

RESTRICTED — Not to be released outside the Accounting Office except by the Office of Congressional Affairs

090734  
24745

RELEASED



**REPORT TO THE  
COMMITTEE ON ARMED SERVICES  
UNITED STATES SENATE**

72-0327

19  
20

**Implementation Of  
Incremental Programming,  
A Budgeting Technique**

B-167034

Department of Defense

**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

904239  
090734

APRIL 26, 1972



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-167034

Dear Mr. Chairman:

This is our report on DOD's implementation of the Committee's guidance on incremental programming that was requested in your letter of September 16, 1971.

As agreed by the staff of your Committee, we are sending <sup>1300</sup> copies to the House and Senate Appropriations Committees, the <sup>14500</sup> House Armed Services Committee, and the Department of Defense.

Sincerely yours,

*James B. Stacks*

Comptroller General  
of the United States

<sup>12</sup>  
<sup>4</sup>  
The Honorable John C. Stennis, Chairman  
Committee on Armed Services  
United States Senate <sup>5500</sup>

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	3
Scope of review	5
2 CLARIFICATION OF COMMITTEE GUIDANCE	7
Planning versus execution	7
DOD interpretation of incremental funding	7
Extent of allowable overlap into next fiscal year	8
3 EXTENT OF DOD COMPLIANCE WITH INCREMENTAL PROGRAMMING POLICY	10
Periods of performance not coincident with the fiscal year	10
Length of periods of performance generally in compliance	11
Long-lead-time items	12
Matter for consideration by the Committee	13
APPENDIX	
I Letter from the Chairman, Senate Committee on Armed Services, to the Comptroller General, dated September 16, 1971	15
II Weapon systems reviewed and amounts re- quested in the fiscal year 1973 RDT&E budget	16
III Excerpt from DOD budget manual	17

ABBREVIATIONS

DOD Department of Defense

RDT&E research, development, test, and evaluation

D I G E S T

WHY THE REVIEW WAS MADE

At the Committee's request the General Accounting Office made a limited examination of the fiscal year 1973 budget requests for 10 major weapons to see if work planned by the Department of Defense (DOD) was consistent with the Committee's guidance on incremental programming. (See p. 5.)

Background

In past years the Congress has been concerned about the large unobligated and unexpended balances carried over from year to year in research, development, test, and evaluation (RDT&E) appropriations. Previously, to control RDT&E balances, the Congress had restricted the period during which the appropriations remained available for obligation.

The Senate Armed Services Committee found variances in the military services' interpretation and application of the annual incremental programming concept in the fiscal year 1972 DOD RDT&E budget authorization request and believed that this tied up money which could have been used for other programs. Therefore the Committee limited the period of time that work supported by future RDT&E appropriation authorization acts could be performed. Generally, under the Committee's guidelines, work is to be planned for 12-month increments and the length of time that it can extend beyond the end of the fiscal year is specifically limited. (See pp. 3 to 5.)

FINDINGS AND CONCLUSIONS

DOD generally planned for work to be accomplished within a 12-month period.

For multiyear contracts on major weapon systems, the Committee prefers that the work performed should coincide with the fiscal year. Most of DOD's estimates of the 12-month periods did not do this. The periods did not extend more than 6 months into fiscal year 1974, however, and were within the allowable limits for second and succeeding increments on multiyear contracts. On several programs DOD's planned periods of performance on major contracts were nearly coincident and extended from the beginning of August through the following July.

DOD programmed its in-house RDT&E work to be accomplished in 12-month periods, but in a number of instances there was an overlap of 1 or 2 months into fiscal year 1974.

For some of the programs, DOD officials acknowledged that fiscal year 1973 funds would be used to acquire a few long-lead-time items where the subcontractors' period of performance could exceed 12 months and extend beyond the prescribed cutoff dates. (See pp. 10 to 13.)

MATTERS FOR CONSIDERATION BY THE COMMITTEE

Since DOD has interpreted the policies on incremental programming as permitting work on long-lead-time items to be performed after the incremental time period, the Committee may wish to clarify its guidance concerning those items. (See p. 13.)

## CHAPTER 1

### INTRODUCTION

In past years the Congress has been concerned about the large unobligated and unexpended balances carried over from year to year in research, development, test, and evaluation appropriations. In its consideration of the fiscal year 1972 military authorization bill, the Senate Armed Services Committee limited the period of time that work supported by future RDT&E appropriation authorization acts could be performed. Previously, to control RDT&E balances, the Congress had restricted the period during which the appropriations remained available for obligation.

