unexpended balances naturally would tend to be larger.

*Unobligated balances, fiscal years 1956-64*

[Millions of dollars]

Fiscal year	Total unobligated balance	Pertaining to appropriations in the bill
At end of--		
Fiscal year 1956.....	12,380	11,478
Fiscal year 1957.....	10,869	10,103
Fiscal year 1958.....	7,904	6,690
Fiscal year 1959.....	7,513	6,626
Fiscal year 1960.....	8,638	7,734
Fiscal year 1961.....	7,167	6,483
Fiscal year 1962.....	7,120	6,684
Fiscal year 1963 <sup>1</sup> .....	6,765	6,199
Fiscal year 1964 <sup>1</sup> .....	6,333	6,742

<sup>1</sup> Estimates based upon data in 1964 Budget Document.

*Unexpended balances, fiscal years 1956-64*

[Millions of dollars]

Fiscal year	Total cash unexpended balance	Pertaining to appropriations in the bill <sup>1</sup>
At end of--		
Fiscal year 1956.....	38,490	35,713
Fiscal year 1957.....	34,680	31,955
Fiscal year 1958.....	32,086	29,044
Fiscal year 1959.....	31,635	29,139
Fiscal year 1960.....	30,690	28,415
Fiscal year 1961.....	28,606	26,888
Fiscal year 1962.....	28,697	27,161
Fiscal year 1963 <sup>2</sup> .....	30,358	28,670
Fiscal year 1964 <sup>2</sup> .....	31,538	29,635

<sup>1</sup> Includes balances of Department of Defense revolving and management funds.

<sup>2</sup> Estimates based upon data in 1964 Budget Document.

**TITLE I**  
**MILITARY PERSONNEL**

**ESTIMATES AND APPROPRIATIONS SUMMARY**

Budget estimates for this Title of the bill totalled \$13,235,200,000 and recommended additional transfers from revolving funds of \$300,000,000. The Committee recommends appropriations of \$12,848,200,000 and transfers from revolving funds of \$547,000,000. The amounts recommended are \$387,000,000 below the budget estimates for appropriation and an increase of \$247,000,000 in transfers from revolving funds. The additional transfer recommended offsets the appropriation reduction to the extent that the practical effect on budget estimates is a reduction of \$140,000,000.

The appropriations recommended in the accompanying bill do not include any amounts for payments which will become necessary should the pending military personnel pay increase legislation be enacted.

Again, as was the case last year, the Committee recommends continuation of the authority contained in Section 512(c) which provides for an increase in the number of military personnel on active duty beyond the number for which funds are appropriated should it become necessary, in the opinion of the President, to do so.

Details of personnel strengths to be supported appear in the table on page 12 of this report.

**VALIDITY OF MILITARY PERSONNEL ESTIMATES**

The Committee has, for many years, been assured that the Military Personnel Appropriation estimates are, to a large extent, exercises in arithmetical computation based on fairly firm cost factors with respect to pay, allowances, cost of food, cost of clothing, and so forth.

The Committee ascertained that, in many cases, costs not anticipated at the time of budget presentation had been absorbed. In other cases, substantial amounts of money had been transferred from the account through the Emergency Fund to other appropriation accounts. For example, the Department of the Army a year ago anticipated a deficiency in the amount of approximately \$213,500,000 based upon costs in connection with the Berlin crisis. As of February 28, 1963, the Military Personnel, Army, appropriation had been able to absorb \$293,006,000 of the Berlin costs and had a small unobligated balance. Again in fiscal year 1963, as of February 28th, the Military Personnel, Army, appropriation had been able to absorb \$55,400,000 in costs not anticipated at time of budget presentation, and it is problematical whether or not an additional \$83,100,000, representing further costs related to the Berlin crisis, may be absorbed.

A somewhat similar situation exists with respect to Military Personnel, Navy, appropriations where, in fiscal 1962, \$39,464,000 was transferred to the Emergency Fund, unexpected costs of \$9,000,000 had been absorbed and yet an unobligated balance remained. In

fiscal year 1963, to February 28th, the appropriation for the Navy had absorbed unanticipated costs totalling \$32,507,000.

A similar situation exists in connection with appropriations for Military Personnel for the Air Force. In the fiscal year 1962, \$21,180,000 was transferred to the Emergency Fund, \$10,750,000 representing costs of the Berlin crisis were absorbed, and an unobligated balance remained. Again, as of February 28, 1963, the Air Force appropriation had been able to absorb \$32,421,000 in costs not anticipated at the time of the budget presentation.

It is, of course, desirable for a prudent manager to be able to report that he has absorbed unexpected costs out of available resources. The absorption of costs is something which the Committee is usually gratified to see, particularly with respect to civilian pay increase costs and other matters pertaining to normal operation and maintenance situations. In the case of military personnel, however, the Committee strives to provide such money as is necessary to maintain military strength in terms of manpower. It is not the intent of the Committee to make available dollars in large amounts for unanticipated crises or contingencies. The language of the appropriation bill contains in Section 512(c) authority to incur deficiencies in military personnel accounts under certain circumstances. The language of the bill also contains, at Section 536, authority to transfer up to \$200,000,000 to maintain military readiness. The broad, general authority thus granted for possible contingencies should be sufficient.

#### PROFICIENCY PAY

Testimony indicates that the effectiveness of proficiency pay is being questioned by the Secretary of Defense and that studies are underway to determine the need for, and desirability of, this form of pay. The Committee notes, in connection with its consideration of military personnel estimates, that as of December 31, 1962, out of a total of nearly 249,000 persons drawing proficiency pay, slightly over 18,000 were in the non-critical skills area. It is generally accepted that proficiency pay was made available particularly for inducement to persons especially qualified in such highly specialized areas as electronics and other similarly specialized areas of endeavor.

It would appear that the non-critical skills include a great number of persons in the administrative and clerical fields, in general service categories, and other fields seemingly unrelated to technical specialty. At the minimum rate of payment, presently \$30.00 per month, 18,000 non-critical skills payments represent a cost of nearly \$6,500,000 annually to the taxpayers. It is not too soon to study the merits, benefits, and application of proficiency pay.

#### REENLISTMENT ALLOWANCES

In connection with the matter of overestimating, the Committee notes with interest the amounts proposed for reenlistment allowances in the various services as compared with the facts which appear in connection with the study on control of military personnel appropriations.

For example, in the fiscal year 1960, the Army budgeted for reenlistment allowances for 70,800 persons. Actual reenlistments were

63,700. In fiscal year 1961, the situation was drastically reversed. The budget estimate proposed 72,800 reenlistments, the Office of the Secretary of Defense funded the Army for 80,600. The actual number of reenlistments was 88,300. In the case of Air Force, the 1961 budget proposed 102,700 reenlistments. The actual number achieved was 73,759. There seems little relation between the number provided for in the appropriation acts, the number funded for by the Office of the Secretary of Defense, and the actual number of reenlistments obtained.

#### CONTROL OF MILITARY PERSONNEL APPROPRIATIONS

The situations just cited indicate a considerable lack of elementary and basic information with respect to military personnel appropriation dollar requirements. The program proposed as a result of the study of control of military personnel appropriations apparently contemplates extensive use of electronic data processing equipment and the resultant additional costs of equipment purchase or rental, operation and maintenance. Testimony, in fact, indicated that there would be a substantial increase in cost, perhaps \$2 or \$3 million, simply for the data processing equipment. The need for improvement is recognized; however, the Committee feels that improvement can be accomplished within resources available to the Department.

#### RESERVE COMPONENTS OF THE ARMY

The budget estimates submitted in January proposed programs for the Army Reserve and the Army National Guard of less than the 700,000 which the Committee has, for many years, recommended. In the language of the appropriations recommended for 1964, the Committee is providing that these two components be programmed to maintain an average strength of a total of 700,000.

Inasmuch as testimony indicates that these components probably will not reach their proposed goals in fiscal year 1963, funds above the budget estimates have not been provided. However, the Committee would be pleased to have both the Reserve and the National Guard make every effort to reach the strengths required to maintain a total average of 700,000. Testimony indicated that should this goal be reached, the submittal of a supplemental estimate would be considered to cover such additional costs as may, at that time, appear necessary.

#### MILITARY PERSONNEL, ARMY

Appropriation, 1963.....	\$3, 662, 900, 000
Estimate, 1964.....	3, 885, 000, 000
Recommended in the bill.....	3, 785, 000, 000
Reduction.....	100, 000, 000

The amount recommended by the Committee proposes a reduction of \$60,000,000 because of overestimates as discussed above. In addition, transfers from Stock and Industrial Funds are recommended at \$125,000,000 and \$65,000,000, respectively, instead of \$100,000,000 and \$50,000,000 as proposed in the budget, thus resulting in a further decrease of \$40,000,000 in the amount of the appropriation.

## MILITARY PERSONNEL, NAVY

Appropriation, 1963.....	\$2,747,400,000
Estimate, 1964.....	2,676,000,000
Recommended in the bill.....	2,614,000,000
Reduction.....	62,000,000

A reduction in the appropriation is recommended, in the amount of \$35,000,000, because of overly optimistic estimates, and a further reduction of \$27,000,000 is made by virtue of increasing the proposed transfers from Stock and Industrial Funds. The budget proposed transfers of \$30,000,000 and \$90,000,000 from the respective funds, and the Committee recommends transfers of \$37,000,000 and \$110,000,000.

## MILITARY PERSONNEL, MARINE CORPS

Appropriation, 1963.....	\$667,900,000
Estimate, 1964.....	678,600,000
Recommended in the bill.....	678,600,000
Reduction.....	

The Committee recommends appropriation of the amount of the budget estimate for Military Personnel, Marine Corps. No Stock or Industrial Fund transfers were proposed or are suggested. In the case of this account, representing a substantially smaller number of personnel than the other Services, there does not appear evidence of serious overestimations of costs in prior years.

## MILITARY PERSONNEL, AIR FORCE

Appropriation, 1963.....	\$4,167,690,000
Estimate, 1964.....	4,148,000,000
Recommended in the bill.....	3,943,000,000
Reduction.....	205,000,000

The Committee recommends a reduction of \$25,000,000 in the estimates based on apparent overestimates in prior years. In addition, a reduction of \$180,000,000 is recommended based on increasing the amount to be transferred from Stock and Industrial Funds. The budget proposed the transfer of \$20,000,000 from the Defense Stock Fund, whereas the Committee recommends transfers of \$175,000,000 from the Air Force Stock Fund and the Defense Stock Fund. The budget estimate for transfer from the Air Force Industrial Fund was \$10,000,000, and the Committee recommendation is for a transfer of \$35,000,000.

## RESERVE PERSONNEL, ARMY

Appropriation, 1963.....	\$239,200,000
Estimate, 1964.....	210,100,000
Recommended in the bill.....	210,100,000
Reduction.....	

For this and the following appropriation accounts involving Reserve components of the military services, the Committee recommends appropriations in the same amounts as the budget estimates. Description of numbers of personnel provided appears in a preceding section of the report under the heading "Forces to be Supported—By Organization."

## RESERVE PERSONNEL, NAVY

Appropriation, 1963.....	\$85,600,000
Estimate, 1964.....	92,300,000
Recommended in the bill.....	92,300,000
Reduction.....	

## RESERVE PERSONNEL, MARINE CORPS

Appropriation, 1963.....	\$28,100,000
Estimate, 1964.....	28,500,000
Recommended in the bill.....	28,500,000
Reduction.....	

## RESERVE PERSONNEL, AIR FORCE

Appropriation, 1963.....	\$50,100,000
Estimate, 1964.....	55,100,000
Recommended in the bill.....	55,100,000
Reduction.....	

## NATIONAL GUARD PERSONNEL, ARMY

Appropriation, 1963.....	\$261,800,000
Estimate, 1964.....	240,300,000
Recommended in the bill.....	240,300,000
Reduction.....	

## NATIONAL GUARD PERSONNEL, AIR FORCE

Appropriation, 1963.....	\$53,000,000
Estimate, 1964.....	58,300,000
Recommended in the bill.....	58,300,000
Reduction.....	

## RETIRED PAY, DEFENSE

Appropriation, 1963.....	\$1,029,000,000
Estimate, 1964.....	1,163,000,000
Recommended in the bill.....	1,143,000,000
Reduction.....	20,000,000

Testimony indicated that at least \$12,000,000 of the appropriation for 1963 would not be required to meet the needs of retired pay. In addition, the Supplemental Appropriation Act, 1963, provides authority to transfer up to \$3,300,000 from this account to the appropriation "Claims, Defense." These facts, together with an analysis of the unobligated balances over a period of years, lead the Committee to recommend a reduction of \$20,000,000 in the appropriation for Retired pay. The Committee recognizes that payments under this heading are mandatory and, further, that should the pending Military Pay Increase Bill be enacted, some additional funds will obviously be required. However, there is ample evidence that appropriations in prior years have been a trifle too generous.



## TITLE II

### OPERATION AND MAINTENANCE

#### ESTIMATES AND APPROPRIATIONS SUMMARY

Estimates for the operation and maintenance of our military forces total \$11,792,237,000 for fiscal year 1964. The Committee recommends appropriations totalling \$11,678,337,000. This is a reduction of \$113,900,000 below the budget estimates, and is \$10,387,500 below the appropriations for fiscal year 1963.

#### APPROPRIATION COVERAGE

Operation and maintenance appropriations are directly related to the size, readiness, and deployment of the forces, and the tempo of military operations; to the inventories of weapons and supporting equipment and systems; and to the number and type of military functions to be supported. The availability of these funds also determines the degree of care afforded military personnel and their dependents.

In fiscal year 1964 these funds will support throughout the year an average of 2,691,100 military personnel and their supporting equipment. In the broadest sense, these funds will finance the operating and support requirements of 16 active Army divisions plus an additional 15,000 Army personnel in provisional units associated with tests of air assault concepts, 872 active ships, 3 Marine Corps combat divisions, and an active aircraft inventory of approximately 30,800.

In addition, the operation and maintenance accounts cover expenses of supporting reserve components with a drill pay strength of over 1 million men, their training facilities, and their equipment. The following chart lists some of the major operational factors affecting operation and maintenance costs, and also illustrates the extent and magnitude of the support base required to maintain these forces.

