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## REPORT TO THE CONGRESS



BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

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### Adoption Of Commercial Standards For Seat Spacing And In-flight Food Service Would Reduce Contract Airlift Costs And Conserve Fuel

Department of Defense

Adopting commercial coach seat spacing on military charter flights would increase aircraft capacity thus reducing the number of flights required. In fiscal year 1975, the Department of Defense expended about \$10.2 million for charter flights which could have been eliminated if commercial seating standards had been used. Adopting commercial standards for in-flight food service would further reduce charter airlift costs.



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

B-133025

To the President of the Senate and the  
Speaker of the House of Representatives

The Military Airlift Command's contract specifications call for more space between seat rows and more costly in-flight food service on military charter flights than is provided on commercial jet-coach service. We evaluated these specifications from the standpoints of reasonableness and effect on contract cost.

The adoption of commercial standards for the military charters could reduce the number of flights required which would reduce the carriers' costs and conserve jet fuel without unreasonably reducing passenger comfort. This report points out the potential for savings to the Department of Defense through the adoption of commercial standards.

We made our examination pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Budgeting Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget, and the Secretary of Defense.

A handwritten signature in black ink, appearing to read "James P. Atchey".

Comptroller General  
of the United States

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ABBREVIATIONS

AFB	Air Force base
CAB	Civil Aeronautics Board
DOD	Department of Defense
GAO	General Accounting Office
MAC	Military Airlift Command

COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS

ADOPTION OF COMMERCIAL STANDARDS  
FOR SEAT SPACING AND IN-FLIGHT  
FOOD SERVICE WOULD REDUCE CONTRACT  
AIRLIFT COSTS AND CONSERVE FUEL  
Department of Defense

D I G E S T

If the Military Airlift Command had used commercial coach seat spacing on its charter flights in 1975, the seating capacity of the aircraft would have been increased and the number of flights reduced. GAO estimates that this could have resulted in eliminating as many as 178 charter flights for which the Department of Defense paid about \$10.2 million. Eliminating those flights also would have saved about 8.4 million gallons of jet fuel.

Further savings could be realized if commercial standards for food service were adopted. GAO recommends that commercial standards for seat spacing and food service be adopted.

Such a change would be consistent with the provisions of the Federal Travel Regulations which in effect require Federal employees to use coach class service when traveling by commercial air carrier on official business. (See p. 3.)

The Military Airlift Command standard for seat spacing of 38 inches between rows was established as a compromise between commercial first-class seat spacing (42 inches) and coach-class seat spacing (34 inches). Comfort of the military passengers is the primary justification for Military Airlift Command's standard. (See p. 4.)

However, the 38-inch standard was established in 1959 when slower piston-engined aircraft were used for passenger flights and flying times were much longer. Although Military Airlift Command has on occasion waived the standard to allow temporary use of aircraft with commercial coach seating, the 38-inch standard has been retained. (See p. 4.)

Since 1969 Military Airlift Command's contract specifications for in-flight food service on charter flights have progressed from frozen TV-dinner-type meals, to meals of generally higher quality than those served on commercial flights. GAO's discussions with five Military Airlift Command contractors indicated that the Military Airlift Command charter meals, with few exceptions, are more costly than meals served to commercial coach or commercial charter passengers. This increased cost is passed on to Department of Defense through higher charter rates. (See pp. 5 and 6.)

In commenting on GAO's report, Department of Defense agreed that commercial in-flight meals should be adopted for Military Airlift Command contract flights and is taking action to effect this change. Department of Defense also agreed that adoption of commercial seat spacing could increase the capacity of contract flights with a proportionate reduction in the number of flights required to meet Department of Defense's needs. However, Department of Defense expressed doubt that such a reduction would result in savings to the Government. (See pp. 12 and 13.)

The Department of Defense stated that because payment for charter flights is based on a rate per seat-mile prescribed by the Civil Aeronautics Board its cost would initially remain the same. It stated further that the extent to which rates would eventually be reduced is not clear as about half of the costs upon which the rates are based are fixed and would not be reduced by a reduction in the number of flights. (See pp. 12 and 13.)

