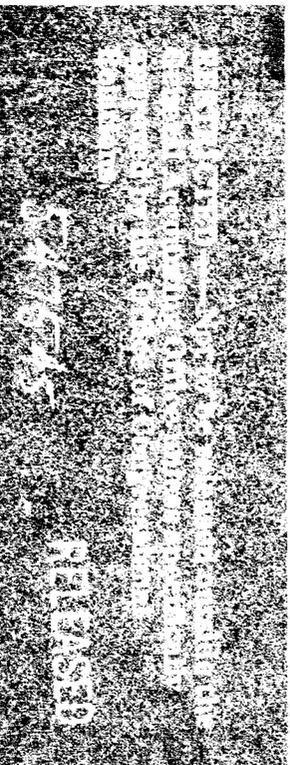


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United States General Accounting Office
Fact Sheet for the Chairman,
Legislation and National Security
Subcommittee, Committee on
Government Operations, House of
Representatives

January 1990

STRATEGIC DEFENSE INITIATIVE Funding Needs Through Completion of Phase I System





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

National Security and
International Affairs Division

B-223094

January 29, 1990

The Honorable John Conyers, Jr.
Chairman, Legislation and National
Security Subcommittee
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

On August 10, 1989, you requested that we review the Strategic Defense Initiative Organization's (SDIO) funding requirements through completion of phase I of the Strategic Defense System. Our objective was to obtain SDIO's estimate of future funding needs for the acquisition of the phase I system and for research for other programs not part of phase I. On December 12, 1989, we briefed your staff on the preliminary results of our review. This fact sheet summarizes the results of our review.

RESULTS IN BRIEF

In addition to the \$15.7 billion that has already been appropriated during fiscal years 1984 through 1989, SDIO estimates that it will need the following additional funds: \$87 billion for completion of phase I development and deployment, \$10.1 billion for operation and support for phase I until deployment is completed, and \$26.4 billion for non-phase I research and development for fiscal years 1990 through 1994. All estimates are in then-year dollars. These estimates do not include funds that SDIO will need after fiscal year 1994 for non-phase I research and development.

BACKGROUND

SDIO was established as an agency of the Department of Defense in April 1984. SDIO has concluded that the goal of strategic defense can best be achieved through a phased deployment program. Its deployment concept includes a phase I Strategic Defense System and follow-on phases. The initial deployment of the Strategic Defense System (consisting of both space- and ground-based sensors and weapons, battle management, and support elements) is known as a phase I system.

Since 1984, \$15.7 billion has been appropriated to conduct Strategic Defense Initiative (SDI) research, including \$1.9 billion for phase I. Additionally, about \$1.4 billion has been appropriated to the Department of Energy for advance concepts and SDI-related research.

In June 1987 SDIO estimated that phase I would cost between \$75 billion and \$145.7 billion in fiscal year 1988 dollars (between \$94.2 billion and \$183.6 billion in then-year dollars). SDIO did not make a more precise estimation because details about the technical characteristics and performance requirements for a strategic defense system were not well defined or decided.

In June 1988 SDIO revised the architecture and the technical and performance characteristics of the elements in the phase I system and estimated the cost to be \$115 billion in fiscal year 1988 dollars (\$142.9 billion in then-year dollars). The Department of Defense's Cost Analysis Improvement Group reviewed SDIO's estimate and determined that the program, as proposed, was not executable within fiscal guidelines.

By October 1988 SDIO had restructured the program and reduced the estimate to \$69.1 billion in fiscal year 1988 dollars (\$88.9 billion in then-year dollars).

These estimates include funding to develop, produce, and deploy phase I. They do not include funding for any follow-on technologies or costs to operate and support the system once deployed.

ESTIMATED FUNDING REQUIREMENT

SDIO estimated that beginning with fiscal year 1990 it will need \$87 billion to complete the development and deployment of the phase I system, \$10.1 billion to operate and support the system until deployment is completed, and \$26.4 billion to fund non-phase I research and development for fiscal years 1990 through 1994. All estimates are in then-year dollars.

Based on SDIO's October 1988 estimate of \$88.9 billion in then-year dollars for the acquisition of phase I, \$87 billion in then-year dollars will be needed for fiscal years 1990 through completion of deployment (the date is classified). The \$1.9 billion difference represents appropriations for fiscal years 1988 and 1989 used for phase I.

For operation and support of the phase I system until deployment is completed, SDIO estimated that it will need \$10.1 billion in then-year dollars. Based on its estimate for operation and support during the last year of deployment, SDIO will need an additional \$2.8 billion annually in fiscal year 1988 dollars (the then-year dollar figure is classified) for the life of the system for operation and support.

In addition to funding for the phase I system, SDIO estimated that it will need an additional \$26.4 billion for fiscal years 1990 through 1994 in then-year dollars for SDI programs that are not part of phase I. This estimate does not include funding needed for non-phase I research for fiscal years 1995 through the end of deployment.

SCOPE AND METHODOLOGY

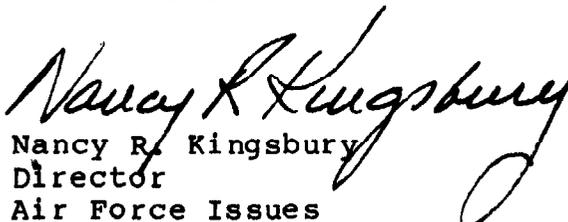
To prepare this fact sheet, we used information provided by SDIO, held discussions with SDIO officials, and reviewed cost projections and planning documents. We did not validate the data, but we did work with SDIO to ensure that the various cost components of the estimates were prepared on a consistent basis. SDIO officials told us that the data were developed for planning purposes and are subject to revision based on funds appropriated by the Congress and approval of funding for individual phase I elements and other SDIO programs.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this fact sheet until 30 days after its issue date. At that time we will send copies to the Secretary of Defense; the Directors, Strategic Defense Initiative Organization and Office of Management and Budget; and other interested parties.

Please contact me at (202) 275-4268 if you or your staff have any questions concerning this fact sheet. Other major contributors to this fact sheet are listed in appendix I.

Sincerely yours,


Nancy R. Kingsbury
Director
Air Force Issues

MAJOR CONTRIBUTORS TO THIS FACT SHEET

NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION,
WASHINGTON, D.C.

Norman J. Rabkin, Associate Director
J. Klein Spencer, Assistant Director
Samuel N. Cox, Assignment Manager
Gregory K. Harmon, Evaluator

(392523)

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