Before fiscal year 1970 RDT&E appropriations were available until expended. The fiscal year 1970 DOD appropriations act provided that RDT&E funds remaining unobligated after two or more fiscal years should be proposed for rescission by DOD. The fiscal years 1971 and 1972 appropriation acts made RDT&E funds available for obligation only during the year for which such funds were requested and the next fiscal year. The 1971 act also provided that prior years' funds would remain available for obligation only until June 30, 1972.

Historically the RDT&E appropriation has been incrementally funded as opposed to fully funded, i.e., where the total cost of a given quantity of an item is contained in a single year's appropriation. The Senate Armed Services Committee found variances in the military services' interpretation and application of the annual incremental programming concept in the fiscal year 1972 DOD RDT&E budget authorization request. The Committee stated that this tied up resources which could have been used for other important programs.

In its report to the Senate, the Committee directed that, beginning with fiscal year 1973, DOD apply the following principles in preparing the RDT&E budget and in executing its programs.

"A. Generally, tasks to be performed in-house or under contract will be programed in increments designed to be accomplished within a 12-month period. Allowance will be made for (1) those infrequent circumstances where the period may be required to be extended and (2) the rare case in which no responsible contractor can be found who will accept a contract for such a 12-month period. In this latter case the period should be extended only after specific approval in writing by the official with source selection authority. In neither case will allowance be made for any period in excess of 18 months.

"B. Where the program is such as to require its performance under a multi-year contract the initial increment will be programed for accomplishment during the first 12-month period for which funds are made available. The current and usual practice of making this 12-month period coincident with the fiscal year in programs involving major weapon systems is correct and should be continued. With this one exception, it is recognized that this period may have to partially overlap the succeeding fiscal year, but in no event will allowance be made for extension beyond the end of that fiscal year. Second and succeeding increments may be programed for accomplishment in periods of up to 12 months but in no event will allowance be made for overlap of such period for more than 6 months into the succeeding fiscal year.

"C. The committee clearly recognizes that programs identified as Defense Research Sciences constitute primarily basic research and are different in character and, in some measure in the considerations governing their execution, from the rest of the research and development program. This work is done largely on a level of effort basis by colleges and universities and--unlike developmental programs--is not

influenced by uncertainties of technical problems and changing operational priorities. It is considered in the best interest of both the Government and the educational institutions to provide necessary stability to attract and retain the required skilled academic personnel to work on continuing problems of vital interest to the Department of Defense. For these reasons, contractual arrangements with educational institutions for the accomplishment of these programs covering periods up to an absolute maximum of 3 years with annual renewal increments limited to periods of no longer than 12 months can be provided for. To the extent such programs are to be accomplished by non-educational institutions and private contractors the guidelines in the preceding paragraphs will be followed.

"D. In general, day-to-day operations and maintenance of the research, development and test facilities comprising the Department of Defense research and development organization will be provided for on an annual basis coincident with the fiscal year concerned."

The House Appropriations Committee in its report on the fiscal year 1972 DOD appropriation bill endorsed the general principle of incremental funding for RDT&E programs.

#### SCOPE OF REVIEW

The Chairman of the Senate Armed Services Committee, in a letter dated September 16, 1971, asked for an examination of DOD's fiscal year 1973 budget request for RDT&E to ensure that it was consistent with the Committee's incremental programming guidance. A copy of his letter is attached as appendix I. Because the budget data were not available until January 24, 1972, and because we were asked to submit a report by April 1, 1972 (subsequently extended to April 15), our review was necessarily limited.

Our review was primarily concerned with the planned periods of performance of the work to be funded by the

fiscal year 1973 budget. DOD personnel responsible for 10 major weapon systems briefed us on their plans, particularly the scheduled performance of major contractors and supporting in-house organizations. In some instances schedules were based on the planned performance of contractors to be selected on future dates. Funds requested for the 10 systems selected amounted to about \$2.3 billion of the total RDT&E budget of \$8.5 billion. Appendix II is a schedule of the systems reviewed and the amounts requested by DOD.