Although contract rates are expressed on a rate per seat-mile basis, the rate is directly related to the number of seats called for by contract specifications. Therefore, the more seats on the aircraft the lower the rate per seat-mile. GAO believes that unless the Civil Aeronautics Board changes its formula for computing contract rates, the changed specifications for seating and food service would automatically result in reduced rates. The timing of the rate reduction would have to be worked out between the Department of Defense, the

Civil Aeronautics Board, and the participating contract air carriers. GAO sees no reason why this reduction could not be timed to coincide with the change in contract specifications. (See p. 8.)

With regard to the costs on which charter rates are based, slightly more than half are categorized by the Civil Aeronautics Board as direct variable costs. A reduction in these costs alone would have an important impact on contract rates. Furthermore GAO believes that the carrier's indirect costs, attributable to Defense business, would be reduced immediately and that even direct fixed costs would ultimately be reduced. Reduction of these costs would be aided by the fact that the carrier's aircraft would be configured to meet both Defense and commercial requirements, thus allowing greater flexibility in aircraft utilization. (See p. 8.)

## CHAPTER 1

### INTRODUCTION

The Military Airlift Command (MAC), a major command of the United States Air Force, is the single manager for airlift services within the Department of Defense (DOD). MAC is responsible for, among other things, providing overseas air transportation for military personnel and their dependents.

MAC headquarters, at Scott Air Force Base (AFB), Illinois, directs the activities of the strategic airlift force. Operational control within MAC is vested in the 21st and 22d Air Forces located at McGuire AFB, New Jersey, and Travis AFB, California, respectively. Components of these Air Forces located in the United States and overseas carry out the day-to-day functions necessary to operate a global airlift service.

In addition to operating its own aircraft, MAC contracts with commercial airlines for additional airlift. MAC expended about \$196 million for commercial airlift services in fiscal year 1975, of which about \$165 million was for transportation of passengers.

MAC procures a definite number of flights on specific channels (routes) prior to the beginning of a fiscal year. This initial procurement is referred to as the fixed buy. Additional flights are procured throughout the year as necessary under expansion provisions in the contracts. The contract prices are based on rates per seat-mile established by the Civil Aeronautics Board (CAB) in accordance with Part 228 of the CAB Economic Regulations. These rates reflect the average cost of all carriers' operations under MAC contracts and allow for return on investment. The rates are derived by totaling each carrier's operating costs per aircraft-mile flown together with return on investment and income tax factors and dividing the result by the number of seats in the aircraft. The resulting figures are averaged to form the basis for a contract rate which applies to all contract carriers.

MAC contracts for passenger airlift contain detailed specifications on the various aspects of service including seat spacing and in-flight food service. These specifications provide for more space between rows of seats than is provided on commercial coach service thus reducing the number of seats on each flight. They also provide for more costly food service than is provided on coach service.

SCOPE OF REVIEW

Our review included an examination of selected records relating to seating and in-flight food service on MAC charter flights, a study of MAC seat spacing versus commercial spacing, an analysis of the contract cost for MAC charters, and interviews with responsible military and contract carrier officials.

We made our review at MAC headquarters and at selected contract carrier headquarters.



## CHAPTER 2

### ADOPTION OF COMMERCIAL STANDARDS

#### WOULD REDUCE THE COST OF CONTRACT AIRLIFT

Adoption of commercial coach seat spacing for MAC charter flights would increase seating capacity and decrease the number of flights required. We estimate that this could result in annual savings of as much as \$10.2 million in charter airlift costs and about 8.4 million gallons of jet fuel.

Further reduction in charter costs could be realized by adopting commercial standards for in-flight food service.

Although DOD officials are aware of this potential for savings, they have retained a lower density seating in the interest of passenger comfort and convenience. However, we believe adoption of the commercial seat spacing would be consistent with the Federal Travel Regulations, which in effect require federally sponsored passengers to utilize coach class service when traveling by commercial air carrier.

