

Definition of aircraft procurement

The aircraft and associated equipment procurement funds covered in the analysis are shown in table 4. As indicated in the table, funds from Air Force, Navy, and Army appropriations for relevant budget activities were included. For analysis of product composition, however, the total aircraft and associated equipment funds were categorized as follows: Weapon systems costs, spares and repair parts, modifications of inservice aircraft, and other. (See table 5.)

TABLE 4.—*Appropriations and budget activity classes included in aircraft procurement*

Department	Appropriation title	Budget activity
Air Force -----	Aircraft procurement -----	1. Combat aircraft. 2. Airlift aircraft. 3. Trainer aircraft. 4. Other aircraft. 5. Modifications of inservice aircraft. 6. Spares and repair parts. 7. Other support.
Navy -----	Procurement of aircraft and missiles, Navy (PAMN).	1. Combat aircraft. 2. Airlift aircraft. 3. Trainer aircraft. 4. Other aircraft. 5. Modification of aircraft. 6. Spares and repair parts. 7. Support equipment and facilities.
Army -----	Other procurement, Navy (OPN) ----- Procurement of equipment and missiles, Army (PEMA).	3. 1940 aircraft support equipment. 1. Aircraft. 2. Aircraft spares and repair parts.

Methodology

The general methodology used to estimate the first-order impact consisted of determining and assigning SIC codes to the products directly procured by DOD. It was necessary to determine whether items were to be contractor-furnished equipment (CFE) or government-furnished equipment (GFE) before the first-order product distribution could be developed. There were, however, exceptions to this procedure. Certain auxiliary items being supplied by prime contractors were identified in the data sources and assigned product codes relevant to the items. Examples of such items are to be found in the category "Peculiar Ground Support Equipment." These items, required to make an aircraft subsystem or end-item of equipment operational in its own environment, are usually supplied by the airframe prime contractor.

The necessary data collection began with the Air Force, Navy, and Army procurement lists authorized by the Military Departments to OSD as part of the FYFSFP.^{9,10,11} These lists showed the service distribution of the fiscal year 1964 aircraft TOA as follows: Air Force, 56 percent; Navy, 35 percent; and Army, 9 percent.

The line items relating to aircraft and associated equipment in these procurement lists are highly aggregative. For example, a line item such as Spares and repair parts may represent a multimillion-dollar aggregation of products covering many SIC codes. Consequently the data from these sources were used primarily to establish control totals, and further product detail breakdown was attempted wherever necessary.