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	Fiscal year 1962	Fiscal year 1963	Fiscal year 1964 <sup>1</sup>
Active aircraft inventory, June 30.....	81,401	30,219	30,805
Army.....	5,694	5,277	6,444
Navy.....	9,176	8,807	8,860
Air Force.....	16,541	15,455	15,501
Flying hours (O. & M. only) (thousands).....	11,202	11,082	11,721
Army (including Reserve and Guard).....	1,806	1,717	1,941
Navy (including Reserve).....	3,716	3,616	3,831
Air Force (including Reserve and Guard).....	5,680	5,749	5,949
Active ships, June 30.....	900	859	872
Steaming hours (thousands).....	2,183	2,032	2,172
Active duty military personnel, June.....	2,805,987	2,703,344	2,695,000
Army.....	1,055,718	980,000	975,000
Navy.....	665,977	664,413	670,000
Marine Corps.....	190,962	190,000	190,000
Air Force.....	888,330	868,931	860,000
Student load:			
Army:			
Service schools.....	87,809	32,821	37,937
Civilian institutions.....	4,435	4,532	4,881
U.S. Military Academy.....	2,400	2,400	2,400
Navy:			
Service schools.....	32,805	37,212	39,414
Civilian institutions.....	1,122	1,275	1,520
Naval Academy.....	3,880	3,974	3,905
Marine Corps: Service schools.....	8,862	9,087	9,367
Air Force:			
Service schools.....	42,026	39,490	37,271
Civilian institutions (input).....	1,612	1,639	1,206
Air Force Academy.....	2,200	2,400	2,400
Supply depots.....	139	134	134
Army.....	88	83	82
Navy.....	37	35	35
Marine Corps.....	2	2	2
Air Force.....	10	10	10
Defense Supply Agency.....	2	5	5
Hospitals.....	240	236	235
Army.....	87	88	87
Navy.....	25	25	25
Air Force.....	128	123	123
Patient loads, service facilities.....	81,707	81,869	31,951
Army.....	13,026	12,885	12,855
Navy.....	10,013	10,109	10,232
Air Force.....	8,668	8,875	8,894
Reserve personnel in drill-pay status, June 30.....	689,163	950,500	969,900
Army National Guard.....	380,970	375,500	384,400
Army Reserve.....	201,486	274,500	281,000
Naval Reserve.....	111,280	122,000	126,000
Marine Corps Reserve.....	46,684	45,500	45,500
Air National Guard.....	50,319	72,000	72,000
Air Force Reserve.....	58,444	61,000	61,000
Active major installations.....	665	668	656
Army.....	203	201	197
Navy.....	286	288	288
Air Force.....	174	174	166
Defense Supply Agency.....	2	5	5

<sup>1</sup> Does not reflect committee action.

## INCREASING NEED FOR ECONOMY

The challenge to maintain operating and maintenance costs at an absolute minimum is becoming more severe each year. We must have an adequate defense force, and it logically follows that funds must be made available for the operation and maintenance of this force.

However, testimony received in the hearings by the Committee this year contained several examples of the various unavoidable factors that are causing marked increases in these costs. Some of these are:

(1) Classified pay increases: The major portion of salaries and personnel benefits for civilian employees of the Department of Defense are paid from this appropriation. Although there are approximately 24,000 less direct hire employees budgeted for 1964 than were employed in fiscal year 1962, personnel costs will be about \$47 million greater in 1964 than in fiscal year 1962.

(2) The overall cost per flying hour of new aircraft in the Navy is 20 to 68 percent more than that of the old aircraft being phased down. Likewise, airframe rework costs of these new aircraft are from 30 to 73 percent greater than for comparable older models.

(3) A conventionally armed World War II destroyer requires a crew of 248 men, whereas a new DLG guided missile frigate requires 384 men. Another comparison of these two ships shows that the annual cost of consumable supplies and equipment for the old ship is \$79,000 per year compared to \$342,000 per year for the new DLG guided missile frigate.

To offset these unavoidable cost increases to the greatest possible extent, it is imperative that concerted effort be made to eliminate unnecessary expenses. Each year the Department of Defense acquires additional automatic data processing equipment to perform an increasing portion of the multitude of routine administrative tasks necessarily associated with the operation of the Department. Despite the reduction in civilian personnel which has been achieved since 1962, the Committee is not convinced that there has been a proportionate reduction in clerical help in those areas for which the automatic data processing equipment has been obtained.

While there has been significant improvement in administrative management during the past few years that has resulted in sizable savings in administrative operations, the Committee would like to see a greater use of contract-review auditors, internal auditors, and other management specialists to eliminate unnecessary work, obtain more favorable prices for the Government in the maintenance contracting area, and develop more realistic work measurement factors to evaluate the work production of various offices engaged in routine administrative work.

With increased attention in these areas, it could be expected that some of the flagrant examples of waste discovered annually by the General Accounting Office could be avoided.

## OVERSEAS DEPENDENTS EDUCATION PROGRAM

The Overseas Dependents Education Program has been the subject of extensive consideration during the past two years by the Committee, the Department of Defense, and individuals whose primary interests lie in the education field.

The Committee's principal interest in this connection is the development of an efficient and economical education program for overseas dependents.

According to the report issued by the survey committee appointed by the Deputy Assistant Secretary of Defense for Education to evaluate overseas dependents schools, there is some question as to the adequacy of the current education program in these schools.

The Committee on Appropriations ordered a thorough survey of the administration of the overseas education program. In its report, the Investigative Staff disclosed numerous practices which clearly indicate that this program must receive immediate and vigorous attention if it is to operate efficiently and economically. Some of the exceptions taken in the report are:

(1) Lack of uniformity among the services as to items being charged to the per-pupil limitation.

(2) The per-pupil limitation as presently administered is neither meaningful nor effective in the budgeting, funding, or expending procedures under the program.

(3) Major variances existed among the services in the:

(a) Budgeting, funding, and accounting procedures.

(b) Determination of average membership.

(c) Charges for tuition-fee schools and correspondence courses.

(d) Operation of summer schools.

(e) Determination of tuition rates for attendance of non-DoD pupils at DoD schools.

(f) Determination of per-pupil costs.

(g) Utilization of tuition receipts, and the effect on the per-pupil limitation.

The funding of this program on the basis of a per-pupil limitation has certain shortcomings. However, much of the difficulty experienced in the administration of this program can be attributed to a lack of uniform and adequate administration coupled with inadequate surveillance by the Office of the Secretary of Defense and the three services.

During the hearings this year, the Committee was informed of numerous actions that had been inaugurated by the Department of Defense to improve the operation of the overseas dependents schools. The Committee will watch with interest the results obtained by these actions, especially with regard to the inflated headquarters staffs discussed in the hearings.

If a satisfactory plan of administration cannot be developed under the present method of funding this program, the Committee will consider alternative funding proposals presented by the Department.

#### ALASKA COMMUNICATION SYSTEM

Beginning with the 1963 fiscal year, the funding and operation of the Alaska Communication System was transferred from the Army to the Air Force. There is much to be said in favor of this transfer in promoting economies and efficiency in the operation of the communication system in Alaska. For this reason, the Committee does not object to the transfer of this operation.

As has been the case in previous years, legislation has again been recommended to the 88th Congress that would authorize the sale of the Alaska Communication System. Pending the enactment of this legislation, there will, of course, be no action by the Air Force to dispose by sale of any portion of the communication system. In the meantime, it is the expressed wish of this Committee that the identity of the Alaska Communication System not be lost. In other words, it will continue to be carried as a separate project in the Air Force budget justifications so that the Committee can easily ascertain the cost of its operations and readily identify receipts to the Treasury from this activity.

It is noted that the proposed legislation would permit the sale of any part or all of the Alaskan Communication System. In testimony given in hearings before this Committee, it was readily admitted that some portions of the system would not be very desirable to commercial companies because of the limited income that would be derived therefrom. In the event legislation is enacted which would authorize the sale of the communication system, the Committee will be most interested in how this disposition is handled. It certainly will look with disfavor on any action by the Air Force to sell the more lucrative segments of the system without giving due consideration to the investment of the Government in the entire system. In other words, the prices received for the sale of the more lucrative sections of this system should compensate, to the maximum extent possible, any financial loss the Government might experience on portions of the system it is not able to sell.

#### OPERATION AND MAINTENANCE, ARMY

Appropriation, 1963.....	\$3,452,552,000
Estimate, 1964.....	3,395,200,000
Recommended in the bill.....	3,361,000,000
Reduction.....	34,200,000

The Committee recommends the appropriation of \$3,361,000,000 for the operation and maintenance of the Army. This is a reduction of \$34,200,000 below the 1964 budget estimate. Some of the larger amounts included in this reduction are as follows:

**\$5,000,000 Maintenance of Non-Combat Vehicles:** In its report on the maintenance of non-combat vehicles, the General Accounting Office indicated that the Army could reduce its annual costs in this area by \$11 million if it adopted various administrative controls, and limited maintenance repairs to a practical minimum. When questioned on this in the hearings, the Army stated some improvements in this area had been made, but not nearly to the extent indicated possible by the General Accounting Office. The Committee feels that \$5,000,000 is a conservative reduction that can be achieved if the Army will fully implement the recommendations of the General Accounting Office.

**\$4,300,000 Overseas Dependents Education:** It was admitted by the Army in the hearings that it had overestimated the number of students in the overseas education program by 15,000.

\$2,826,000 Mapping and Geodesy: \$39.3 million was appropriated for this activity in 1963. The budget request for 1964 is \$52.8 million. While this is important work, it would appear doubtful that a 33 percent increase in funds in 1964 could be utilized wisely and efficiently, especially since \$6.6 million of the increase is for mapping. Mapping requires skilled technicians and it is not readily apparent how the Army would obtain the additional skilled technicians needed to do this work sufficiently early in the year to make full use of the additional funds requested.

\$1,500,000 Field Exercises: An additional \$10 million has been budgeted in 1964 over the \$59.7 million available in 1963. Testimony developed during the hearings indicated the Army was having difficulty obtaining maneuver rights for its Field Exercises. At the time of the hearings \$1,864,000 of the 1963 funds had not been programmed.

In addition to the above reductions, a review of the justifications based on testimony given in the hearings resulted in numerous minor reductions amounting to \$20,574,000, similar to the examples listed below:

\$500,000 NATO Status of Forces Support: \$4,000,000 was requested in the 1964 budget estimate. 1964 is the first year this agreement will be in effect and there is no accurate basis for this estimate.

\$250,000 \$250,000 was requested for 250 scale models of the M-14 rifle at a cost of \$1,000 per model. While there may be some advantages to having an enlarged model of the M-14 rifle for training purposes, the cost of the model exceeds the value that could be obtained in lieu of using the actual rifle for training purposes.

\$538,000 Real Estate Administration: \$9,038,000 was budgeted for this activity in 1964 compared to the \$7,924,284 actually expended in fiscal year 1962. During the hearings, rather vague responses were made to Committee questioning on the administration of this work.

#### OPERATION AND MAINTENANCE, NAVY

Appropriation, 1963.....	\$2,864,414,000
Estimate, 1964.....	2,934,000,000
Recommended in the bill.....	2,905,000,000
Reduction.....	29,000,000

The bill, as recommended by the Committee, provides for a decrease of \$29,000,000 below the 1964 budget estimate.

The total reduction recommended by the Committee consists of numerous decreases, most of which involve minor amounts, distributed through all of the budget activities. The following items are some examples of the reductions which have been made:

\$3,000,000 Surface Missiles and Equipment Rework: \$12,139,000 was appropriated for this activity in 1963; \$22,580,000 has been budgeted for 1964. Even with the reduction which has been made by the Committee, there will be a \$9.1 million increase over the \$10.4 million expended in 1962. While there can be no doubt that fund requirements for this activity are increasing rapidly as additional missiles become operational, the increase in funds budgeted for 1964, when compared to the increase in funds which was made available in 1963, greatly exceeds the proportionate increase in missile inventory.

- \$1,000,000 Logistic Support Programs: Actual expenditures for this activity in 1962 were \$26.3 million; a total of \$32.5 million is programmed for 1963. The budget request of \$34.1 million for 1964 is an increase of \$1.6 million over 1963. In a program expanding as rapidly as this, the Committee feels a reduction of about 2% percent in the budget request will not impede the progress of necessary work, but on the contrary should result in a more objective application of available funds.
- \$500,000 Inspection and Supporting Programs: Fund requirements for this activity have increased from \$41.1 million in 1962, to \$45.5 million in 1963, with \$46.8 million being requested in 1964. The \$1.3 million increase in 1964 is attributed to additional costs resulting from the pay act increase. It is the opinion of the Committee that \$500,000 of these increased costs could be absorbed.
- \$500,000 General Use Forms: The 1964 budget request of \$5,350,000 is an increase of \$760,000 over the funds available in the 1963 appropriation. It is a well established fact that considerable waste occurs in the stocking and distribution of general use forms. This reduction is made to encourage more economical utilization of this material.
- \$500,000 Commissary Stores: The 1964 budget request is \$877,000 over the \$4.6 million available for this activity in 1963. Justification furnished the Committee was not sufficiently adequate to warrant approval of the total increase requested.
- \$300,000 Departmental Administration—Personnel Compensation: An increase of \$376,000 is budgeted for 1964, primarily because of the pay increase. However, the costs for this activity have continued to increase over the years. Testimony in the hearings indicated that automatic data processing equipment is being used increasingly to handle greater and greater portions of the routine clerical work. It is the feeling of the Committee that most of the pay increase costs for this activity should be absorbed.
- \$300,000 Technical Publications: There is a \$395,000 increase budgeted in 1964 over the \$5.6 million available in 1963. \$5.6 million a year for technical publications is a sizable expenditure. While there is an unquestionable need for publications of this type, the very extent to which they are used makes it mandatory that more economical means be found for their production.
- \$500,000 Deepfreeze Operation: Notwithstanding this reduction, \$12.7 million will still be available in 1964 to fund the Navy's share of responsibility in this Antarctic Project. Continued reports received by the Committee of waste and mismanagement in this operation indicate the necessity for limiting appropriated funds in order to encourage greater economy in this undertaking.

