



UNITED STATES GENERAL ACCOUNTING OFFICE

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LOGISTICS AND COMMUNICATIONS
DIVISION

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The Honorable
The Secretary of Defense



Dear Mr. Secretary:

As a part of our continuing assessment of the effectiveness of military transportation systems, we reviewed the military air export cargo management functions of the Military Traffic Management and Terminal Service (MTMTS) and the Shipper Service Control Offices (SSCOs) of the Army, Navy, and Air Force.

Military air export cargo is cargo originating inside the continental United States (CONUS) and terminating outside CONUS. During fiscal year 1973, the Military Airlift Command (MAC) airlifted over 177,000 short tons of such cargo.

Each military department is unnecessarily duplicating MTMTS functions in varying degrees because it is reluctant to relinquish control over the movement of its cargo. We estimate that over \$1.5 million annually can be saved by eliminating duplicated efforts and by restricting management authority to a single agency.

MTMTS DESIGNATED AS SINGLE MANAGER
FOR MILITARY TRAFFIC

In 1964 the Chairman of the Joint Chiefs of Staff, at the direction of the Office of the Assistant Secretary of Defense (Installations and Logistics), appointed a study group to determine the most effective and economical means of organizing and operating the Department of Defense (DOD) air and ocean terminal system in CONUS. The study resulted in MTMTS' being designated in 1965 as the jointly staffed single-manager operating agency for military cargo moving within CONUS.

DOD assigned MTMTS those functions necessary to (1) eliminate duplicated efforts, (2) improve effectiveness and economy of operations, and (3) meet emergency and wartime requirements. Air export cargo management functions assigned to MTMTS included:

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- Controlling the movement of air-eligible cargo into the airlift system.
- Arranging for diverting cargo ineligible for air shipment to other modes of transportation.
- Initiating corrective action on discrepancies in documenting and identifying shipments.
- Furnishing the air terminal with a Transportation Control and Movement Document (TCMD)¹ for each shipment.
- Responding to requests for movement information, expediting services, and tracer actions.
- Monitoring retrograde cargo.
- Coordinating the movement of classified and courier material.

In April 1968 MTMTS established the Military Airlift Clearance Authority Agency (MACAA) to carry out these functions. MACAA's current annual operating costs are about \$2.6 million.

MILITARY DEPARTMENTS RELUCTANT TO ACCEPT A SINGLE MANAGER

The military departments, contending that each service must have control over its own cargo, have been reluctant to accept a single manager for air export cargo. As a result, the three SSCOs are carrying on virtually the same functions as MACAA at a cost of \$2 million annually. MTMTS has proposed reorganizing SSCOs and MACAA, which could reduce this cost by more than \$1.5 million a year. (See pp. 6 and 7.)

To facilitate comparison of MACAA and SSCO activities, we categorized these activities as central office and aerial port functions.

Central office functions

Central office functions may generally be described as those necessary to validate cargo for air eligibility and to locate cargo while it is in the transportation system. We

¹A TCMD is prepared by the shipper prior to releasing the cargo for shipment. The TCMD is transmitted in advance of the shipment to the SSCO and/or to MTMTS (Military Airlift Clearance Authority Agency).

found that the three SSCOs duplicate MACAA's central office functions. The duplicate functions and the estimated cost of such functions are shown in the following table.

	<u>MACAA</u>	<u>Air Force</u>	<u>Army</u>	<u>Navy</u>
Estimated annual costs applicable to central office functions	<u>\$1,000,755</u>	<u>\$523,089</u>	<u>\$366,744</u>	<u>\$370,053</u>

<u>Functions</u>				
Edit TCMDs	Yes	Yes	Yes	Yes
Challenge TCMDs	Yes	Yes	Yes	Yes
Trace cargo	Yes	Yes	Yes	Yes
Maintain management information system	Yes	Yes	Yes	Yes

MACAA receives TCMDs from SSCOs. Major Navy shippers are authorized to send TCMDs to MACAA and to Navy SSCOs. MACAA's automated data system is designed to detect erroneous entries on TCMDs and to match the cargo with air eligibility criteria. Cargo which does not meet the criteria for air shipment is challenged. The shipper, however, must agree before cargo can be diverted to surface transportation.

MACAA then forwards TCMDs to MAC at the appropriate military aerial port in CONUS. MAC, in turn, transmits receipt, lift, and manifest cards to MACAA which records them in its data bank and sends them to the respective SSCOs. From this data, MACAA can produce management reports showing the status of shipments for each service and can trace individual shipments.

Lacking the MACAA data system capability, the Air Force and Army SSCOs manually edit and match TCMDs with air eligibility criteria. The same receipt, lift, and manifest cards used by MACAA are used to create an automated data base which produces management reports for SSCOs. The data base enables the Air Force and Army SSCOs to respond to tracer requests on their cargo instead of referring them to MACAA as required by regulations.