#### SAVINGS POSSIBLE THROUGH ADOPTION OF COMMERCIAL SEAT SPACING

The Federal Travel Regulations issued by the General Services Administration state:

"It is the policy of the Government that persons who use commercial air carriers for transportation on official business shall use less-than-first-class accommodations instead of those designated first-class with due regard to efficient conduct of Government business and the travelers convenience, safety and comfort."

This regulation has resulted in most Government employees utilizing coach class accommodations when traveling by regular commercial air service.

Although MAC's contracts for international charter passenger service contain general provisions that the aircraft and the passenger service provided in international charter operations be commensurate with those provided in regularly scheduled commercial international operations, detailed contract specifications set higher standards for the charter service. This includes a requirement for more space between rows of seats.

International Air Transport Association Resolution 60 limits coach-class seat spacing to a maximum of 34 inches on commercial flights. However, MAC contracts specify that " \* \* \* seat spacing shall not be less than 38 inches \* \* \* ."

This 38-inch standard was established in 1959, when slower piston-engined aircraft were still in use in MAC charter service, as a compromise between first-class seat spacing of 42 inches and the coach-class spacing of 34 inches. The standard has been retained, although flying times have been substantially reduced with the advent of jet aircraft and DOD has on occasion waived the 38-inch requirement to allow aircraft with commercial seat spacing to be used on a limited basis during periods of critical airlift shortage.

This requirement for lower density seating has reduced the seating capacity of the charter aircraft by 10 to 16 percent. The following table compares the passenger capacity of various aircraft utilizing MAC and commercial seating configurations.

<u>Passenger Capacity</u>			
<u>Aircraft</u>	<u>MAC standard</u>	<u>Commercial standard</u>	<u>Difference</u>
B-727	105	125	20
B-707	165	183	18
DC-8-61/63	219	252	33

If commercial seat spacing were adopted for MAC charter flights, fewer flights would be required and the costs of providing DOD passenger airlift would be reduced accordingly. During fiscal year 1975, MAC expended more than \$98 million on 1,662 round-trip passenger charter flights.

If commercial seat spacing had been employed, we estimate that as many as 178 of these flights, for which DOD paid the carriers about \$10.2 million, could have been eliminated. (See app. I.) Although the cost per charter flight would have been increased somewhat due to the additional meals, fuel, and flight attendants required, these costs would have been relatively minor compared to the cost of operating the flights which could have been eliminated. Since airlift contract rates are revised periodically to reflect up-dated costs of providing the service, the cost reduction should be passed on to DOD through lower rates per seat-mile.

With respect to energy conservation, we estimate that the elimination of 178 charter flights during fiscal year 1975 would have saved nearly 8.4 million gallons of jet fuel.

Fuel savings were estimated by applying the average fuel consumption rate for B-707 and DC-8-61/63 aircraft to the scheduled flying time for the missions involved. As mentioned above, the fuel savings would be offset to some degree by additional fuel consumption resulting from higher density seating--and thus more weight--on the remaining charter flights. (See app. II.)

POTENTIAL FOR SAVINGS SUPPORTED  
BY AIR FORCE STUDY

In April 1974, in response to a suggestion by several air carriers that commercial seat spacing be adopted on MAC charter flights, the Air Force did a study to determine the benefits that could be realized through such a change. The Air Force study concluded that adoption of 34-inch seat spacing would reduce DOD airlift costs by about \$6.4 million annually and would save about 6 million gallons of jet fuel. However, after consultation with the other using military services, Air Force officials concluded that the reduction in passenger comfort and convenience would override the advantage of cost and fuel savings.

SAVINGS POSSIBLE THROUGH ADOPTION OF AIRLINE  
STANDARDS FOR IN-FLIGHT FOOD SERVICE

Adoption of commercial airline standards for in-flight food service would also reduce airlift costs to DOD. Since 1969 MAC's contract specifications for in-flight food service have progressed from frozen TV-dinner-type meals, to meals of generally higher quality than those served on commercial flights. As a result, the meals served on MAC charters are generally more costly than those served on commercial flights. These higher costs are passed on to DOD in the form of higher charter rates.