As a result of action taken by the House in connection with the appropriations for State, Justice, Commerce, Judiciary, and Related Agencies (H.R. 7063), the Navy will be expected to absorb the costs of funding the operation of the six ocean weather stations on the same basis as it did in 1963.

It will be noted that although the Committee has reduced the 1964 budget request of the Navy, it has not reduced the minimum of \$134,500,000 which shall be available for the maintenance of real property facilities.

In the course of the hearings, it was quite evident that material reductions had been made in the 1964 funds budgeted for the maintenance of real property facilities at Navy installations. The funds budgeted for 1964 are at about the same level as was provided in 1962. In view of the increased cost of operations for all other activities, it is readily evident that there has been a rather serious cutback in maintenance funds. During the hearings, it was testified that much of this maintenance was merely being deferred until future years. It goes without saying that the longer necessary maintenance work is deferred, the more expensive it becomes to accomplish. In view of what appears to be a rather severe reduction in maintenance funds, it is the opinion of the Committee that additional funding to the greatest extent possible should be applied by the Navy to the maintenance of real property facilities during the 1964 fiscal year.

#### OPERATION AND MAINTENANCE, MARINE CORPS

Appropriation, 1963 .....	\$194,000,000
Estimate, 1964 .....	192,300,000
Recommended in the bill .....	181,000,000
Reduction .....	1,300,000

The bill, as recommended by the Committee, provides for a decrease of \$1,300,000 below the 1964 budget estimate. It is the opinion of the Committee that with more attention being given to possible economies, the program of the Marine Corps for the 1964 fiscal year can be achieved at the lower funding level.

#### OPERATION AND MAINTENANCE, AIR FORCE

Appropriation, 1963 .....	\$4,407,977,000
Estimate, 1964 .....	4,385,000,000
Recommended in the bill .....	4,341,000,000
Reduction .....	44,000,000

The bill, as recommended by the Committee, provides for a decrease of \$44,000,000 below the 1964 budget estimate.

The reduction in funds includes the following decreases:

\$10,000,000 Maintenance of Non-Combat Vehicles: The General Accounting Office, in its report on the maintenance cost of non-combat vehicles in the Air Force, indicated that an annual savings of \$55 million could be achieved by the Air Force if certain uneconomical practices and mismanagement were eliminated. In the course of the hearings, witnesses for the Air Force testified on various corrective actions that had been taken to date. Notwithstanding, it is the opinion of the Committee that if this matter is further pursued in line with the General Accounting Office recommendations, an additional reduction of \$10,000,000 can readily be achieved.



\$1,000,000 Command Administration: There is an increase of \$3 million requested over the \$117 million appropriated in 1963. This reduction is made with the view of promoting greater economy in the operations of the command administration.

In addition to the foregoing, there were numerous minor reductions made in practically all budget activities. Some examples of these reductions are as follows:

- \$213,000 Training Film Production: Approximately \$500,000 per year has been expended for the past several years for training film production. While these films serve a very useful purpose, it would appear that a sufficient library of the films would have been accumulated by this time so that only a relatively few training films on new weapons and so forth would be necessary.
- \$300,000 Alaska Communication System: An increase of \$394,000 is budgeted in 1964 to cover the cost of the pay increase. However, there was apparently no consideration given to the savings which should accrue as a result of the installation of toll dialing exchanges for which funds were included in the 1963 budget, and which the Army indicated would result in the reduction of 16 telephone operators. In addition, the transfer of this system to the Air Force should result in some savings in overhead costs.
- \$100,000 Community Relations: A reduction of \$100,000 below the \$215,000 budgeted for Community Relations, the purpose of which was said in the hearings to be, "\* \* \* acquaint the public with the mission and the problems of the Air Force and give them an insight as to what their taxes are being spent for."

#### OPERATION AND MAINTENANCE, DEFENSE AGENCIES

Appropriation, 1963.....	\$358,987,400
Estimate, 1964.....	451,400,000
Recommended in the bill.....	446,000,000
Reduction.....	5,400,000

The recommended appropriation reflects a decrease of \$5,400,000 below the 1964 budget estimate.

The reduction recommended by the Committee includes numerous decreases intended to promote greater efficiency and economy in the operations of the agencies funded under this section of the bill. Some examples of the items included in the reduction are as follows:

- \$3,000,000 Funds budgeted for the Defense Supply Agency increase from \$178,673,000 in 1963 to \$253,410,000 in 1964. The Committee is favorably impressed with reports it has received to date on the accomplishments of the Defense Supply Agency. However, in the report last year it was stated, "The Committee believes that this new agency represents a forward step in management. However, it should not be permitted to grow too rapidly. Every effort must be made to guard against empire building, and bigness for bigness sake." The Committee still holds this opinion and is making this reduction to assure the orderly and practical growth of this agency.

\$300,000 Secretary's Office: For 1963, a saving of 74 man years based on a delay in filling positions was budgeted in connection with 1406 positions. For 1964, the saving of only 28 man years was budgeted for this reason in connection with 1414 positions. It is evident that sufficient consideration has not been given to the usual delay in filling positions for the 1964 fiscal year.

\$150,000 Armed Forces Information and Education: In the 1964 budget estimate, there is an increase of \$171,000 for expenses other than personal compensation. Included in this amount are increases of \$97,000 for other services, and \$64,000 for supplies and material. Annual costs for this activity are about \$5 million. The Committee has received indications that the activities of this organization are not as efficient and economical as they could or should be, and it is taking this means to impress those responsible for the administration of this program with the necessity for getting a greater return for each dollar expended.

#### OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

Appropriation, 1963.....	\$174, 400, 000
Estimate, 1964.....	176, 600, 000
Recommended in the bill.....	176, 600, 000
Reduction.....	

The Committee recommends an appropriation of \$176,600,000, the amount of the budget estimate.

#### OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

Appropriation, 1963.....	\$194, 400, 000
Estimate, 1964.....	222, 700, 000
Recommended in the bill.....	222, 700, 000
Reduction.....	

The Committee recommends an appropriation of \$222,700,000, the amount of the budget estimate.

#### NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

Appropriation, 1963.....	\$622, 000
Estimate, 1964.....	528, 000
Recommended in the bill.....	528, 000
Reduction.....	

The Committee recommends an appropriation of \$528,000, the amount of the budget estimate.

#### CLAIMS, DEFENSE

Appropriation, 1963.....	<sup>1</sup> \$19, 000, 000
Estimate, 1964.....	19, 000, 000
Recommended in the bill.....	19, 000, 000
Reduction.....	

<sup>1</sup> In addition, not to exceed \$2,300,000 may be transferred from the appropriation for "Retired Pay Defense, Fiscal Year 1963 (P.L. 88-25)."

The Committee recommends an appropriation of \$19,000,000, the amount of the budget estimate.

### CONTINGENCIES, DEFENSE

Appropriation, 1963.....	\$15,000,000
Estimate, 1964.....	15,000,000
Recommended in the bill.....	15,000,000
Reduction.....	

The Committee recommends an appropriation of \$15,000,000, the amount of the budget estimate.

### COURT OF MILITARY APPEALS, DEFENSE

Appropriation, 1963.....	\$472,100
Estimate, 1964.....	509,000
Recommended in the bill.....	509,000
Reduction.....	

The bill includes \$509,000, the amount of the budget estimate for the Court. The \$36,900 increase above the appropriation for 1963 is primarily to provide for increased personnel costs resulting from the pay act increase.

**TITLE III**  
**PROCUREMENT**

**ESTIMATES AND APPROPRIATION SUMMARY**

The budget estimates for the procurement appropriations total \$16,724,800,000. The program supporting these estimates was reduced by \$314,300,000 by enactment of Public Law 88-28 authorizing the procurement of aircraft, missiles, and naval vessels. The Committee recommends appropriations totalling \$15,676,672,000, a reduction of \$1,048,128,000 below the estimates and a reduction of \$733,828,000 below the amount authorized. The amount recommended is \$970,438,000 below the amount appropriated for fiscal year 1963.

**GENERAL STATEMENT**

The reductions made by the Committee fall into three general categories. The first of these, mentioned above, include those made to conform the recommended appropriations to the action of Congress in the authorization process. These reductions, totalling \$314,300,000, are allocated as set forth in the following tabulation:

Army:		
	Procurement of Equipment and missiles, Army:	
	Aircraft .....	\$18,500,000
	Missiles .....	15,000,000
Navy:		
	Procurement of Aircraft and missiles, Navy:	
	Aircraft .....	20,000,000
	Shipbuilding and conversion, Navy:	
	Ships .....	150,400,000
Air Force:		
	Aircraft procurement, Air Force:	
	Aircraft .....	110,400,000

The next category of reductions is that of specific line item reductions recommended by the Committee totalling \$575,478,550 in the various Service procurement accounts. In summary, the effect on each procurement appropriation is shown in the following tabulation:

Procurement of Equipment and Missiles, Army .....	\$169,415,350
Procurement of Aircraft and Missiles, Navy .....	139,490,000
Shipbuilding and Conversion, Navy .....	58,500,000
Other Procurement, Navy .....	20,898,200
Procurement, Marine Corps .....	3,700,000
Aircraft Procurement, Air Force .....	86,075,000
Missile Procurement, Air Force .....	26,000,000
Other Procurement, Air Force .....	71,400,000

The reductions summarized above are the result of the Committee's examination of many hundreds of line items in the various procurement programs. The detail supporting these reductions is discussed in connection with each of the individual appropriation items involved.

Three of the larger items are mentioned here as illustrative of the types of reductions made. For example, funds requested for the Navy EA6A aircraft have been disallowed. This aircraft is still in the test and development stage and has not yet been approved for procurement by the Secretary of Defense.

The Committee has denied the request of the Army for the MAULER surface-to-air missile system and related test equipment in the total amount of \$96,300,000. This weapon system is still in the early test stages and is reported to be encountering development problems with resultant slippage in scheduled operational dates.

The Committee has effected a reduction, in the amount of \$47,500,000, below the budget estimates for electronics and telecommunications systems and related equipment programs not associated with specific aircraft and missiles. The hearings indicated clearly that no phase of procurement management is more in need of concentrated analysis, review and improvement than this area involving electronics and telecommunications systems. The timely preparation of adequate plans and specifications, in research and development and early production contracts, is sorely needed so as to permit responsible competitive procurements early in the procurement cycle of this type of equipment. The prevailing attitude on the part of too many responsible officials seems to be to wait until well into the production cycle before obtaining adequate plans and specifications for competitive procurement. It is expected that subsequent budget estimates will reflect marked improvement in this area.

In addition to these specific reductions, the Committee has made an overall reduction of one percent in all procurement appropriations. This reduction is recommended for the purpose of holding down costs of defense procurement contracts and to encourage continued use of improved contractual methods and procedures with yet greater effort toward responsible competitive procurement. The reductions recommended for this purpose total \$158,349,450.

#### PROCUREMENT OF EQUIPMENT AND MISSILES, ARMY

Appropriation, 1963.....	\$2, 520, 000, 000
Estimate, 1964.....	3, 202, 000, 000
Recommended in the bill.....	2, 969, 094, 000
Reduction.....	232, 906, 000

This appropriation provides for the procurement of all major equipment for the Army including long lead time items such as aircraft and guided missiles, as well as weapons, ammunition, vehicles, repair parts and necessary supporting equipment. The Committee recommends an appropriation of \$2,969,094,000, a reduction of \$232,906,000 below the budget estimates and \$449,094,000 above the appropriations for fiscal year 1963.

As mentioned previously, the principal reduction in this appropriation is the denial of the request for initial procurement funds for the MAULER surface-to-air missile system and related multi-system test equipment. The budget estimates contain \$96,300,000 for these programs. This is a complex weapon system which is still in the research and development stage. At the time of the Committee hearings this program was not only encountering developmental problems, but there had been considerable slippage in the planned operational

dates. The only firings of the missile had been with test vehicles and the actual capability of the weapon system had not been demonstrated. The multi-system test equipment is keyed to two other missile systems in addition to the MAULER. These are the SHILLELAGH system which is not yet actually in the research stage, but is still undergoing engineering development and the LANCE missile system which is in the early research and development stage. Certainly cost estimates and procurement plans and specifications for missile systems and test equipment in these categories cannot be regarded as firm. The Committee feels that maximum effort should be placed on the research and development concerned with these programs and procurement funds included in subsequent fiscal years programs if the development of the systems is successful. It is realized that the MAULER weapons system does purport to meet a so-called vacuum in the Army surface-to-air missile requirements. As such, if sufficient breakthroughs occur in the development cycle and realistic procurement plans and specifications can be developed, the Committee has no objection to the utilization of emergency funds available to the Secretary of Defense for initiating procurement actions. It will be expected, however, that the appropriations and legislative committees concerned will be informed prior to such utilization of emergency funds. One of the major problems in missile procurement, which has resulted in unnecessary costs, is the awarding of production contracts based on inadequate plans and specifications and before the missile has been adequately developed. The appropriation of procurement funds in the magnitude requested, based on the stage of development at this time, could only serve to encourage such wasteful practices.

The Committee has denied the request of \$2,800,000 for fixed-wing primary trainer aircraft and \$3,900,000 for instrument trainer helicopters pending the results of a study by the Secretary of Defense, the Army and the Navy, as to fixed-wing training requirements including helicopter instrument training. This study was ordered during the time of the Committee hearings, primarily as a result of testimony developed therein. In this same category, the Committee has denied the request of \$4,600,000 for similar aircraft requirements for the Navy. In addition to these actions affecting aircraft, the program for the procurement of UH-1B/C IROQUOIS helicopters is reduced by \$3,197,350.

The procurement program for aircraft spare parts is reduced by the amount of \$3,338,000 and the similar program for procurement of spare parts for the various Army missiles is reduced in the amount of \$2,230,000. The Committee must point out to the Army procurement and supply personnel the necessity to maintain realistic procurement and supply management procedures in managing the inventory of aircraft and missile spare parts, in order to avoid a costly build-up of excess parts. Present inventories in these areas already total in excess of \$600,000,000. Costly errors made by the other services in the build-up of requirements in these fields must be avoided by the Army in its expanded aircraft and missile activities.