The Navy SSCO duplicates MACAA central office functions to a lesser degree. The Navy SSCO has delegated authority to challenge the requirements of the requisitioner to most Navy shipping activities which send TCMDs directly to MACAA and to SSCO. SSCO manually edits and reviews TCMDs and advises MACAA of any corrections desired. SSCO also processes MACAA's

receipt, lift, and manifest cards in its own data system to produce management reports and to trace Navy cargo.

Aerial port functions

Aerial port functions may generally be described as those necessary to insure that cargo enters and leaves the military aerial ports without delay. Various problems may arise after shipments reach the ports that must be solved by traffic management personnel. For instance, cargo may be frustrated (rejected by MAC) because of inadequate or missing documents, improper or damaged packaging, or other reasons. It may be necessary to expedite shipments because of urgent need, to research tracer actions at the ports, and to monitor retrograde cargo.

MACAA carries out the aerial port functions through military air traffic coordinating offices (MATCOs) at nine military aerial ports in CONUS. Generally MATCOs operate 24 hours a day 7 days a week but handle only Army and Navy cargo.

The Air Force has aerial port logistics offices at the six aerial ports which handle most of the Air Force cargo. As shown below, these offices carry out the same functions for Air Force cargo as MATCOs do for Army and Navy cargo.

	<u>MACAA</u>	<u>Air Force</u>	<u>Army</u>	<u>Navy</u>
Estimated annual costs applicable to aerial port functions	\$ <u>1,596,148</u>	\$ <u>645,715</u>	\$ <u>109,920</u>	-
<u>Functions</u>				
Unfrustrate cargo	Yes	Yes	^a Yes	No
Expedite cargo	Yes	Yes	^a Yes	No
Monitor retrograde cargo	Yes	Yes	No	No
Research tracer action	Yes	Yes	No	No

^aThese functions are performed by Army logistics personnel on selected Army cargo with the assistance of MATCO.

The Air Force personnel clear frustrated cargo, expedite and trace cargo, and monitor retrograde movements only for Air Force cargo. When Air Force personnel are not available, MATCOs work on Air Force cargo.

Of the nine logistics personnel that the Army SSCO stations at three aerial ports, seven are at Travis Air Force Base, California. Examination of the activities of the Travis personnel showed that they were primarily recording data on the receipt and lift of selected shipments for the Army SSCO. The same data is being routinely accumulated and sent to SSCO through the MACAA management information system. Army personnel are also charged with expediting shipments and clearing frustrated cargo but generally refer these problems to MATCO.

The Navy does not keep logistics personnel at the aerial ports. Navy officials said that MATCO aerial port operations adequately service Navy cargo.

ALL PARTICIPANTS DISSATISFIED
WITH PRESENT ARRANGEMENT

All the participants are dissatisfied with the duplication of management control over air export cargo by MACAA and the three services. Air Force officials said that MACAA should be disestablished and its functions assumed by the Air Force. MTMTS officials said that service opposition had prevented MACAA from managing air export cargo effectively. The Army and Navy favor retention of MACAA but do not wish to relinquish their control over air export cargo.

Air Force position

The Air Force has consistently objected to MTMTS acting as single manager for air export cargo and has largely ignored the single manager authority. In January 1967 the MTMTS Commander told the Army Chief of Staff that the Air Force opposed transferring any traffic management functions to MTMTS. In May 1969 the Air Force SSCO advised all Air Force shippers that requests for movement information, expediting services, and tracer action should be made to SSCO and that direct shipper communication with MACAA was not authorized.

In December 1971 the Air Force proposed to DOD that MACAA be disestablished and its functions assumed by the Air Force. The proposal stated that MACAA was ineffective and that service control over air shipments was necessary, pointing out that each service had SSCOs for this purpose. MAC was developing a new automated data system which would interface directly with the shippers and eliminate the need for MACAA. The Air Force is proceeding with introduction of the new MAC automated data system.

Army and Navy position

The Army, in commenting on the Air Force's December 1971 proposal, recommended retaining SSCOs and MACAA, disestablishing the aerial port logistics offices, and providing service liaison officers from SSCO at MACAA. The Army concluded that its interests would not be properly protected under the Air Force proposal. The Navy recommended retaining MACAA in a reduced status, i.e., relieved of responsibility for operation of MATCOs. The Navy recommended also that MACAA improve the responsiveness and accuracy of its current management information systems.