In 1969 MAC revised its airlift contracts to require the carriers to furnish hot in-flight meals and snacks. These meals were to be equal to those served in coach class on regularly scheduled commercial passenger flights. The MAC-approved dinner menu was 4 ounces of any one of five cuts of beef steak, four other beef entrees, or four poultry entrees plus 3 ounces each of a vegetable and a starch.

The fiscal year 1975 airlift contracts specified nine dinner entrees of which three were a type of steak. The specifications required that a steak entree be served on at least 30 percent of the charter flights and that at least one-half of this be beef tenderloin. In fiscal year 1976 MAC became even more restrictive and specified that only steak or roast beef be served for a dinner entree. For the

first 6-month period, MAC required that the dinner entree be split equally between steak and roast beef.

Our discussions with five of MAC's contract carriers indicated that, due to contract specifications, the MAC charter meals are generally more costly than meals served to coach class passengers or to commercial charter passengers. For example, a carrier official said that a sirloin tip in wine sauce entree purchased to MAC specifications costs \$1.61 while the same entree purchased from a different vendor for use on commercial flights costs only \$0.88. This official also informed us that, because MAC specifications limit the entrees which can be served, less variety in menus is available on MAC flights than on commercial flights.

Another carrier informed us that filet mignon steak served to MAC passengers costs \$3.43 each, although a steak dinner served to a commercial coach passenger costs only \$2.69. Again, the difference in cost is attributed to MAC specifications.

Moreover, the percentage of steak-type meals served on MAC charters is apparently higher than is served to commercial coach passengers. Four of the carriers said that the percentage of steak meals served to commercial coach passengers was 12 percent or less. One of the four said that steak is served on commercial charters only when the customer pays for upgraded service. The fifth carrier did not estimate the percentage of steak-type meals served.

Although contract carriers have suggested changes in the charter menus in the interest of variety and economy, MAC has been reluctant to accept these suggestions.

### CHAPTER 3

## CONCLUSIONS, AGENCY COMMENTS, OUR EVALUATIONS, AND RECOMMENDATIONS

### CONCLUSIONS

Since commercial coach class service is utilized by the vast majority of individuals traveling at their own expense and has, in effect, been designated as the class of service to be utilized by federally sponsored travelers utilizing commercial air service, we believe that it represents a reasonable standard for MAC charter service. We believe adoption of coach seat spacing on MAC charter flights would reduce the number of flights required to meet DOD transportation needs. In fiscal year 1975 flights costing DOD about \$10.2 million could have been eliminated. Elimination of these flights could result in fuel savings of as much as 8.4 million gallons annually. Adoption of commercial standards for in-flight food service should result in further cost savings. The bulk of the savings in aircraft operating costs should be passed on to DOD in lower rates.

### AGENCY COMMENTS AND OUR EVALUATIONS

We furnished a preliminary draft of this report to DOD for review. Their comments are included as appendix III.

DOD agreed that commercial in-flight meals should be adopted for MAC contract flights and should result in cost savings. DOD said that, rather than setting more stringent standards for food service, in the future MAC will review and approve the carriers' proposed menus to insure that the quality of the meals provided on contract flights is equal to that of meals provided in economy class commercial service.

DOD agreed that adoption of commercial seat spacing would increase the capacity of the contract flights and proportionately reduce the number of flights required to meet its needs, but expressed doubt that such a reduction would result in savings to the Government.

DOD stated that because payment for charter flights is based on a rate per seat-mile prescribed by the Civil Aeronautics Board the cost to DOD would initially remain the same. DOD stated further that the extent to which CAB eventually would reduce the rates is not clear as about half of the costs upon which the rates are based are fixed

and would not be reduced by a reduction in the number of flights.