Funds were requested in the amount of \$34,500,000 for the continued procurement of three-quarter ton trucks. This particular vehicle has been procured on a sole source basis by the Army since

1953. A new vehicle to replace this truck is presently under development and is scheduled for competitive procurement in future fiscal years. The Committee fails to see the requirement for the continued sole source procurement of this vehicle in the amount programmed by the Army and accordingly has approved only \$17,250,000. Emphasis should be placed on development of the follow-on vehicle with competitive procurement at the earliest practicable date. The existing inventory of three-quarter-ton trucks, together with the vehicles made available from funds in this bill, will be adequate to meet the requirements of the Army until the new item is ready for procurement.

A large portion of the Army request of \$74,300,000 for industrial facilities relates to the procurement of additional machine tools. The present Army inventory of machine tools is \$921.9 million. A more careful study should be made of the utilization of this existing inventory together with proper comparisons between the efficiencies of the new tools and the increased costs. Steps should be taken to examine the feasibility of having the contractors involved absorb more of the costs of these machine tools and industrial facilities. A reduction of \$7,300,000 is made in this program.

Funds were requested in the amount of \$64,500,000 for production engineering measures representing various programs and activities in production methods, engineering techniques, and the like. The Committee notes that the program has increased in size from \$45,400,000 in 1962 to the present estimate of \$64,500,000. More intensive reviews should be made of the requirements for these various activities and of the management of the many phases of this program. A reduction of \$6,500,000 is made.

In addition to the \$29,990,650 reduction based on the previously mentioned one-percent reduction in all procurement appropriations, additional funds can be recovered from the sale of existing assets not requiring replacement in kind. These so-called free assets can then be applied to this procurement program. The budget estimates contemplate deriving \$49,514,000 from this source. It is believed that an additional \$14,000,000 can be gained from this area and the request for new appropriations is reduced in this amount. Reduction in the amount of \$12,600,000 is made in the program for procurement of communications and electronic equipment.

The funds approved by the Committee place continued emphasis on increasing and modernizing the firepower capability of the Army, including aviation and missile activities. Primary emphasis is given to meeting critical shortages of essential combat equipment with additional emphasis placed on modification of equipment which will provide a significant increase in capability and will be less costly than obtaining the capability through the procurement of a new item.

Provision is made for continued procurement of surface-to-air missiles, both in support of the air defense missions assigned to the Army and in support of troops in the field, including the HAWK and NIKE-HERCULES missile systems.

The surface-to-surface missile program continues procurement of tactical missiles to be used in support of Army ground troops, including the PERSHING and SERGEANT systems and the improved HONEST JOHN and LITTLE JOHN rockets. Anti-tank missiles with an improved armor defeating capability will continue to be procured.

Funds are provided to improve the mobility of Army troops both in the air and on the ground with special attention being given to increased aerial mobility required to meet the Army's rapidly expanding need for battlefield surveillance, troop movement, and rapid logistical support for combat operations. Included in this program are funds for the CARIBOU transport aircraft, the CHINOOK transport helicopter, and the IROQUOIS tactical helicopter as well as the MOHAWK aircraft and light observation helicopters required for increased battlefield surveillance. Ground mobility is stressed with continued procurement of the M-113 armored personnel carrier, the M-60 tank, the T-114 reconnaissance carrier, and various other tactical vehicles.

PROCUREMENT OF AIRCRAFT AND MISSILES, NAVY

Appropriation, 1963.....	\$3,034,660,000
Estimate, 1964.....	3,066,000,000
Recommended in the bill.....	2,877,445,000
Reduction.....	188,555,000

This appropriation provides funds for the purchase of aircraft, missiles and related equipment in support of Naval and Marine Corps missions. The Committee recommends \$2,877,445,000, a reduction of \$188,555,000 below the budget estimates and \$157,215,000 below the appropriations for fiscal year 1963.

As stated previously, the Committee has denied the request for funds for the procurement of the EA6A INTRUDER aircraft. This plane is still awaiting further testing and the Secretary of Defense has not given approval to proceed with its procurement. Testimony before the Committee disclosed that the Department of Defense is still studying proposed changes in this program and the feasibility and adequacy of this aircraft to do the job for which it is contemplated. Pending further developments in the research cycle of this complex weapons system, a firm decision by responsible officials in the Department of Defense as to the requirement for this aircraft, and an unqualified approval to proceed with the procurement of production type aircraft, the Committee has no choice but to deny this request for funds.

The original program contemplated for the A5C VIGILANTE aircraft has been drastically reduced and the training base curtailed by the Navy and the Department of Defense. In view of these facts, the request for an additional ground trainer in the amount of \$5,000,000 is denied. The need is questionable and should be thoroughly re-examined.

The budget amount for the RF4B PHANTOM aircraft is reduced in the amount of \$7,700,000. This aircraft, which is a reconnaissance version of the PHANTOM fighter, is still in the developmental stage and problems are being encountered with the complex electronics systems. For a similar reason, the Committee has reduced the request for funds for the E2A HAWKEYE aircraft by \$17,000,000. This program is also encountering developmental problems and testing and development on electronic and avionic systems for this complex aircraft are still proceeding. The Committee has taken action in these instances to slow down the actual procure-



ment programs to allow for the development of more firm specifications prior to proceeding with large scale procurement.

The amount of \$1,000,000 has been deleted from the program for the S2E TRACKER aircraft, primarily to reduce the increase requested for procurement of spare parts.

The request of \$4,600,000 for the procurement of the U-8F fixed wing trainer aircraft is denied. As previously mentioned, the Secretary of Defense has initiated a restudy of this requirement and similar requirements of the Army. The request for \$11,700,000 for the initial procurement of the T-2B trainer aircraft is denied. This is to be a replacement for existing trainer aircraft and first flight of the aircraft is not scheduled until the fall of 1964. The procurement should be delayed until fiscal year 1965 to provide a larger and more realistic initial procurement package which should result in lower unit costs.

The Committee fails to see the requirement for the procurement of the TC-4B GULFSTREAM aircraft for use as a navigational trainer at this time and the request is denied. The Navy is presently using aircraft on loan from the Air Force for this purpose and this policy can be continued without detriment to either service. Meanwhile, the Secretary of Defense and the responsible military services are expected to continue their study of the requirements for navigational trainer and mission support type aircraft with the view of procuring the minimum number of types of aircraft to meet these requirements.

A reduction of \$2,800,000 is recommended in the program for aircraft component improvements. A more thorough review of the requirements for these improvements is necessary including requiring the commercial contractors, who benefit through commercial sales of these products, to pay a larger share of the program cost.

A large portion of the Navy request of \$20,600,000 for aircraft industrial facilities and \$12,200,000 for missile industrial facilities relate to the procurement of additional machine tools. The present Navy inventory of machine tools is \$811.9 million. A careful study should be made of the utilization of this existing inventory and more proper comparisons made between the efficiencies of the new tools and their increased cost. Steps should also be taken to examine the feasibility of having the contractors involved absorb more of the cost of these machine tools and industrial facilities. Reductions of \$10,000,000 for aircraft industrial facilities and \$2,200,000 for missile industrial facilities are recommended. The amount of \$2,000,000 has been deleted from the funds requested for other aircraft production charges which includes the procurement of miscellaneous items of equipment, various production testing programs and some transportation costs.

The TYPHON surface-to-air missile system is encountering developmental problems and there has been slippage in the program. The funds approved by the Committee for this missile system will provide support for the proposed NORTON SOUND conversion to test the missile as well as long lead time special handling equipment. The reduction of \$1,290,000 will hold back actual missile procurement until the research and development cycle is further and more satisfactorily advanced.

In addition to the \$29,065,000 reduction resulting from the previously mentioned one percent reduction in all procurement appropriations, it is expected that additional funds can be recovered in recoups from outstanding procurement contracts and programs. Funds recovered in this manner can be applied to the procurement program in lieu of new appropriations. The budget estimates contemplate the recovery of \$30,000,000. Based on experience in previous years, the Committee feels that an additional \$5,000,000 can be recovered and a reduction in this amount is made in the total appropriation request.

The funds approved by the Committee will continue to strengthen Naval and Marine aviation with additional modern aircraft, guided missiles and essential supporting equipment. In the attack aircraft category, funds are provided for continued procurement of the A4E light attack SKYHAWK, the A6A medium attack INTRUDER and the latest version of the A5C VIGILANTE. The fighter aircraft procurement program includes the F-4B PHANTOM II, which is considered to be the most advanced air superiority fighter in the world. In the field of anti-submarine warfare, procurement of the P-3A ORION, the S-2E TRACKER aircraft and the SH3A SEA KING helicopter are continued. All of these aircraft have significant improvements over their predecessors in speed, range and in their capability to detect, classify and destroy enemy submarines. Funds are also provided for continued procurement of early warning aircraft and helicopters including a new heavy helicopter in support of the essential operational role of the Marine Corps.

The missile procurement portion of this appropriation item provides funds for the further procurement of POLARIS ballistic missiles and continued procurement of TERRIER, TARTAR and TALOS surface-to-air missiles, SPARROW and SIDEWINDER air-to-air and BULLPUP air-to-surface missiles, as well as continuation of the procurement of the relatively new SHRIKE air-to-ground missile. In the area of anti-submarine warfare, funds are provided for procurement of the DASII drone helicopter and the sub-surface fired SUBROC missile.

#### SHIPBUILDING AND CONVERSION, NAVY

Appropriation, 1963.....	\$2,919,200,000
Estimate, 1964.....	2,310,000,000
Recommended in the bill.....	2,080,089,000
Reduction.....	229,911,000

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This appropriation provides funds for the shipbuilding and conversion program of the Navy as well as for procurement of certain essential long lead time items for the fiscal year 1965 program. The Committee recommends the appropriation of \$2,080,089,000, a reduction of \$229,911,000 below the budget estimates and \$839,111,000 below the amount appropriated for fiscal year 1963. A complete list of the new ships and conversions included in the program follows:

New Construction:	
Fleet Ballistic Missile Submarine (SSB(N)).....	6
Submarine Tender (AS(FBM)).....	1
Attack submarines (SS(N)).....	6
Amphibious transport dock (LPO).....	3
Destroyer escort (DE).....	10
Motor gunboats (PGM).....	2
Surveying ship (AGS).....	1
Destroyer tender (AD).....	1
Combat stores ship (AFS).....	1
Cargo ship, roll-on/roll-off (T-LSV).....	1
Subtotal.....	32
Service and landing craft.....	203
Total.....	235
Conversions:	
Cargo ship (AK(FBM)).....	1
Destroyer (DDFRAM).....	19
Destroyer (DDG).....	5
Destroyer (DDG-DL2).....	2
Mine countermeasures support ship (MCS).....	1
Oiler (AO Jumbo).....	3
Ammunition ships (FAST).....	3
Communications relay ship (AGMR).....	1
Floating dry dock (ARD-FBM).....	1
Total.....	36

The construction period for new naval vessels extends over several years. The budget estimates in support of these ships are based on full funding of the cost of the vessel and include allowances for increased labor and material costs and certain growth factors aimed at providing the most modern of equipment and engineering techniques available. Based on the most recent experiences of the Navy with respect to labor and material costs, the Committee feels that a reduction of \$17,000,000 can be made in this area of the appropriation request.

Reductions include \$21,011,000 as a result of the previously mentioned one percent reduction in all procurement appropriations and \$11,000,000 requested for the proposed installation of the SEA MAULER surface-to-air missile system on certain destroyer type vessels. As the Committee pointed out earlier, in the discussion of the Army procurement request, the MAULER weapon systems are still in the early developmental stage and are not yet ready for actual procurement. If the development of this weapon is successful, it can be installed in these ships during their construction period and financed either from funds available for technological growth or in subsequent years appropriations.

The Committee has approved \$20,500,000 for the construction of an additional roll-on/roll-off cargo and vehicle ship, a reduction of \$1,500,000 below the budget estimates of \$22,000,000.

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Funds were requested in the amount of \$29,000,000 for the construction of a new LST type vessel (tank landing ship). The Committee notes with approval the desire of the Navy to initiate construction in this essential class of ships. The proposed new design for this vessel is described by Navy officials as representing a significant break with the designs of the past. Design difficulties have been encountered and actual design is far from complete. This ship is not scheduled for contract award until late in fiscal year 1964. Despite the Committee's belief in the requirement for this ship, it can not approve the request for funds based on admittedly incomplete and inadequate plans and specifications. The request of \$29,000,000 is denied. The Navy is expected to proceed with the design of this ship and, if successful, to include the request for construction funds in the fiscal year 1965 program. This can be done with little, if any, loss of time in making this ship available to the Fleet.

The funds approved by the Committee provide for a shipbuilding and conversion program to continue support of our world-wide naval commitments to insure the use of the seas to advance the interest of this country and the free world, as well as to insure our freedom of movement over the oceans under any and all conditions, and in time of war to deny the use of these seas to an enemy. The program includes six additional Fleet Ballistic Missile submarines to bring the total of presently planned POLARIS submarines to forty-one. These submarines are the improved versions of the LAFAYETTE class. Additional logistic support vessels for the POLARIS submarines are also provided.

The fiscal year 1964 shipbuilding program continues the fleet rehabilitation and modification program aimed at modernizing existing anti-submarine warfare type vessels and equipping them with the latest equipment and weapons available. In addition, funds are provided for significant increases in destroyer-type vessels and for the construction of nuclear powered attack submarines. Essential ships in support of Marine amphibious and vertical envelopment operations are provided, as are ships in support of other logistical and technical requirements.

## OTHER PROCUREMENT, NAVY

Appropriation, 1963.....	\$903,600,000
Estimate, 1964.....	1,208,000,000
Recommended in the bill.....	1,175,231,000
Reduction.....	32,769,000

This appropriation represents a consolidation of Naval procurement requirements other than ships, aircraft and guided missiles and includes capital, collateral and electronics equipment as well as ordnance items. The Committee recommends \$1,175,231,000, a reduction of \$32,769,000 below the budget estimates and \$271,631,000 above the appropriations for fiscal year 1963.