MTMTS position

To eliminate duplication of effort and reduce the costs of air export cargo management, MTMTS proposed to the Office of the Assistant Secretary of Defense (Installations and Logistics) in February 1972 a reorganization of MACAA and SSCOs. MTMTS suggested an improved cargo management system designed to expedite cargo processing at MAC terminals and to provide for optimum use of MAC resources. The system would rely upon MACAA's existing automated data system to recommend cargo generation and movement into the aerial ports. MTMTS also proposed that (1) MACAA's data system provide management reports on air export cargo to all services, (2) SSCO functions be carried out by SSCO personnel collocated with MACAA personnel, and (3) MATCOs assume complete shipper service liaison functions at the aerial ports. Adoption of the proposal would enable MACAA to know the location of air export cargo at all times and to identify problems in cargo flow early and would reduce costs by limiting duplicate data systems and by collocating and consolidating SSCO functions with those of MACAA.

GAO's evaluation of Air Force and MTMTS proposals

The Air Force proposal would only partially eliminate the duplicated efforts and, as previously explained, is unacceptable to the Army and Navy. The proposal does not contemplate eliminating or reducing the SSCO function or consolidating the aerial port functions under a single manager. It would result only in eliminating the MACAA central office function now operating at an annual cost of about \$1 million. (See pp. 2 and 3.)

The MTMTS proposal offers more promise in that (1) duplicate functions would be eliminated with corresponding

reductions in operating costs, (2) MTMTS, as single manager, would have complete visibility of all DOD cargo entering and leaving the aerial ports, and (3) joint-service staffing would provide adequate service representation in the management agency.

The MTMTS proposal did not show the savings to be realized from the reorganization. It did state, however, that collocating 6 SSCO personnel and MACAA personnel and augmenting MACAA strength by 19 positions would enable MACAA to assume all the central office and aerial port functions necessary for air export cargo management. We estimate that these 25 additional personnel should not cost more than \$500,000 annually. On the basis of this premise, the present estimated \$2 million annual SSCO cost applicable to air export cargo could be reduced by more than \$1.5 million. Our computation of the potential savings is shown in enclosure I.

AGENCY COMMENTS

We briefed officials of the Office of the Assistant Secretary of Defense (Installations and Logistics) on our findings, and they generally agreed that MACAA and SSCOs were duplicating functions. Although they made no commitment on methods of resolving the problem, they said that the present arrangement was not desirable.

We also discussed our findings with representatives of MTMTS and of the individual services directly involved in the air export cargo management functions. They also agreed that MACAA and SSCOs were duplicating certain functions.

CONCLUSIONS

MTMTS has never functioned as an effective single manager for air export cargo because of opposition from the services and the lack of support from the Office of the Secretary of Defense. The de facto division of management authority has led to duplicated efforts.

The duplicated efforts can be eliminated by investing MTMTS with sole management authority over air export cargo. This would result in a more efficient operation and would reduce operating costs because:

1. MTMTS, as a single manager, could know of all DOD cargo entering and leaving air terminals. This data would enable the single manager to analyze cargo generation and traffic patterns and to correct congestion problems.

2. Joint staffing and collocation of SSCO personnel with MACAA personnel would insure responsiveness to all services.
3. Advance TCMDs and shipment data cards could be sent directly to the single manager and thus eliminate the requirement for their transmission to SSCOs.
4. One automated data system would provide management reports for MACAA and the three services.
5. Aerial port functions for air export cargo would be consolidated under the single manager.
6. There would be only one point of contact for challenging, expediting, and tracing air export cargo.

RECOMMENDATIONS

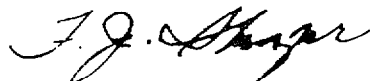
We recommend that the Secretary of Defense (1) enforce and augment, as necessary, DOD Directive 5160.53 which establishes MTMTS as a single manager for air export cargo and (2) prohibit other service elements from duplicating MACAA functions. Considering the advantages to be derived and the work already done by MTMTS in this area, we further recommend that this action include consideration of MTMTS' reorganization proposal.

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We would appreciate receiving your comments and being advised of any corrective actions being taken or planned. We will be glad to discuss these matters in greater detail with you or your representatives.

We are sending copies of this report to the Director Office of Management and Budget; the Senate and House Committees on Government Operations, Appropriations, and Armed Services; and the Secretaries of the Army, Navy, and Air Force.

Sincerely yours,



F. J. Shafer
Director

Enclosure

POTENTIAL ANNUAL SAVINGS BY
ESTABLISHING MACAA AS SINGLE MANAGER

Current estimated annual operating
costs of MACAA and three SSCOs:

MACAA		\$2,596,903
SSCOs:		
Army	\$ 476,664	
Air Force	1,168,804	
Navy	<u>370,053</u>	<u>2,015,521</u>
		4,612,424
Less:		
Current estimated operating costs of MACAA	2,596,903	
Estimated additional costs for personnel needed at MACAA to assume SSCO functions	<u>500,000</u>	<u>3,096,903</u>
Potential savings		<u><u>\$1,515,521</u></u>