Time limitations made it impossible to verify the information furnished. Our review was limited to discussions with representatives of the Office of the Secretary of Defense and the military services and did not involve a detailed examination of supporting documentation or visits to contractors. We did not obtain official comments on this report, although it was discussed informally with DOD officials and their comments were included where appropriate.

## CHAPTER 2

### CLARIFICATION OF COMMITTEE GUIDANCE

After the Senate Committee issued guidance on incremental funding, the Assistant Secretary of Defense (Comptroller) and the Chairman exchanged correspondence to clarify the intent of certain key points.

#### PLANNING VERSUS EXECUTION

The DOD Comptroller, in a letter dated November 18, 1971, said he understood that the Committee's guidance on incremental funding pertained only to preparation of the budget and authorization request and not to execution of the program. The Comptroller pointed out, however, that execution of past programs must be considered, along with slippages and other changes, in preparing yearly estimates for continuing development projects. In a reply to the Comptroller, dated November 29, 1971, the Chairman advised that, contrary to DOD's understanding, the Committee's policies applied to the execution of the budget program as well as to its preparation.

#### DOD INTERPRETATION OF INCREMENTAL FUNDING

The Comptroller advised the Committee that DOD was going to issue the following guidance and requested concurrence.

"Generally, the budget year estimates of the financing needed (amounts to be programmed) for individual R&D projects to be performed either by agencies of the government or by contract will be formulated to cover all costs expected to be incurred during a 12-month period, including, however, only those costs which are necessary to further the project towards its objective during that increment of the total project schedule. The term 'costs' includes not only the estimate of actual costs to be incurred during the described incremental time period, such as salaries and wages paid and material consumed; 'costs' also includes all other liabilities which have to be created

during the time period to further the project, such as subcontracts awarded and lead-time orders placed for project related material and equipment."

The Chairman concurred, in general, but pointed out that DOD's guidance did not limit the period of time during which work could be performed. The Chairman called attention to the Committee's guidance which specifically limited the periods of time that work could overlap into the succeeding fiscal year.

EXTENT OF ALLOWABLE OVERLAP  
INTO NEXT FISCAL YEAR

The Committee's guidance provides that, on multiyear contracts for major weapon systems, work funded by the annual increments should be accomplished coincident with the fiscal year. DOD requested modification to allow increments to be programmed on a 12-month basis for initiation or renewal at any time during the fiscal year. DOD wanted this flexibility so that contract awards would not come up for renewal simultaneously and thus would permit more efficient use of procurement personnel.

DOD also was concerned over the Committee's direction that the period of performance under second and succeeding increments of multiyear contracts should not overlap more than 6 months into the succeeding fiscal year. DOD stated that, to achieve this, the second increment would have to be for a period of less than 12 months if the initial contract increment was for a period of 12 months starting in the last half of the fiscal year. Third and succeeding increments could then be programmed for 12-month periods. The Committee was advised that this plan for administration of a program would be artificial as well as awkward.

The Chairman replied that DOD's proposal to start 12-month increments on major weapon systems contracts throughout the fiscal year was too broad and not necessary. He noted that the initial increment need not be for a 12-month period. During the last half of the fiscal year, awards could be made for a period of less than 12 months to end during the first half of the next fiscal year. Second

and all succeeding increments could then be programmed for 12-month periods.

The Chairman pointed out that this procedure would give the military services the discretion to provide a logical progression of contract actions and would not result in contracts' coming up for renewal simultaneously. In addition, DOD could realize a one-time savings to support other programs during the initial year that the Committee's incremental programming guidance was applied.

## CHAPTER 3

### EXTENT OF DOD COMPLIANCE WITH

### INCREMENTAL PROGRAMMING POLICY

#### PERIODS OF PERFORMANCE NOT COINCIDENT WITH THE FISCAL YEAR

The Committee's guidance states a preference that the periods of performance for multiyear contracts on major weapon systems should be coincident with the fiscal year. Since the DOD budget manual does not include this requirement, the 12-month periods of most estimates were not coincident. Several programs had planned periods of performance on their major contracts that extended from about the beginning of August through the following July. The 1-month lag was said to be needed for administrative time to make new funds available. Increments on some minor contracts were coincident with the fiscal year.