The one percent reduction in all procurement appropriations amounts to \$11,870,800 in this appropriation item. In addition, the Committee has made a reduction of \$17,000,000 in the request for electronics and telecommunications equipment, including command support equipment, as discussed previously in this report.

Funds were requested to support an increase of 214 vehicles in the inventory of passenger carrying motor vehicles. The present inventory level appears to be sufficient and the \$278,200 requested for this increase is denied. Other reductions made by the Committee include \$500,000 in the request for mobile equipment in support of ship operations, \$720,000 for production facilities for weapons and support equipment and \$2,400,000 for aircraft support shop equipment. The latter two items relate chiefly to the procurement of machine tools and shop equipment. As has been pointed out in discussions of similar type reductions made in other appropriations, a more careful study should be made of the increased cost of this equipment compared to purported operational savings, as well as better utilization of existing inventories.

The funds approved by the Committee provide for continued equipping and support of operational naval forces, including modernization of their capabilities and replacement of worn-out equipment now in use and those items expended through normal usage. The program approved continues procurement of equipment to enhance the capability to land and launch Marine Corps aircraft from short airfields for tactical support and provides the initial increment of a procurement program to outfit a Fourth Marine Air Wing with aircraft support equipment sufficient for rapid mobilization.

Funds are provided for the most modern anti-submarine ordnance available including the first large scale procurements of a new sonobuoy and a new anti-submarine torpedo. Funds are made available to increase the level of procurement of conventional ordnance to continue a steady improvement in the combat readiness position of the Navy in the inventory of non-nuclear weapons needed for conventional type warfare.

#### PROCUREMENT, MARINE CORPS

Appropriation, 1963.....	\$256, 000, 000
Estimate, 1964.....	207, 700, 000
Recommended in the bill.....	201, 960, 000
Reduction.....	5, 740, 000

This appropriation provides funds for the procurement of ordnance, ammunition, missiles, vehicles, radios, and other major equipment in support of the Marine Corps in their traditional role as a major element of the nation's force in readiness to meet any type of conflict. The Committee recommends \$201,960,000 for this appropriation, a reduction of \$5,740,000 below the budget estimates and \$54,040,000 below the amount appropriated in fiscal year 1963.

The reduction made by the Committee includes \$2,040,000 based on the previously mentioned one percent reduction in all procurement appropriations and \$3,700,000 for the procurement of digital data computers. The Commandant of the Marine Corps has determined that this item of communications equipment is not ready for procurement and the Marines now desire to take a closer look at its probable value to them based on its present state of development.

The funds approved will be used for three general purposes, the replacement of equipment and ammunition worn-out or consumed during training, the replacement of obsolete items of equipment with modern equipment of improved capability, and a continued buildup of reserves of equipment and ammunition required for support of com-

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bat operations during the opening months of a conflict. Highlights of the more important areas of procurement include funds for ammunition in continued support of the 7.62-millimeter small arms weapons as well as additional funds to continue the equipment of the Marines with these weapons; completion of the planned procurement of HAWK missile systems and continued procurement of the Marine tactical data system required for air defense and control of air support. Procurement of improved tank and artillery ammunition is provided to improve the stock position of the Marines in these essential categories.

## AIRCRAFT PROCUREMENT, AIR FORCE

Appropriation, 1963.....	\$3,562,400,000
Estimate, 1964.....	3,559,000,000
Recommended in the bill.....	3,328,900,000
Reduction.....	230,100,000

This appropriation provides funds for the procurement of aircraft, associated ground equipment, spare parts and other miscellaneous items directly related to the procurement of aircraft. The Committee has approved \$3,328,900,000, a reduction of \$230,100,000 below the budget estimates and \$233,500,000 below the appropriations for fiscal year 1963.

In addition to the reduction of \$33,625,000 based on the one percent reduction in all procurement appropriations, it is anticipated that an additional \$10,000,000 can be recovered from the recoupment of funds from prior year programs and outstanding contracts.

The Committee has reduced the funds requested for continued procurement of the C-141 jet turbo fan engine transport aircraft in the amount of \$25,000,000 including a reduction \$10,000,000 for spare parts procurement and \$15,000,000 to insure a stronger review of the costs of development of this aircraft and proper cost sharing by the contractor, who could profit from the commercial potential of the aircraft. This plane is still within the research and development cycle and, although development has proceeded smoothly to date, first flight is not scheduled until late in this calendar year.

The funds requested for the RF4C aircraft, the reconnaissance version of the PHANTOM II attack aircraft, are reduced in the amount of \$25,000,000, including \$5,000,000 in the program for the procurement of spare parts. This aircraft is still in the research and development cycle and is encountering developmental problems especially in the electronics systems. The reduction will serve to slow down the procurement process pending development of firmer designs and specifications.

A reduction of \$16,175,000 is recommended in the funds for the procurement of HC-130E aircraft in support of the air rescue service of the Air Force. The amount provided in the approved program is sufficient to allow some necessary modernization in this category of Air Force activities pending a needed study looking toward more realistic and definitive requirements in this area. Reliance should continue to be placed on the utilization of existing aircraft.

The Committee has approved \$27,100,000 for the procurement of aircraft to provide logistics support for ballistic missile sites, a reduction of \$3,000,000 below the budget estimates. The provision of logistics support to widely scattered missile sites is admittedly a problem facing the Air Force. This program is in the embryonic stage and little operational data is available. With its varied requirements, unless proper controls are maintained from the beginning, it is apt to increase in a far too costly manner. Steps must be taken to maintain a tight control over procurements and operations in this area until more experience is available. The reduction will serve to hold down the procurement of missile site support aircraft until more reliable requirements based on more extensive operational data is available. The Committee will expect appropriate Air Force procurement and operational officials to give diligent attention to this area of logistics management.

A reduction similar to that made in the Navy program for the improvement of aircraft components has been made in the similar program of the Air Force and totals \$4,200,000. As has been stated previously, in many instances this work benefits the commercial sales of the contractors involved. A more vigorous effort should be made to have them pay a larger share of the cost. A more definitive study of the actual requirements in this area is also in order.

A significant portion of the request of \$27,000,000 for aircraft industrial facilities relates to the procurement of additional machine tools. The present Air Force inventory of machine tools is \$857.9 million. A more careful study should be made of the utilization of this inventory and more proper comparisons made between the benefits purported to result from the purchase of these tools and facilities and the obviously increased costs of these procurements. Steps should also be taken to examine the feasibility of the contractors involved absorbing more of the costs of these machine tools and industrial facilities. A reduction of \$2,700,000 is made in this program.

The funds approved continue support of the essential operational programs of the Air Force with particular emphasis toward increasing the support of tactical forces. This latter program includes the continued substantial procurement of the F4C tactical fighter aircraft. This is the Air Force version of the PHANTOM II tactical fighter. The Committee notes with approval the significant savings in procurement and logistic support for the F4 series of aircraft by both the Air Force and the Navy as a result of their common use of this series of aircraft. This procurement will strengthen the capability of the Air Force in its support of ground troops. The airlift program contemplates continued procurement of C130E aircraft and the previously mentioned C141 transport. Provision is also made for the final procurement of the KC135 jet tanker in support of the Strategic Air Command and its essential tanker missions. In addition to the procurement of combat and airlift aircraft, funds are provided for the continued procurement of new trainer aircraft, for the modernization of the training fleet, and helicopters in support of the many operational and logistic support requirements of the Air Force.

## MISSILE PROCUREMENT, AIR FORCE

Appropriation, 1963.....	\$2,459,000,000
Estimate, 1964.....	2,177,000,000
Recommended in the bill.....	2,129,490,000
Reduction.....	47,510,000

This appropriation provides funds for missile procurement for the Air Force including the various ballistic missiles. The Committee recommends \$2,129,490,000, a reduction of \$47,510,000 below the budget estimates and \$329,510,000 below the funds appropriated for fiscal year 1963.

In addition to a reduction of \$21,510,000, representing the one percent reduction in all procurement appropriations, a reduction of \$10,000,000 is made in the total appropriation in the belief that additional funds can be derived from the sale of assets in the present inventory not requiring replacement in kind and recoupments from outstanding programs and contracts.

Testimony before the Committee disclosed that \$15,000,000 of the funds appropriated in prior years for ballistic missile general support were still in a deferred status. The requirements for which these funds were appropriated are no longer considered firm. This is typical of the changing nature of the missile program. The Committee believes that additional funds will be recovered from similar program changes in the future and that such funds can then be applied to the remainder of the approved program. The request for appropriations for missile procurement is reduced in the amount of \$15,000,000.

The amount of \$11,000,000 is approved for missile industrial facilities, a reduction of \$1,000,000 below the budget estimates. As has been previously mentioned in discussing industrial facilities and the procurement of machine tools, the Committee feels that more diligent management is called for in this area, including better utilization of the existing inventory, a more thorough analysis of the requirements for new tools and facilities and better utilization of present industrial facilities, both public and private, available to the military services.

The funds approved continue active support of the intercontinental ballistic missile program and provide for the completion of the ATLAS program, except for training missiles and modification funds which might be required in future years. Continued procurement of the TITAN II missile system is provided. This missile provides the largest payload capability of any ballistic missile and has greatly improved reaction time. Funds are also provided for the continued procurement of the MINUTEMAN three-stage solid propellant missile.

Funds are also included to finance procurement of air-to-surface and air-to-air missiles and target drones. Procurement of the operational BULLPUP missiles and trainers are continued. This weapon is used by Air Force, Navy and Marine Corps aircraft, in their close support roles, for destruction of selected ground targets. Procurement of the SHRIKE missile system to be used against ground radar installations by Air Force and Navy tactical fighters is also included in this program. Programs for other missiles include continued procurement of FALCON and SPARROW air-to-air missiles and up-dating modifications for the HOUND DOG air-to-surface missile.



## OTHER PROCUREMENT, AIR FORCE

Appropriation, 1963.....	\$956,250,000
Estimate, 1964.....	951,500,000
Recommended in the bill.....	871,299,000
Reduction.....	80,201,000

This appropriation contains funds for the major procurement requirements of the Air Force other than missiles and aircraft, including electronics and other communication programs as well as those required to support various aircraft and missile forces and essential organizational and base support equipment. The Committee recommends \$871,299,000, a reduction of \$80,201,000 below the budget estimates and \$84,951,000 less than the appropriations for fiscal year 1963.

The one percent reduction in all procurement appropriations amounts to \$8,801,000 for this appropriation. An additional \$10,000,000 can be recovered from the sale of existing assets not requiring replacement in kind and from recoupments of funds on outstanding contracts and programs. The budget estimates contemplated recovery of \$54,800,000 from these sources. At the time of the Committee hearings, the amount of approximately \$21,400,000 of prior years' appropriations was still being withheld from apportionment to the Air Force due to lack of justification for the requirements for these funds. This is typical of the changing nature of this program. The Committee believes that additional funds will be recovered from similar changes in the future and that such funds can then be applied to the remainder of the approved program. A reduction in the amount of \$4,000,000 is made in the appropriation request.

The budget estimates include \$32,200,000 for the MMB-1 fuse. Testimony before the Committee shows that this development program has been cancelled and that the Air Force does not now plan to procure the item. The appropriation requested is reduced in this amount.

As mentioned previously, reductions are made in the program for procurement of electronics and telecommunications equipment. These reductions total \$18,500,000 and include a reduction of \$500,000 in the request for industrial facilities, including the purchase of additional machine tools. As has been emphasized in previous paragraphs, the Committee feels that better management is called for in this program. The amount of \$2,000,000 of this reduction is assigned to the request of \$50,600,000 for modifications to the various electronics and telecommunications systems. A more realistic screening and review of modifications proposed to be made to these complex and costly systems is in order, with primary emphasis required on comparing the increased cost of these modifications with the purported increases in operational efficiency. Emphasis should also be placed on holding down procurement of spare parts and more active reviews made of the requirements in this area.

The Committee has approved \$85,500,000 for the procurement of various types of vehicular equipment, a reduction of \$4,000,000 in the budget estimates. It will allow for necessary modernization of the equipment to prevent costly maintenance requirements, but will hold down the anticipated buildup in spare parts and provide a program more in line with that found to be sufficient in prior years. The approved program contemplates no increase in the inventory of passenger carrying motor vehicles.

Reductions of \$700,000 are made in base maintenance equipment contemplated for maintenance and repair shop use and \$2,000,000 in the requested program of \$50,400,000 for supplies and materials.

#### PROCUREMENT, DEFENSE AGENCIES

Appropriation, 1963.....	\$36,000,000
Estimate, 1964.....	43,600,000
Recommended in the bill.....	43,164,000
Reduction.....	436,000

The Committee recommends the appropriation of \$43,164,000 under this heading, a reduction of \$436,000 below the budget estimate.

This appropriation provides for the procurement of capital equipment for the Defense Communications Agency and other Defense-wide agencies. The amount of the reduction imposed by the Committee is the one percent general reduction previously referred to.

#### TITLE IV

### RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

#### ESTIMATES AND APPROPRIATIONS SUMMARY

The Committee recommends the appropriation of \$6,889,000,000 for Research, Development, Test, and Evaluation. The recommended amount is \$373,000,000 less than the budget request of \$7,262,000,000 and \$132,558,000 less than the \$7,021,558,000 appropriated for fiscal year 1963. The comparable amount appropriated for fiscal year 1962 was approximately \$6,300,000,000, including funds then carried in procurement accounts for test and evaluation. The various decreases proposed will be discussed as a part of the explanation of the action recommended on the individual appropriation accounts in this Title of the bill.

#### GENERAL REDUCTION

The Committee recommends that a general reduction be made in the amount of 3 percent of the funds remaining after the specific amounts recommended for deletion by the Committee have been subtracted, in all accounts in this Title of the bill, except for the Emergency Fund. The total general reduction recommended is \$208,400,000, distributed as follows: Army, \$42,159,000; Navy, \$47,187,000; Air Force, \$105,654,000; and Defense Agencies, \$13,400,000.