Although contract rates are expressed on a seat-mile basis, the rate per seat-mile is directly related to the number of seats called for by MAC contract specifications. Therefore, the more seats on the aircraft the lower the rate per seat-mile. The reduction in rates should not be as remote and problematical as DOD infers, because in recent years the rates have been revised regularly and frequently. We believe that, unless CAB changes its formula (see p. 1) for computing the contract rates, the changed specifications for seating and food service would automatically result in reduced contract rates. The timing of the rate reduction is an administrative matter which would have to be worked out between DOD, CAB, and the participating contract air carriers. We see no reason why the reduction in rates could not be timed to coincide with the reduction in carriers' costs.

With regard to the costs on which charter rates are based, slightly more than half (53 percent) are categorized by CAB as direct variable costs. These costs relate to the cost of crews, fuel, and equipment maintenance. A reduction in direct variable costs alone would have an important impact on contract rates.

Furthermore, we believe that not all other categories of costs (direct fixed costs and indirect costs) and return on investment would remain the same if flights were eliminated. In our opinion, indirect costs--passenger, aircraft, and traffic servicing, and general burden--attributable to MAC charter business would be reduced immediately and even direct fixed costs--insurance and depreciation--and return on investment chargeable to MAC would ultimately be reduced. Reduction of these costs would be aided by the fact that carriers' aircraft would all be configured to meet both MAC and commercial requirements, thus allowing greater flexibility and better aircraft utilization.

DOD also expressed concern that the reduction in frequency of flights would result in a greater number of DOD personnel traveling commercially on an individually ticketed basis (category Z) at a fare 80 percent higher than on charter flights.

Although reducing the number of flights would reduce the frequency of charter service by about 10 percent, we doubt that this would materially increase the number of individually ticketed passengers. Frequency of service on the more heavily traveled channels, such as Charleston AFB

to Frankfurt and McGuire AFB to Frankfurt, would still be almost daily and it seems doubtful that the charter flights on low frequency channels are being used to any extent by passengers on a restrictive travel schedule even now.

Furthermore, it should be noted that category Z fares are based on charter rates. It is possible that if charter rates are reduced, the category Z fares may be reduced, which would more than offset any increased usage of this mode of travel.

Their objections notwithstanding, DOD stated that it was continuing to study the seating matter to assess trade-offs more accurately.

#### RECOMMENDATIONS

We recommend that the Secretary of Defense require the Commander, Military Airlift Command, to adopt commercial coach seat spacing as the standard on MAC charter flights and revise specifications for food service to be commensurate with the standards for food service on commercial flights. The revised standards and specifications should be coordinated with the timing for rate revisions by CAB to assure that the changed service coincides with reduced costs to DOD.