The Air Force recently issued a new policy calling for all RDT&E to be funded incrementally on a fiscal year basis. With few exceptions the periods of performance are to be planned to coincide with the fiscal year. Initial increments of major contracts for RDT&E on the Subsonic Cruise Armed Decoy program are to be awarded during 1972 and are planned to be consistent with this policy. The B-1 and F-15 programs, however, showed periods of performance extending from August through July.

The Committee's guidance provides that the work of in-house RDT&E facilities generally should be programmed for accomplishment in a 12-month period coincident with the fiscal year. For fiscal year 1973, the military services programmed their in-house work for 12-month periods but, in a number of cases, the periods overlapped 1 or 2 months of the succeeding fiscal year.

The overlap in many instances was planned to provide time for authorizing work at an in-house facility by means of a project order or other Government work order. We have been advised that most of the Army and Navy in-house RDT&E

facilities are industrially funded and are financed by project orders. These are specific orders for goods or services and are considered analagous to commercial contracts; however, both parties are Federal Government activities. Air Force in-house RDT&E activities are not funded by project orders but generally are "institutionally funded"; i.e., the activities are funded on the basis of their total annual costs.

The DOD budget manual allows in-house RDT&E work to overlap up to 3 months of the next fiscal year for activities funded by project orders. DOD officials emphasized that this represented a significant tightening of the overlap previously allowed under project orders.

LENGTH OF PERIODS OF PERFORMANCE  
GENERALLY IN COMPLIANCE

Plans for major systems generally were in compliance with the Committee's guidance that work be accomplished within 12-month periods. On the F-14 program, however, the estimated periods of performance for two contractors spanned an 18-month period, July 1972 to December 1973, and for another contractor the estimated period of performance was 15 months.

Program officials advised us that (1) these were the best and most realistic estimates which could be derived from existing reporting systems and they could not be any more precise, (2) these estimates made allowance for slippages in the program, (3) the annual funding for these contracts was relatively fixed and was established before there was strict guidance on incremental funding requiring work to be planned for 12-month increments, and (4) the work might actually be accomplished within a 12-month period.

None of DOD's estimates of the periods of performance for major contractors on weapon systems extended more than 6 months into fiscal year 1974. Although not consistent with the Committee's preferred objective of coinciding with the fiscal year, the periods were within those allowed for second and succeeding increments on multiyear contracts (up to 6 months into the succeeding fiscal year).

The Army and Navy have recently issued instructions implementing this limitation for their multiyear contracts. The DOD budget manual initially did not contain this restriction but was revised to include it. (See par. 252.3A of app. III.) As noted above, the Air Force issued a new policy requiring work to be planned coincident with the fiscal year.

#### Long-lead-time items

The DOD guidance on incremental programming states that generally the budget estimates are to cover all costs expected to be incurred during a 12-month period, including the costs of lead-time orders and subcontracts. The Chairman generally concurred in DOD's guidance, but he pointed out that DOD did not limit the period of time during which work could be performed and called attention to the specific limits in the Committee's guidance. Presumably those limits would also apply to long-lead-time orders and subcontracts.

Although the DOD budget guidance was subsequently revised to include the 6-month limitation on multiyear contracts, DOD officials advised us that they interpreted the Chairman's reply as allowing the funding of the full costs of long-lead-time items if the funds were obligated within the incremental time periods, even though the work might be performed subsequently.

For some of the programs we reviewed, DOD officials acknowledged that fiscal year 1973 funds would be used to acquire a few items for programs in which the subcontractors' period of performance could exceed 12 months and extend beyond the prescribed cutoff dates. For example, the Navy plans that some of the design and fabrication of hardware components associated with the development of the nuclear reactor for the Undersea Long-Range Missile System will be obtained by fixed-price subcontracts, the work to extend into several succeeding fiscal years.

A Navy official advised us that these plans were based on the Navy's experience with similar programs, which revealed that most suppliers were unwilling to commit resources to nuclear component work unless the orders were fully funded at the time of placement. Navy documentation showed that, in the past several years, civilian electric

utility company orders for nuclear reactors had far surpassed orders for naval reactors. The official stated that consequently it had been difficult to get competent suppliers to assign the necessary talent and resources to the limited volume of naval nuclear propulsion work unless firm fully funded subcontracts were arranged.

He further pointed out that a large program, such as the Undersea Long-Range Missile System, involves several hundred subcontracts and that experience has shown that it would not be practicable to administer so large a number if they were all to be incrementally funded, although he was desirous that as much funding as possible be incremental.