The appropriations for Research, Development, Test, and Evaluation are presented in the Budget in eight categories. The categories are: (1) Military Sciences; (2) Aircraft and Related Equipment; (3) Missiles and Related Equipment; (4) Military Astronautics and Related Equipment; (5) Ships and Small Craft and Related Equipment; (6) Ordnance, Combat Vehicles, and Related Equipment; (7) Other Equipment; and (8) Programwide Management and Support. Appropriations made for three of these categories must be authorized annually. They are categories 2, 3, and 5 relating to aircraft, missiles and ships. In authorizing the appropriations for fiscal year 1964, the authorizing legislation provided for a 3 percent reduction in the Budget requests for each of these three categories, a total reduction of \$93,800,000. In addition thereto, the Committee recommends that a similar 3 percent reduction be applied to the remaining five categories—Military Sciences, Astronautics, Ordnance, Other Equipment, and Programwide Management and Support.

The Committee feels that the reductions recommended will not cause the elimination of any needed research and development programs. Savings can be achieved by the elimination of low priority programs, the curtailment of programs offering only marginal benefits, better personnel utilization, more competitive contracting procedures as provided by the program definition procedure, better coordination of research and development activities between the Department of

Defense and the other departments and agencies of the Federal Government, utilization of commercially developed equipment wherever possible, use of concurrent research, development and procurement of weapon systems and equipment only in the most urgently required programs, closer scrutiny of contractors' cost estimates, and the closing of unproductive or duplicative facilities.

Estimates of costs for research, development, test, and evaluation are probably more difficult to make accurately than are estimates for any other military program. By definition, research and development programs delve into the unknown. Unperceived factors result in miscalculations. Promising programs run into difficulties and fail and are terminated or incur slippages in meeting objectives within estimated periods of time; and other programs, such as the POLARIS A-1 program, are more successful than anticipated and are accelerated so that more funds are required in a shorter time period. The margin of error in estimating the costs involved in an approximately \$7 billion research and development program is such that the overall estimate can be little more than a funding ceiling. The reprogramming of funds requested by the Department of Defense in Research, Development, Test, and Evaluation exceeds that required in other accounts primarily because of the uncertainties inherent in this field. The Emergency Fund, for which the Committee again recommends the appropriation of \$150,000,000 in addition to transfer authority of an additional \$150,000,000, is provided primarily because of the uncertainties of the estimating of costs in research and development and provides a quickly available source of funds if a technological breakthrough in a promising program indicates that such funds are required.

#### OVERHEAD COST OF RESEARCH GRANTS

Section 538 of the accompanying bill provides that none of the funds appropriated in the bill shall be used to pay any recipient of a grant for the conduct of a research project an amount for indirect expenses in connection with such project in excess of 25 per centum of the direct costs. This provision was carried in the Defense Appropriation Act for 1963 at 20 percent. The Budget requested that the provision be deleted. After hearing testimony from the Director of Research and Engineering and witnesses from the military services, the Committee has decided that the limitation last year did not impair the research program of the Department of Defense and that a ceiling on such overhead costs is in the best interest of the Government.

It was testified that the Army had not obtained the concurrence of the educational institutions in the placing of research grants with a 20 percent limitation on indirect costs in 57 instances, approximately 25 percent of the Army's grant program. In all of these instances, a contract for the performance of the same work was let with the same institution. The Navy, which has only a small grant program, had no grants refused. The Air Force had 12 grant proposals refused because of the limitation and awarded 501 other grants, thus the percentage of grants rejected, as compared with the total awarded by the Air Force, was less than 3 percent.

The Department of Defense grant program is reported to the Congress on a calendar year basis. In calendar year 1961, the grant program for the whole Department of Defense was 791 grants costing

a total of \$25,898,000. The program for calendar year 1962 was 963 grants costing a total of \$35,105,355. Calendar year 1962 included one-half of fiscal year 1963 when the 20 percent limitation on indirect costs applied. The effect of the provision did not prevent an almost \$10 million increase in the grant program in 1962 as compared with the prior calendar year.

The research grant program remains a very small part of the research program of the Department of Defense. Out of the \$554,000,000 budgeted in fiscal year 1964 for conducting research for which a grant might be used by the Department of Defense, it is estimated that only \$30,100,000 will probably be utilized for research grants. Section 538 applies only to research grants and has no effect on the contract research or in-house research programs of the Defense Department.

#### CONTRACTS FOR TECHNICAL AND MANAGEMENT SERVICES

The Committee does not recommend a reduction in the request for contracts with non-profit corporations and other organizations which furnish technical and managerial services to the Department of Defense. Last year, the Congress made a reduction of \$5,000,000 in the \$166,039,000 requested by the Air Force for such activities. In fiscal year 1962, the Congress made a specific reduction in the funds spent with one such corporation.

This year, the Committee held a detailed hearing on a reprogramming request of the Air Force to exceed the \$161,039,000 provided for this type of contract. Since the programs involved in the reprogramming were primarily the intercontinental ballistic missile programs, which the Committee has no desire to impede in any way, the request to raise the amount from \$161,039,000 to \$182,792,000 was approved. The comparable amount requested for fiscal year 1964 is \$182,022,000. It is believed that the Air Force is making a determined effort to manage the programs in such a way that this amount will be sufficient.

The Committee feels that its close scrutiny of these appropriation requests has resulted in savings to the taxpayers and better management of the research and development programs of the Air Force. Although the Committee is approving the amounts requested for fiscal year 1964, less the 3 percent general reduction as it could apply to these amounts, the Committee is not relaxing its efforts to control expenditures in this field. The Committee expects the Air Force to live within the amounts provided and will continue to review these programs very carefully.

Although the Air Force is far more active in placing such contracts than the other two Services are, substantial amounts are spent by all three Services in what the National Science Foundation has defined as Federal Contract Research Centers. Information submitted by the Department of Defense indicates that the Department of the Army budgeted \$16,340,000 for obligations with Federal Contract Research Centers for fiscal year 1964, including those managed by profit organizations, those managed by educational institutions, and those managed by other non-profit organizations. The Department of the Navy expects to obligate \$85,514,000 in fiscal year 1964 for similar activities while the Air Force plans to obligate \$192,316,000 and the Office of the Secretary of Defense plans to obligate \$10,425,000. This would include the activities under development support and

other activities. The Department of Defense should prepare careful and detailed justifications for the funds requested for Federal Contract Research Centers for FY 1965 for presentation to the Committee in connection with the hearings next year. Any reprogramming of the amounts justified to the Committee for fiscal year 1964, except adjustments made by the Congress, should be considered by the Department of Defense to be items of special interest to the Committee.

#### RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY

Appropriation, 1963.....	\$1,319,500,000
Estimate, 1964.....	1,469,900,000
Recommended in the bill.....	1,363,141,000
Reduction.....	106,759,000

The Committee recommends the appropriation of \$1,363,141,000 for Research, Development, Test, and Evaluation, Army. This is \$106,759,000 less than the fiscal year 1964 budget estimate of \$1,469,900,000. The amount recommended in the bill is \$43,641,000 more than the fiscal year 1963 appropriation of \$1,319,500,000. The amount appropriated for fiscal year 1962 was \$1,203,200,000.

#### GENERAL REDUCTION

The Committee recommends a reduction in the amount of \$42,159,000 which is a reduction of 3 percent of the amount remaining after funds for specific programs recommended for deletion were subtracted. Of this amount, \$19,700,000 was deleted by the authorizing legislation, Public Law 88 28. An additional \$22,459,000 declension is recommended by the Committee to be applied to the areas of this account concerning programs other than aircraft and missiles.

#### DEFENSE COMMUNICATIONS SATELLITE PROGRAM

In the fiscal year 1963 Defense Appropriation Act, the Congress provided \$95,000,000 for the ADVENT Communications Satellite Program. This program was funded and managed by the Army. The program failed in its objectives and was very properly terminated by the Department of Defense. Upon termination of the ADVENT program, the Secretary of Defense requested that the Committee approve the reprogramming of \$72,900,000 of the \$95,000,000 appropriated for ADVENT, and which would not be used for ADVENT, to the Defense Communications Satellite Program. In the hearing held on the reprogramming request, it was developed that the Department of Defense would probably only obligate \$13,300,000 of the requested \$72,900,000 in fiscal year 1963. Accordingly, the Committee approved the reprogramming of \$13,300,000 and requested that the Secretary of Defense place the remaining amount, \$59,600,000, in reserve in order that a like amount might be deducted from the 1964 budget request. The Committee recommends the deletion of \$59,600,000 from the fiscal year 1964 budget request for this account, and the application of the \$59,600,000 of fiscal year 1963 funds which have been reserved to the fiscal year 1964 Army RDT and E program.

The obligational authority recommended in this bill for the Defense Communications Satellite Program is in the area of \$70,000,000. The Committee feels that this is a completely adequate amount for the development effort on a communications satellite in fiscal year 1964. The program is currently in the program definition stage. The Committee urges that the Department of Defense approach this program with caution. The waste which resulted from the ill-fated ADVENT program should not be repeated. The Committee feels that when a synchronous orbit satellite system is developed, it will be much superior to the medium altitude random orbit system currently proposed by the department. The random orbit system may be more easily achieved, although this is not certain, but the Committee feels that the deployment of a random orbit system, if a synchronous orbit system might not be too far behind, would not be wise. Since the Department of Defense has considerable redundancy in its communications systems at the present time and is developing quite a few additional systems, the development of a communications satellite does not seem to be sufficiently urgent that all due caution should not be exercised in insuring that before a system is deployed it is properly developed.

#### LANCE MISSILE SYSTEM

The Committee recommends a reduction of \$5,000,000 in the amount requested for the development of the LANCE missile system. The FY 1964 request for the LANCE missile is classified information. The LANCE will be a division support missile and was formerly known as Missile B. The LANCE missile will be developed by the Ling-Temco-Vought Company of Dallas, Texas. The Department of the Army directed the contractor to develop the missile in Warren, Michigan, rather than in Dallas, Texas. In the hearings which the Committee held on this program, Army witnesses contended that the additional cost, which was estimated by the Army to be \$11,000,000, of developing the missile in Warren, Michigan, rather than Dallas, Texas, would be offset by savings from the utilization of the Army industrial facility in Warren, Michigan. The evidence submitted did not entirely convince the Committee that this would be true, and the \$5,000,000 reduction recommended reflects the Committee's intention that the cost of the LANCE missile development not exceed the amount for which it could be developed in Dallas, Texas.

#### ARMY PROGRAM HIGHLIGHTS

The Committee has not assigned the 3 percent general reduction to specific programs, so, except for the items requiring authorization, the amounts referred to in the following discussion of the major categories and programs are approximate. The bill, as recommended, provides approximately the amount provided in fiscal year 1963 for the Military Sciences program of the Army, which includes both basic and applied research. Approximately the same amount as was made available last year, \$79,748,000, is recommended for Aircraft and Related Equipment. The Army is making significant new plans in this area since the recent study by the Army Tactical Mobility Requirements Board, known as the Howze Board, made its recommendations of increased emphasis on Army air mobility. Funds are provided for

development of vertical take-off aircraft, studies of the heavy-lift helicopter, development of a weapons helicopter, aircraft suppressive fire systems, development of the CARIBOU II aircraft, and other aviation developments which will contribute to the accomplishment of the Army's mission of winning the land battle.

The appropriation of \$554,301,000, more than \$100,000,000 above the \$452,223,000 provided in the last fiscal year, is recommended for Missiles and Related Equipment. Over one-half of this amount is for the anti-intercontinental ballistic missile effort. This program is newly reoriented. The NIKE-ZEUS development program is being phased down and is being replaced to a large extent by the NIKE-X program. The Army requested \$88,955,000 in fiscal year 1964 for the NIKE-ZEUS program, and the much larger sum of approximately \$245,000,000 for the new NIKE-X. The NIKE-X program involves the use of a new, shorter range missile called the SPRINT as the primary battery and the use of the older NIKE-ZEUS missile for longer range intercepts. The NIKE-X will use a new radar which will be the basic element of a more simple set of ground electronics than that conceived of in the NIKE-ZEUS program.

Other Army missile development programs are the SERGEANT, which is in the final stages of R & D testing; the PERSHING, which will soon undergo service test firing; the MAULER, anti-aircraft missile mounted on a self-propelled carriage, and the REDEYE shoulder-fired anti-aircraft guided missile.

The allocation to the Army in the astronautics field is less than one-half of the \$50,796,000 provided in the last fiscal year due to the reorientation of the communications satellite program and the removal of that program from Army management.

The Committee recommends a slight increase in the prior year funding of \$166,244,000 for development of Ordnance, Combat Vehicles, and Related Equipment for the Army, and an approximately \$40,000,000 increase in the 1963 allocation of \$272,538,000 for the "Other Equipment" category. Some of the significant programs in these areas are the Special Purpose Individual Weapon which may replace the current M-14 rifle, the chemical-biological effort for which approximately \$110,000,000 is provided, and various communications, combat surveillance and combat support programs.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION,  
NAVY

Appropriation, 1963.....	\$1,475,958,000
Estimate, 1964.....	1,572,900,000
Recommended in the bill.....	1,525,713,000
Reduction.....	47,187,000

The Committee recommends the appropriation of \$1,525,713,000 for Research, Development, Test, and Evaluation, Navy, for fiscal year 1964. The appropriation of this sum will provide \$47,187,000 less than the \$1,572,900,000 requested in the budget. The fiscal year 1963 appropriation was \$1,475,958,000, thus the recommended fiscal year 1964 appropriation is \$49,755,000 more than the amount appropriated for fiscal year 1963. The fiscal year 1962 appropriation was \$1,301,470,000.



### GENERAL REDUCTION

The entire amount of the reduction, \$47,187,000, is a part of the general 3 percent reduction suggested by the committee in all RDT&E appropriation requests. Of this amount, \$32,600,000 is attributable to the retrenchment made by the authorizing legislation in the categories Aircraft and Related Equipment, Missiles and Related Equipment, and Ships and Small Craft and Related Equipment. The additional \$14,587,000 decrease represents the application of the 3 percent general reduction to the remaining categories of this appropriation account.

