Product-code assignments

As indicated earlier, the goal was to identify and assign SIC codes to products directly procured by DOD. For example, if a private shipyard responsible for basic construction and integration of equipment into a destroyer escort were to purchase a generator for installation in the ship, the generator would not be separately identified. Its value would be included in the funding coded to SIC 3731, shipbuilding and repairing, If, however, the Navy procured the generator and furnished it to the private shipyard for installation the value of the generator would be coded to SIC 3621, motors and generators. Since the procurement lists used as primary sources usually did not identify items to be supplied as government-furnished equipment (GFE) additional DOD data had to be obtained before first-order SIC product distributions could be developed.

Much of the data-collection effort required for deriving the military bill of goods was performed in the course of an earlier project concerning selection of representative procurement items for tracing industry impact at second, third, and lower tier levels of contracting. Since the earlier project was directed toward analysis of the impact of DOD procurement projections for the 1965–70 time period, the data available for the bill-of-goods distribution were primarily for fiscal year 1965 and later years, although in some cases fiscal year 1963 and fiscal year 1964 data had been obtained. Because of the time and manpower requirements involved in retracing data collection to provide complete coverage for 1963, the sponsor requested that data already available be utilized. The percentage distributions by budget codes were derived from analyses of DOD procurement data primarily for the fiscal year 1963 to fiscal year 1965 time period. It was necessary to use total obligational authority (TOA) data to obtain the detail needed for these percentage distributions. For combining the separate SIC distributions by budget activity code, weights based on expenditures for fiscal year 1963 were used, since expenditures more closely approximate measures of activity used in interindustry applications than obligations do.

A discussion of the stability of the product distribution of DOD procurement over time and the applicability of the RAC distribution for 1963 to DOD procurement for other years is contained in volume II of this report.

Development of the Procurement Final-Demand Vector

DOD AIRCRAFT PROCUREMENT

Summary of findings

DOD aircraft procurement involved 67 SIC four-digit codes. Table 3 presents the complete listing of the identified codes and the percentage of aircraft procurement attributed to them. Four of the codes accounted for more than 80 percent of the total; no other product code accounted for as much as 3 percent of the TOA.