Army officials noted that funding subcontracts incrementally could cause the Government to miss out on any price advantage offered on fixed-price contracts if the entire period of performance was funded at the time of award.

#### Matter for consideration by the Committee

Since, due to time limitations, we could examine only the services' plans for funding major contractors and subcontractors of the selected weapon system programs, we are unable to comment on the reported experience in past programs or the positions of subcontractors toward incremental funding of long-lead-time items. Since DOD has interpreted the Chairman's reply as permitting work on long-lead-time items to be performed after the incremental time period, however, the Committee may wish to consider clarifying its guidance concerning those items.

JOHN C. STENNIS, MISS., CHAIRMAN  
 STUART SYMINGTON, MO.  
 HENRY M. JACKSON, WASH.  
 SAM J. ERVIN, JR., N.C.  
 HOWARD W. CANNON, NEV.  
 THOMAS J. MCINTYRE, N.H.  
 HARRY F. BYRD, JR., VA.  
 HAROLD E. HUGHES, IOWA  
 LLOYD BENTSEN, TEX.  
 MARGARET CHASE SM., MAINE  
 STROM THURMOND, S.C.  
 JOHN G. TOWER, TEX.  
 PETER H. DOMINICK, COLO.  
 BARRY GOLDWATER, ARIZ.  
 RICHARD S. SCHWEIKER, PA.  
 WILLIAM B. SAXBE, OHIO  
 T. EDWARD BRASWELL, JR., CHIEF COUNSEL AND STAFF DIRECTOR

## United States Senate

COMMITTEE ON ARMED SERVICES  
 WASHINGTON, D.C. 20510

September 16, 1971

Honorable Elmer B. Staats  
 Comptroller General of the  
 United States  
 General Accounting Office  
 Washington, D. C. 20548

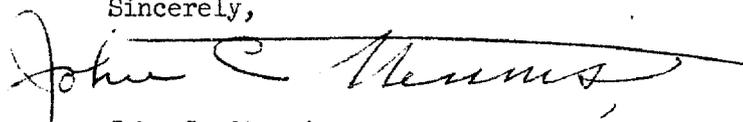
Dear Mr. Staats:

The Committee, in its action on the fiscal year 1972 Military Procurement Authorization Bill, included language (page 98 of Report No. 92-359) which establishes a uniform policy to be followed by the Department of Defense in incremental programming of the Research, Development, Test and Evaluation Program. In addition to providing detailed guidelines for the purpose of incremental programming, the Committee directed the Department of Defense to adopt these guidelines in the preparation of its fiscal year 1973 budget.

In order that the Committee may be assured that the fiscal year 1973 authorization request for RDT&E is consistent with this guidance, your office is requested to examine the details of the budget upon submission to the Congress, including discussions with the appropriate offices in the military departments and in the Office of the Secretary of Defense which have this responsibility. You can appreciate the concern that the budget will include only those funds required to support the work proposed for fiscal year 1973 and not for subsequent years.

To be of use to the Committee in its consideration of the fiscal year 1973 program, your findings and recommendations should be submitted by April 1, 1972. Your prompt attention to this matter will be appreciated.

Sincerely,



John C. Stennis

## APPENDIX II

WEAPON SYSTEMS REVIEWED AND AMOUNTS REQUESTED  
IN THE FISCAL YEAR 1973 RDT&E BUDGET

<u>System</u>	<u>Amount</u> <u>(millions)</u>
Vertical/Short Takeoff and Landing Sea Control Ship	\$ 24.0
F-14	162.6
AEGIS	82.3
Undersea Long-Range Missile System	520.4
F-15	454.5
B-1	444.5
Subsonic Cruise Armed Decoy	48.6
Utility Tactical Transport Aircraft System	64.0
SAFEGUARD	340.5
Surface-to-Air Missile Development	<u>171.4</u>
Total	<u>\$2,312.8</u>

## EXCERPT FROM DOD BUDGET MANUAL

## PART II - BUDGET FORMULATION

## Section 5 - Research, Development, Test and Evaluation

Chapter 252 - Preparation of Budgets on an Incremental Programming/  
Funding Basis252.1 Purpose

This Chapter specifies the principles to be followed, and establishes the criteria and definitions to be used, in the preparation of the annual RDT&E budget estimates on an incrementally funded basis.

