

II.C. MULTIYEAR PROCUREMENT

I. Scope and objective

Multiyear procurement is the awarding of a contract which covers two or more program years' requirements in lieu of awarding a separate contract each year. Experience has shown that lower contract prices can be obtained by awarding contracts on a competitive multiyear basis versus repetitive single-year contracts. The basic objective of this area is to insure maximum utilization of the multiyear technique in the procurement of DOD material.

II. Goals and accomplishments

A. A summary of savings already realized and those expected to be realized during fiscal year 1968 and fiscal year 1969 from actions taken during fiscal year 1967 is as follows:

[In millions]						
	Fiscal year 1967		Fiscal year 1968	Fiscal year 1969	Fiscal year 1967-69	
	Goal	Realized	estimated	estimated	Total	Goal
Army.....	\$10	\$4	\$9	\$9	\$22	\$25
Navy.....	20	23	6	3	32	50
Air Force.....	10	2	5	2	9	25
Total.....	40	29	20	14	63	100

B. Significant actions have been taken to increase the use of the multiyear procurement procedure (MYP): (1) the criteria for use of the MYP was broadened in October 1966 to cover a wider range of procurement circumstances and (2) legislation is now pending in Congress to permit the use of 1-year funds.

III. Examples

More than 60 multiyear contracts awarded in fiscal year 1967 produced reportable cost reduction savings in fiscal year 1967. The following examples are indicative of the potential for savings which can be realized by using the multiyear procurement technique:

	Unit price		Fiscal year 1967 net savings
	Single year	Multiyear	
Army:			
Image intensifier assembly.....	\$2,060.00	\$1,795.00	\$795,000
Radio set AN/PRC-77.....	985.00	937.16	258,336
Radio set AN/GRC-106.....	7,119.46	6,897.00	166,955
Rocket motors—M30A2.....	1,755.00	1,703.00	113,672
Navy:			
Navigational sets (AN/ARN-52(V)).....	6,531.00	5,060.00	287,000
Three coordinate radar.....	1,415,029.00	1,188,977.00	1,808,416
Mechanical time fuze—MK349 Mod 0.....	31.31	30.01	262,970
Air operation centrals (w/support equip).....	8,696,800.00	8,000,000.00	1,393,600
Air Force: Aircraft engines, TF-41.....	354,090.00	342,904.00	973,182