SUMMARY OF POTENTIAL ANNUAL SAVINGS  
THROUGH ADOPTION OF COMMERCIAL SEATING STANDARD

Channel	Number of round trip flights required		Potential flight reductions	Average flight cost	Potential cost reductions
	AC standard	Commercial standard			
<u>DC-6-61/63</u>					
Charleston AFB, S.C., to Frankfurt, Germany	209	82	27	\$ 50,531	\$ 1,364,345
McGuire AFB, N.J., to Frankfurt, Germany	208	82	26	45,831	1,191,615
McGuire AFB, N.J., to Mildenhall AB, England	8	7	1	43,203	43,203
McGuire AFB, N.J., to Rota, Spain	9	8	1	43,826	43,826
Morton AFB, Calif., to Honolulu International Airport, Hawaii	11	10	1	32,453	32,453
Morton AFB, Calif., to Kadana AB, Okinawa	57	50	7	80,735	565,148
Philadelphia, Pa., to Naples, Italy	15	14	1	64,741	64,741
Philadelphia, Pa., to Torrejon AB, Spain	10	9	1	48,824	48,824
Travis AFB, Calif., to Bangkok International Airport, Thailand	28	25	3	113,463	340,389
Travis AFB, Calif., to Clark AB, Philippines	199	174	25	89,293	2,232,317
Travis AFB, Calif., to Honolulu International Airport, Hawaii	18	16	2	29,508	59,019
Travis AFB, Calif., to Kadana AB, Okinawa	18	16	2	74,160	148,320
Travis AFB, Calif., to Osan AB, Korea	46	52	8	71,513	572,107
Travis AFB, Calif., to Taipei International Airport, Taiwan	9	8	1	74,456	74,456
Travis AFB, Calif., to U-Tapao, Thailand	20	18	2	99,014	198,028
<u>Regular Turbojet (note a)</u>					
Charleston AFB, S.C., to Frankfurt, Germany	101	91	10	37,998	379,982
McGuire AFB, N.J., to Frankfurt, Germany	193	174	19	34,102	647,953
McGuire AFB, N.J., to Mildenhall AB, England	57	46	4	31,845	127,381
McGuire AFB, N.J., to Torrejon AB, Spain	14	17	1	32,639	32,639
Morton AFB, Calif., to Honolulu International Airport, Hawaii	26	24	2	23,962	47,924
Morton AFB, Calif., to Kadana AB, Okinawa	76	69	7	62,977	440,836
Travis AFB, Calif., to Andersen AB, Guam	53	48	5	53,480	267,398
Travis AFB, Calif., to Bangkok International Airport, Thailand	35	32	3	74,555	223,666
Travis AFB, Calif., to Honolulu International Airport, Hawaii	12	11	1	23,688	23,688
Travis AFB, Calif., to Kadana AB, Okinawa	67	61	6	63,377	380,264
Travis AFB, Calif., to Osan AB, Korea	69	63	6	56,886	341,327
Travis AFB, Calif., to Taipei International Airport, Taiwan	17	16	1	59,443	59,443
Travis AFB, Calif., to Yokota AB, Japan	60	55	5	54,738	273,488
			<u>178</u>		<u>b/610,224,977</u>

a/B-707 and standard DC-8 aircraft.

b/Does not add due to rounding.



SUMMARY OF POTENTIAL ANNUAL JET FUEL SAVINGS

THROUGH ADOPTION OF COMMERCIAL SEATING STANDARD

Number of round trip flights required

Hours	Total flying time	Potential flight reductions	Commercial standard	MAC standard
209	182	27	209	209
208	182	26	208	208
8	7	1	8	8
9	8	1	9	9
11	10	1	11	11
57	50	7	57	57
10	14	1	10	10
15	21.7	1	15	15
28	25	3	28	28
199	174	25	199	199
18	16	2	18	18
18	16	2	18	18
66	58	8	66	66
9	8	1	9	9
20	18	2	20	20
101	91	10	101	101

Channel

DC-8-61/63

(gallons)

Fuel savings (note a)

209	182	27	209	209	1,121,580	972,036	35,309
208	182	26	208	208	972,036	972,036	29,078
8	7	1	8	8	29,078	29,078	14.0
9	8	1	9	9	35,309	35,309	17.0
11	10	1	11	11	9.5	9.5	9.5
57	50	7	57	57	203.0	421,631	203.0
10	14	1	10	10	21.7	45,071	21.7
15	21.7	1	15	15	15.0	31,155	15.0
28	25	3	28	28	117.9	244,878	117.9
199	174	25	199	199	750.0	1,557,750	750.0
18	16	2	18	18	20.0	41,540	20.0
18	16	2	18	18	54.0	112,158	54.0
66	58	8	66	66	220.0	456,940	220.0
9	8	1	9	9	29.2	60,648	29.2
20	18	2	20	20	36.5	151,621	36.5
101	91	10	101	101	173.0	359,321	173.0
26	24	2	26	26	22.2	46,109	22.2
76	69	7	76	76	195.3	405,638	195.3
53	48	5	53	53	125.5	260,664	125.5
35	32	3	35	35	117.3	243,632	117.3
12	11	1	12	12	10.5	21,809	10.5
67	61	6	67	67	31.4	391,307	31.4
69	63	6	69	69	25.7	320,273	25.7
17	16	1	17	17	30.2	62,725	30.2
60	55	5	60	60	126.0	261,702	126.0
8,419,950							

Regular Turboprop (note b)