### NAVY PROGRAM HIGHLIGHTS

Since the Committee has not assigned the 3 percent overall reduction to specific programs and calls upon the Department of Defense to apply the reduction in such a way that the best possible program is attained, the amounts referred to in the following discussion are approximate, except for the amounts requiring authorization. The \$176,321,000 recommended provides for an increase of approximately \$10,000,000 in the Military Sciences category. Most of the Military Sciences funds will be spent on physical sciences, material sciences, electronic sciences, and engineering mechanics.

The Committee's recommendation provides \$198,083,000, approximately \$60,000,000 more than the amount allocated last year, for research on Aircraft and Related Equipment. Included in this category are the Navy's part of the TFX program, the development of a new carrier-on-board delivery aircraft which is a modification of an existing early warning aircraft, the F-4B equipment improvement program, and the development of a regenerative turbo-prop engine.

The \$572,433,000 provided for missiles is about \$133,000,000 less than the amount allocated to missile development in fiscal year 1963. Once again the greatest share of the missile funds is budgeted for the Fleet Ballistic Missile System, POLARIS. Development will continue on the A-3 POLARIS missile which will have a 2,500 mile range, an increase of 1,000 miles in range as compared with the A-2 POLARIS missile. Other missile programs are the development of a long-range, air-to-air guided missile system for the new TFX aircraft; continued development work on missile systems already in the fleet such as the TERRIER, TARTAR, and TALOS; development of the SUBROC submarine-launched rocket missile; and development of the newly reoriented TYPHON weapon system which is designed to give the fleet a defense against the estimated aircraft and missile threat of the 1970 time period. Support of the Pacific Missile Range is included in the missiles and related equipment category and includes costs of civilian salaries, station maintenance, and operations costs at various facilities of the Pacific Missile Range. It is estimated that there will be 179 different projects supported at the Pacific Missile Range during fiscal year 1964.

The approximate sum of \$40,000,000 provided for the Navy for astronautics research is about \$8,000,000 less than the amount provided last year. Efforts will continue on the TRANSIT navigation satellite system, the SPASUR satellite detection system, and various studies and analyses in astronautics will be carried out.

The \$284,208,000 provided for research and development on ships, both surface and submarine, is about \$75,000,000 more than the amount allocated to this activity in the last fiscal year. Work will continue on the Navy tactical data system, on new sonars, and on communication systems. The advanced design of a new ASW ship with minimum ship size and personnel requirements, and with maximum cost effectiveness, will be undertaken. Work will continue on the development of various hydrofoil craft. Other activities funded under this category include nuclear propulsion plant development, shipboard surveillance and navigation efforts, and exploratory and development effort in improved techniques, materials, equipments, and concepts related to ships, submarines and boats.

About \$125,000,000 is provided for Ordnance, Combat Vehicles, and Related Equipment. This is about \$35,000,000 more than was provided in this category in fiscal year 1963. Major programs under development are the ASROC surface-launched, anti-submarine weapon system; and the MK-46 and EX-10 torpedoes; as well as various developments in conventional ordnance equipment such as new 5-inch and 8-inch lightweight guns.

The Committee recommends the appropriation of \$61,560,000 for the development of items included in "Other Equipment." This amount compares with the \$55,846,000 provided in fiscal year 1963. The major portion of the Marine Corps research and development program is included in this category. An example of items in the Marine Corps program is the short airfield for tactical support which will provide an airfield which can be laid down in a short period of time in remote areas of the world.

The approximately \$70,000,000 provided for Programwide Management and Support is nearly the same amount allocated in fiscal year 1963. This will provide funds to meet costs at Navy laboratories, including maintenance and operations, procurement of scientific instruments and engineering equipment, and repair and improvements of the Navy's laboratories.

#### RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE

Appropriation, 1963.....	\$3,632,100,000
Estimate, 1964.....	3,621,800,000
Recommended in the bill.....	3,416,146,000
Reduction.....	205,654,000

The Committee recommends the appropriation of \$3,416,146,000 for Research, Development, Test, and Evaluation, Air Force, for fiscal year 1964. This is a recommended decrease of \$205,654,000 less than the budget request of \$3,621,800,000, and is a decrease of \$215,954,000 less than the \$3,632,100,000 appropriated for fiscal year 1963. The appropriation for fiscal year 1962 was \$2,403,260,000 and, in addition, approximately \$1,100,000,000 was provided in 1962 in the procurement accounts for activities now carried in RDT&E.

#### GENERAL REDUCTION

The Committee recommends a general reduction in the amount of \$105,654,000 in RDT&E, Air Force. This is 3 percent of the amount requested less the recommended deletion of \$100,000,000 for the

MMRBM program. Of the \$105,654,000 reduction, \$41,500,000 was deleted from the aircraft and missile accounts by the authorizing legislation. The remaining \$64,154,000 is the recommended reduction in the Military Sciences, Astronautics, Ordnance, Other Equipment, and Programwide Management and Support categories.

#### MOBILE MID-RANGE BALLISTIC MISSILE

The Committee recommends that a reduction of \$100,000,000 be made in the \$143,100,000 requested for the Mobile Mid-Range Ballistic Missile program. The fiscal year 1963 budget included a request for \$100,000,000 for the development of the MMRBM. The Congress reduced that amount by \$20,000,000, appropriating \$80,000,000. The obligations for the MMRBM for fiscal year 1963 will be \$25,800,000. The remaining \$55,000,000 will be, or has been, reprogrammed to other projects including \$25,000,000 to the stellar inertial guidance system program which is the guidance system to be used in the MMRBM as well as in other programs.

The program definition phase of the MMRBM development program is scheduled to be completed this month. Until the program definition phase is completed and has been analyzed, no basis for a firm cost estimate for fiscal year 1964 is available. Testimony indicated, and the Committee believes, that if the \$143,100,000 requested for the MMRBM were to be appropriated, efforts would be made to reprogram much of the money to other functions.

In the report which accompanied the Defense Appropriation Bill for fiscal year 1963 (House Report 1607), the Committee pointed out that the deployment of a MMRBM in foreign countries would require international negotiations, that no negotiations had been started, and that the Committee felt that such negotiations should not be delayed until after a weapon system is developed. This year's testimony reveals that no negotiations have been undertaken for the deployment of this missile in the intervening year. In view of the many problems involved in the deployment of nuclear weapons in other countries, it would seem wise to have a firm agreement with certain countries before spending the hundreds of millions of dollars required for the development of this new missile system.

Other missile systems in the military inventory, or soon to be in the inventory, and tactical fighter-bomber aircraft now in the inventory and under development, could fulfill much of the mission for which the MMRBM is designed. The Army's PERSHING missile has been successfully developed and will soon undergo service testing. The PERSHING has a 400 mile range and cross-country mobility. The MMRBM is supposed to be a tactical missile, but its range is anticipated to be 2,000 miles, five hundred miles more than the range of the strategic THOR and JUPITER missiles. The 400 mile range of the PERSHING appears to be quite adequate for most tactical, as compared with strategic, operations.

The POLARIS missile has been successfully developed and tested and can be deployed either in a land-based version or a sea-based version on ships or in submarines. Much discussion among the NATO countries has been centered around the inclusion of surface ship-based POLARIS missiles as the NATO nuclear deterrent.

As conceived, the MMRBM would be mounted on truck trailers and driven through the roadways of Western Europe. The political problems which could be occasioned by having a vehicle carrying a missile with a live nuclear warhead through the roadways of Western Europe might be very considerable, and certainly would be greater than problems encountered when nuclear weapons are maintained inside closely guarded areas.

The new, very complicated, and probably pacing component of the MMRBM is the stellar inertial guidance system. This system is budgeted separately from the MMRBM. The recommended Committee reduction in no way will affect the funding of the development of this guidance system.

The Committee calls on the Department of Defense to study very carefully the concept of and the requirement for the Mobile Mid-Range Ballistic Missile. It would seem unwise to develop a MMRBM unless it can be conclusively established that it will add a capability to our national defense that could not be otherwise attained. The Committee has retained \$43,100,000 in the appropriation account for development of an MMRBM if the Department of Defense, after its careful review, decides that the weapon is needed and its development and deployment are practical.

#### DYNASOAR AND MACH 3 AIRCRAFT PROGRAMS

The Committee recommends that language be included in the appropriation bill making \$125,000,000 of the funds available for obligation in the RDT and E, Air Force, account available only for the DYNASOAR or Mach 3 aircraft programs.

The Budget requests \$98,000,000 of new obligational authority for DYNASOAR and in addition, \$27,000,000 of the amount provided in fiscal year 1963 is estimated to be unobligated at the end of that fiscal year and carried forward into fiscal year 1964. The \$98,000,000 new obligational authority, plus the \$27,000,000 carryover, equal the \$125,000,000 recommended. The Committee has strongly supported the DYNASOAR program in the past and continues to feel that the DYNASOAR program offers a unique and valuable contribution to the Nation's space program and to the national defense. The DYNASOAR is a manned experimental research spacecraft which is designed to explore problems related to re-entry from orbit and a manned maneuverable re-entry. Knowledge gained from the DYNASOAR program will apply to numerous projects which require data on high temperature structures and the DYNASOAR vehicle itself may offer real military operational opportunities as an orbiting vehicle in advanced configurations.

Nevertheless, if the Department of Defense feels that the GEMINI program or some other program supersedes DYNASOAR or makes the DYNASOAR program obsolete, the Committee has made provision in the language of the bill for the \$125,000,000, which is budgeted for DYNASOAR, to be applied to Mach 3 aircraft. The language which was included in the Appropriation Act last year made the DYNASOAR money available only for the DYNASOAR. If the language suggested by the Committee becomes law, the funds appropriated for DYNASOAR may be reprogrammed only for Mach 3

aircraft. This authority might be used by the Department of Defense if a decision is made to accelerate the RS-70 program in such a way that additional funds are required, or if cost overruns due to the slippage in the first flight of a B-70 creates a requirement for additional funding, or if the Department has an unforeseen requirement for funds in any other potential Mach 3 aircraft program. No space vehicle should be construed to be a Mach 3 aircraft.

#### AIR FORCE PROGRAM HIGHLIGHTS

The Committee has not assigned its recommended 3 percent reduction to specific programs. The Department of Defense should assign the reduction in such a way that the best possible program is undertaken. Because the reduction has not been allocated by the Committee, the amounts referred to in the following summary are approximate, except for those items requiring authorization.

The Committee recommends the allocation of approximately \$125,000,000, about the same amount as was available last year to the Air Force, for Military Sciences. This category includes the basic research program of the Air Force, contract support from RAND and ANSER, in-house laboratory independent research, and the grant and contract programs with the colleges and universities.

Approximately \$395,000,000 will be available for obligation in fiscal year 1964 for aircraft and related development as compared with the \$471,000,000 available in fiscal year 1963. The major programs funded in this category are the TFX (F-111), for which \$232,700,000 is requested, and which will be utilized by both the Navy and the Air Force but is currently funded primarily by the Air Force, the final phases of the C-141A transport aircraft development program, continuation of the RS-70 program, the vertical take-off and landing aircraft development program, and, in addition, various aircraft component development programs.

The Air Force will have approximately \$940,000,000 available for obligation for missile development in fiscal year 1964 as compared with \$1,288,000,000 in fiscal year 1963. The liquid propelled ATLAS and TITAN missiles, which are phasing out of the development stage, are funded at a much lower level than in previous years. The MINUTEMAN solid propellant ICBM remains the most heavily funded Air Force missile program. Approximately \$320,000,000 will be applied to the MINUTEMAN program in fiscal year 1964. The Advanced Ballistic Re-entry Systems program is funded at approximately \$212,000,000. This program attempts to develop re-entry vehicles for ballistic missiles which will be better able to penetrate enemy defenses. The Atlantic Missile Range is funded in this category in the amount of approximately \$200,000,000. As a result of funds provided since fiscal year 1961, the Atlantic Missile Range has been extended to the point where it is now a highly instrumented Range all the way to the Indian Ocean. Although not funded as heavily as in fiscal years 1961, 1962, and 1963, the improvement of Range instrumentation and the expansion and modernization of the whole Range will continue in fiscal year 1964.

The Air Force will have slightly less than \$1,200,000,000 available for obligation for military astronautics in fiscal year 1964, or about \$55,000,000 more than was available for obligation in fiscal year 1963.

The DYNASOAR program remains the only Air Force manned space vehicle program. The TITAN III space booster is heavily funded in fiscal year 1964. Other space programs include space power developments, ion engine tests, advanced space technology, the large solid booster program, space communications, and space-based early warning.

For "Other Equipment," the Air Force will have about \$510,000,000 available for obligation in fiscal year 1964 as compared with \$477,000,000 in fiscal year 1963. Included in this category are such programs as the Strategic Air Command and Control System, the Post Attack Command and Control System, biological and chemical warfare developments, conventional munition developments, and penetration aids for tactical fighters. The Air Force will have approximately \$370,000,000 available for obligation for Program-wide Management and Support as compared with approximately \$340,000,000 available in fiscal year 1963. This category supports the facilities and installations of the Air Force, including those operated by the Air Force and those operated by contractors. The Air Force Systems Command, the Aeronautical Systems Division, the Electronics Systems Division, the Ballistic Systems Division, the Space Systems Division, the Air Force Missile Development Center, the Air Force Special Weapons Center, the Air Proving Ground Center, and the Arnold Engineering Development Center have funds budgeted in this category.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION,  
 DEFENSE AGENCIES

Appropriation, 1963.....	\$444,000,000
Estimate, 1964.....	447,400,000
Recommended in the bill.....	434,000,000
Reduction.....	13,400,000

The Committee recommends the appropriation of \$434,000,000 for Research, Development, Test, and Evaluation, Defense Agencies. The amount recommended is \$13,400,000 less than the \$447,400,000 requested and \$10,000,000 less than the \$444,000,000 appropriated for fiscal year 1963. The recommended reduction results from the application of the 3 percent general reduction made in RDT&E appropriations to this account.

This appropriation account carries funds for the Advanced Research Projects Agency, the Weapons Systems Evaluation Group, the Defense Communications Agency, and certain classified projects. The largest single allocation within the account is the more than \$270,000,000 for the Advanced Research Projects Agency. Of that amount, approximately \$125,000,000 is for ballistic missile defense studies.