252.2 Policy

The annual budget estimates for Research, Development, Test and Evaluation (RDT&E) projects/programs are to be prepared on an incrementally funded basis (as opposed to the fully funded program basis used in preparing Procurement budget estimates, as directed by DoD Directive 7200.4).

252.3 Guidance

Generally, the budget year estimates of the financing needed (amounts to be programmed) for individual R&D projects to be performed either by agencies of the government or by contract will be formulated to cover all costs expected to be incurred during a twelve-month period, including, however, only those costs which are necessary to further the project towards its objective during that increment of the total project schedule. The term "costs" includes not only the estimate of actual costs to be incurred during the described incremental time period, such as salaries and wages paid and material consumed, "costs" also includes all other liabilities which have to be created during the time period to further the project, such as subcontracts awarded and lead-time orders to be placed for project-related material and equipments.

A. Estimates of the financing needed for development projects requiring several years to complete, which are accomplished under a multiple-year contract, will be formulated to cover costs incurred for a 12-month or lesser period for the initial increment. The second and succeeding increments may also be programmed and financed for periods up to 12 months; however, the financed program period will not extend more than six months into the fiscal year following the year for which funds are appropriated. (For example, a new weapon system development with the initial increment scheduled for obligation on April 1 of the budget year could be programmed as follows: Alternative 1: Initial increment of 12 months - April 1 through March 31; second increment of 9 months - April 1 through December 31; third and succeeding increments - January 1 through December 31. Alternative 2: Initial increment of 9 months - April 1 through December 31; second and succeeding increments - January 1 through December 31.)

## APPENDIX III

B. In cases of R&D projects to be performed by private concerns (but not including Research (Category 6.1) projects to be performed by educational institutions), where full completion of the project is expected within a maximum period of 18 months, and where either (1) it is considered that there is no logical way to divide the work and, therefore, it is in the best interests of the government to finance the project in full, or (2) it is expected to be clearly infeasible to limit the contract to a shorter period, or (3) that the planned technical effort makes it clearly evident that no responsible contractor can be found who will accept a contract for a less-than-completion increment, the budget estimate may provide for financing of more than twelve months, but not to exceed eighteen months.

C. In cases of projects included within the Research category which are to be performed by educational institutions or institutes affiliated with educational institutions, where it is considered in the best interest of both the government and the institution to provide necessary stability to attract and retain the required skilled personnel to work on problems of vital interest to the Department of Defense, the budget estimate may provide for initial financing of such research projects up to a maximum increment of 36 months. Any required renewal increments of such projects will be limited to not more than 12 months.

D. The budget estimates covering the cost of operation and maintenance of government-owned research, development, and test installations will be developed to provide for financing of such installations on an annual basis coincident with the fiscal year concerned. This requirement does not apply where the cost of operation and maintenance of such installations is recovered from projects through the use of a working capital arrangement which accommodates expense accounting identified to time periods and cost distribution to benefiting projects.

252.4 Detailed Criteria and Definitions. Under paragraph 252.3, above:

A. The term "financing needed (amounts to be programmed)" means the estimated Total Obligational Authority (TOA) required for the initiation or renewal in the budget year of the individual R&D project under consideration.

B. The dollar amount of the TOA estimate for an individual project must also always be equal to the dollars planned to be Obligated in the budget year for the project; in no case will planned Obligations for the project beyond the budget year be included as part of the budget year TOA estimate.

C. The described incremental time period commences on the date of the Obligation.

D. The estimate of the financing required in the budget year for continuing development projects must always take into account any

changes, such as slippages, that have occurred in current and prior year programs.

E. It is not mandatory to base estimates in every case on the full incremental period options described under paragraph 252.3. Lesser periods may be used. For example, if it appears that (1) the award of the work and first Obligation will not occur until the second half of the budget year, and (2) a work statement and development schedule encompassing six months or some other period of less than 12 months appears appropriate and logical, then a budget estimate providing for financing of the lesser period is in order. In the case of multiyear research, exploratory development, and advanced development tasks and projects awarded to government installations by Project Order or other authorized government Work Order, the budget estimate will provide financing for government installation labor, material and support to carry on these tasks or projects limited to no more than the first three months in the year succeeding the budget year. (Financing for contractual liabilities for weapons system development effort by government installations will be governed by paragraphs 252.3, 252.3A and 252.3B.)