EMERGENCY FUND, DEFENSE

Appropriation, 1963.....	\$150,000,000
Estimate, 1964.....	150,000,000
Recommended in the bill.....	150,000,000
Reduction.....	

The Committee recommends the appropriation of \$150,000,000 for the Emergency Fund and provision of an additional \$150,000,000 of transfer authority under the Emergency Fund. This is the same amount both for the appropriation and for the transfer authority as was carried in the Defense Appropriation Act last year. The provision of the Emergency Fund enables the Department of Defense to expeditiously exploit technological breakthroughs in any of the research, development, test, and evaluation programs of any of the military departments.

The Committee is displeased with the management of the Emergency Fund in the past year and considered reducing the amount recommended for this purpose. Such a recommendation is not made only because the Committee feels that its reductions in other areas of research, development, test, and evaluation are sufficient, and because the Committee has been a strong advocate of the Emergency Fund concept since it was initiated.

The Committee believes that the Emergency Fund has been resorted to in too many instances when no scientific or technical breakthrough was involved. It seems that the Emergency Fund has been considered by some as a general purpose fund from which to finance low priority or unbudgeted programs. In fiscal year 1962, all of the \$150,000,000 appropriated, with the exception of \$14,000, was utilized. The Emergency Fund was used to finance such programs as the P-1127 aircraft which is a British VTOL development program in which all three Services are participating, the mobile MINUTE-MAN which had no breakthroughs and was terminated, air defense systems in Europe and other programs which do not seem to meet the criteria which the Committee believes should be met when the Emergency Fund is used.

The Committee refused a fiscal year 1963 reprogramming request involving the use of Emergency Funds to procure six heavy-lift helicopters which the Army wanted to study. The helicopters were available off-the-shelf items involving absolutely no scientific breakthroughs by any stretch of the imagination. The Committee believes that the Emergency Fund can be of benefit in the efficient management of our defense research and development programs, but calls on the Department of Defense to carefully follow the criteria which it has set out for the use of these funds. Further abuses could lead to a decrease in the amount of the Emergency Fund or possibly its elimination.

TITLE V  
GENERAL PROVISIONS

This Title of the bill contains the various general provisions affecting the Defense Department which have, by and large, appeared in Defense Appropriation Acts over the several previous years. Many of these provisions make reference to specific objects of expense applicable to each of the several Services and which would otherwise have to be repeated in the individual appropriation items. Many of the sections constitute limitations which in turn would otherwise have to be repeated in the several appropriation items. Several of the sections in effect authorize what has been the practice in the Defense Department over a period of years. Items or Sections which differ from the current Act, or appear for the first time, are noted below.

Section 506: The Committee recommends a limitation of \$285, as proposed by the Budget, on the cost per pupil of overseas dependents education. This item has been discussed previously in connection with Title II—Operation and Maintenance.

Section 507: A new item, (j), appears in this Section which provides, for the expenses of apprehension and delivery of deserters, etc., language which heretofore appeared in each of the separate appropriations for Military Personnel.

Section 511: Although there is no change in the language of this Section from that which has appeared for several years, the Committee took note of a controversy which has developed concerning its meaning. The Committee has reviewed a report of the Comptroller General on the use of proceeds from scrap, salvage and so forth, and the related correspondence with the Department of Defense. The report states, in effect, that the Air Force improperly used proceeds from the sale of scrap, salvage and surplus property to finance projects for the construction, improvement and modification of redistribution and marketing facilities at twelve of its installations. There is no question but that the Air Force exceeded its authority under Section 511 of the Appropriation Act in some of these cases.

The Committee feels that this Section, which it has included in the Act since 1959, was correctly interpreted by the Department of Defense and has accomplished a most useful purpose. The Committee believes that, with the exceptions that have been noted, it was proper to finance the acquisition of the transitory shelters from the proceeds of surplus property sales and calls attention to that portion of Section 511 which was intended to provide for such expenditures from Operation and maintenance funds.

The Office of the Secretary of Defense plans to expand this program to the Army and the Navy, and the Committee expects that proper utilization of the authority of Section 511 by the Army and the Navy will generate additional property reutilization as well as disposal.



Section 514: A technical change has been made in this Section inasmuch as the cited law has now been codified.

Section 517. The Committee recommends retention of this Section which prohibits the funds in this Act being made available for training in the legal profession or for the payment of tuition for training in such profession. This Section has been carried for a number of years and was recommended for deletion largely at the insistence of one Service.

The Committee is concerned that there is such seeming disparity between the Services in the matter of attraction, enrollment, and retention of professional personnel. Although the issue in connection with this Section relates only to the training of lawyers, it was found that a somewhat similar situation prevails with respect to members of the Nurse Corps of the different Services. It would appear that some serious study should be given to problems of acquiring and retaining professional personnel on a Defense-wide basis before solutions are sought which would, in effect, be piecemeal and benefit one Service only.

Section 531: This Section, which limits funds available for the hire of motor vehicles, indicated in the budget estimates a requirement for \$11,900,000. In line with reductions made in Title II of the bill, the amount recommended has been reduced to \$11,800,000.

Section 538: This Section repeats what had been Section 540 of the 1963 Appropriation Act with the exception that the limitation on indirect expenses on a research grant is recommended to be 25 percent in lieu of the 20 percent in the current Appropriation Act.

Section 539: This Section provides for continuation of the so-called 35-65 division of work in the field of ship repair, alteration, and conversion, as between privately owned shipyards and naval shipyards.

The Committee expects the Department of the Navy, despite the change in language, to abide by the distribution of funds for ship repair, alteration, and conversion on a 35-65 basis as is being done in the current fiscal year. The Section, in the form of a ceiling, is worded so as to permit accommodation of those emergency situations which were contemplated by the proviso in the current year's appropriation language.

#### LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended:

On page 20, beginning on line 17, in connection with "Aircraft and Related Equipment, Navy":

*Appropriations available to the Department of Defense for "Aircraft, and Related Procurement, Navy," shall not be available for obligation after June 30, 1963.*

On page 22, beginning on line 7, in connection with "Research, Development, Test, and Evaluation, Air Force,":

*Provided, That of the funds available for obligation in this appropriation account \$125,000,000 shall be available only for the Dynasoar or Mach 3 aircraft programs.*

On page 43, beginning on line 8, in connection with "General Provisions":

*Section 539. Of the funds made available in this Act for repair, alteration, and conversion of naval vessels, not to exceed \$352,752,400 shall be available for such repair, alteration, and conversion in privately owned shipyards.*

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1964 67

Item	Appropriations, 1963 (to date)	Recommended in bill, 1964	Appropriations, 1963 Budget estimates, 1964	Bill compared with—
Military Personnel, Army	\$3,662,900,000	\$3,855,000,000	\$3,755,000,000	+\$122,100,000
Military Personnel, Navy	2,747,400,000	2,676,000,000	2,614,000,000	-\$133,400,000
Military Personnel, Marine Corps	667,900,000	678,600,000	678,600,000	+10,700,000
Military Personnel, Air Force	4,167,690,000	4,148,000,000	3,943,000,000	-\$224,690,000
Reserve Personnel, Army	239,200,000	210,100,000	210,100,000	-\$29,100,000
Reserve Personnel, Navy	85,600,000	92,300,000	92,300,000	+6,700,000
Reserve Personnel, Marine Corps	28,100,000	28,500,000	28,500,000	+400,000
Reserve Personnel, Air Force	50,100,000	55,100,000	55,100,000	+5,000,000
National Guard Personnel, Army	261,800,000	240,300,000	240,300,000	-\$21,500,000
National Guard Personnel, Air Force	53,000,000	58,300,000	58,300,000	+5,300,000
Retired Pay, Defense	1,029,000,000	1,163,000,000	1,143,000,000	+114,000,000
Total, Title I—Military personnel	12,992,690,000	13,235,200,000	12,848,200,000	-\$387,000,000

1 In addition, \$350,000,000 to be derived by transfer.  
 2 In addition, \$25,000,000 to be derived by transfer.  
 3 In addition, \$70,000,000 to be derived by transfer.  
 4 Of which not to exceed \$3,300,000 may be transferred to "Claims."  
 5 In addition, \$147,000,000 to be derived by transfer.  
 6 In addition, \$190,000,000 to be derived by transfer.  
 7 In addition, \$30,000,000 to be derived by transfer.  
 8 In addition, \$120,000,000 to be derived by transfer.  
 9 In addition, \$210,000,000 to be derived by transfer.

COMPARATIVE STATEMENT OF THE APPROPRIATIONS FOR FISCAL YEAR 1963, AND THE ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1964  
 TITLE I—MILITARY PERSONNEL

Comparative statement of the appropriations for fiscal year 1963, and the estimates and amounts recommended in the bill for fiscal year 1964-- (continued)

Item	TITLE II--OPERATION AND MAINTENANCE			
	Appropriations, 1963 (to date)	Budget estimates, 1964	Recommended in bill, 1964	Bill compared with-- Appropriations, 1963      Budget estimates, 1964
Operation and maintenance, Army	\$3,452,552,000	\$3,395,200,000	\$3,361,000,000	-\$91,552,000
Operation and maintenance, Navy	2,864,414,000	2,934,000,000	2,905,000,000	+40,586,000
Operation and maintenance, Marine Corps	194,000,000	192,300,000	191,000,000	-3,000,000
Marine Corps Stock Fund	(1)			
Operation and maintenance, Air Force	4,407,977,000	4,385,000,000	4,341,000,000	-66,977,000
Operation and maintenance, Defense Agencies	358,987,400	451,400,000	416,000,000	+87,012,600
Operation and maintenance, Army National Guard	171,400,000	176,600,000	176,600,000	+2,200,000
Operation and maintenance, Air National Guard	194,400,000	222,700,000	222,700,000	+28,300,000
National Board for the Promotion of Rifle Practice, Army	622,000	528,000	528,000	-94,000
Operation and maintenance, Alaska Communication System, Army	6,900,000	(2)	19,000,000	-6,900,000
Claims, Defense	19,000,000	15,000,000	15,000,000	
Contingencies, Defense	15,000,000	509,000	509,000	
Court of Military Appeals, Defense	472,100			
Total, Title II--Operation and maintenance	11,088,724,500	11,792,237,000	11,678,337,000	+36,900
				-10,387,500
				-113,900,000

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<sup>1</sup> Language providing transfer of \$15,000,000 from Navy Stock Fund.  
<sup>2</sup> Operation of Alaska Communication System was transferred to the Air Force. Funds are included in the 1964 column for "Operation and maintenance, Air Force".  
<sup>3</sup> In addition, not to exceed \$3,300,000 may be transferred from the appropriation for "Retired pay, Defense," fiscal year 1963 (Public Law 88-25).

**TITLE III—PROCUREMENT**

Title	Appropriations, 1963 (to date)	Budget estimates, 1964	Recommended in bill, 1964	Bill compared with—	
				Appropriations, 1963	Budget estimates, 1964
Procurement of equipment and missiles, Army	\$2,520,000,000	\$3,202,000,000	\$2,969,094,000	+\$449,094,000	-\$232,906,000
Procurement of aircraft and missiles, Navy	<sup>1</sup> 3,034,660,000	3,066,000,000	2,877,445,000	-157,215,000	-188,555,000
Shipbuilding and conversion, Navy	<sup>2</sup> 2,919,200,000	2,310,000,000	2,080,089,000	-839,111,000	-229,911,000
Other procurement, Navy	903,600,000	1,208,000,000	1,175,231,000	+271,631,000	-32,769,000
Aircraft and related procurement, Navy	256,000,000	207,700,000	201,960,000	-54,040,000	-5,740,000
Procurement, Marine Corps	3,562,400,000	3,559,000,000	3,328,900,000	-233,500,000	-230,100,000
Aircraft procurement, Air Force	2,459,000,000	2,177,000,000	2,129,490,000	-329,510,000	-47,510,000
Missile procurement, Air Force	956,250,000	951,500,000	871,299,000	-84,951,000	-80,201,000
Other procurement, Air Force	36,000,000	43,600,000	43,164,000	+7,164,000	-436,000
Procurement, Defense Agencies	16,647,110,000	16,724,800,000	15,676,672,000	-970,438,000	-1,048,128,000
<b>Total, Title III—Procurement</b>					

<sup>1</sup> In addition, transfer of \$165,000,000 from "Aircraft and related procurement, Navy".  
<sup>2</sup> In addition, \$20,000,000 to be derived by transfer.  
<sup>3</sup> Language terminating account.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1964

Comparative statement of the appropriations for fiscal year 1963, and the estimates and amounts recommended in the bill for fiscal year 1964—Continued

TITLE IV—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Title	Appropriations, 1963 (to date)	Budget estimates, 1964	Recommended in bill, 1964	Bill compared with—	
				Appropriations, 1963	Budget estimates, 1964
Research, development, test, and evaluation, Army.....	\$1,319,500,000	\$1,469,900,000	\$1,363,141,000	+\$43,641,000	-\$106,759,000
Research, development, test, and evaluation, Navy.....	1,475,958,000	1,572,900,000	1,525,713,000	+49,755,000	-47,187,000
Research, development, test, and evaluation, Air Force.....	3,632,100,000	3,621,800,000	3,416,116,000	-215,954,000	-205,654,000
Research, development, test, and evaluation, Defense Agencies.....	444,000,000	447,400,000	434,000,000	-10,000,000	-13,400,000
Emergency Fund, Defense.....	<sup>1</sup> 150,000,000	<sup>1</sup> 150,000,000	<sup>1</sup> 150,000,000	-----	-----
Total, Title IV—Research, development, test, and evaluation.....	7,021,558,000	7,262,000,000	6,889,000,000	-132,558,000	-373,000,000
Total, Titles I, II, III, and IV.....	48,350,082,500	49,014,237,000	47,092,209,000	-1,257,873,500	-1,922,028,000

<sup>1</sup> In addition, \$150,000,000 to be derived by transfer from other appropriations available for obligation in the respective fiscal year, and authority to transfer an additional \$200,000,000 under certain conditions—see section 536.