Charleston AB, S.C., to Frankfurt, Germany  
 McGuire AB, N.J., to Frankfurt, Germany  
 McGuire AB, N.J., to Mildenhall AB, England  
 McGuire AB, N.J., to Torreon AB, Spain  
 Noton AB, Hawaii, to Honolulu International  
 Noton AB, Hawaii, to Honolulu International  
 Airport, Hawaii  
 Noton AB, Hawaii, to Kadena AB, Okinawa  
 Travis AFB, Calif., to Andersen AB, Guam  
 Travis AFB, Calif., to Bangkok International  
 Airport, Thailand  
 Travis AFB, Calif., to Honolulu International  
 Airport, Hawaii  
 Travis AFB, Calif., to Kadena AB, Okinawa  
 Travis AFB, Calif., to Oahu AB, Korea  
 Travis AFB, Calif., to Taipei International  
 Airport, Taiwan  
 Travis AFB, Calif., to Yokota AB, Japan

Charleston AB, S.C., to Frankfurt, Germany  
 McGuire AB, N.J., to Frankfurt, Germany  
 McGuire AB, N.J., to Mildenhall AB, England  
 McGuire AB, N.J., to Torreon AB, Spain  
 Noton AB, Hawaii, to Honolulu International  
 Noton AB, Hawaii, to Honolulu International  
 Airport, Hawaii  
 Noton AB, Hawaii, to Kadena AB, Okinawa  
 Travis AFB, Calif., to Andersen AB, Guam  
 Travis AFB, Calif., to Bangkok International  
 Airport, Thailand  
 Travis AFB, Calif., to Honolulu International  
 Airport, Hawaii  
 Travis AFB, Calif., to Kadena AB, Okinawa  
 Travis AFB, Calif., to Oahu AB, Korea  
 Travis AFB, Calif., to Taipei International  
 Airport, Taiwan  
 Travis AFB, Calif., to Yokota AB, Japan

per hour.

\*/A B-707 or DC-8-61/63 such as those used by the carriers on MAC charters use an average of 2,077 gallons of fuel

\*/B-707 and standard DC-8 aircraft.

APPENDIX II

APPENDIX II

APPENDIX III

APPENDIX III

DEPARTMENT OF THE AIR FORCE  
WASHINGTON 20330



OFFICE OF THE ASSISTANT SECRETARY

15 APR 1976

Dear Mr. Shafer:

The Secretary of Defense has asked me to reply to your report of January 21, 1976, "Adoption of Commercial Standards for Seat Spacing and In-Flight Food Service Would Reduce Contract Airlift Cost and Conserve Fuel", LCD 76-211 (OSD Case #4275).

We have carefully reviewed your report and agree that commercial in-flight meals should be adopted for the MAC contract flights. The use of commercial meals on the MAC contract flights should result in the savings noted in your report. To this end MAC has asked the carriers to submit their proposed menus for approval. Menu approval by MAC should insure that the quality of the meals does not fall below that expected for economy class passengers on regularly scheduled commercial flights and, at the same time, offer our passengers a diverse selection. We plan to obtain passenger reaction to this new type meal service.

We recognize that increased seating capacity on the contract flights could be achieved through reduced seat spacing and that flights need not be operated in proportion to the increased seating capacity. However, we have serious reservations that such flight reductions would result in savings to the Department of Defense, or the U.S. Government as a whole. As you may be aware, flights procured by MAC under contract provide for payment at rates prescribed by the Civil Aeronautics Board. These rates are specified on the unit basis of a seat/mile. Therefore, while flights can be cancelled and the passengers moved on higher density flights, the cost to the DOD would initially remain the same, with the carriers benefitting from increased revenues and operating costs reduced by the number of flights cancelled. The extent to which the CAB would revise rates downward is not clear; but about half of the rate is based on fixed costs and fixed return on investment which would

APPENDIX III

APPENDIX III

not be reduced by reductions in number of flights. To this extent at least we assume that the CAB would be reluctant to reduce the rates per passenger/seat mile.

Additionally, we are concerned that reduction in number of MAC flights will increase the number of DOD travellers for whom timely MAC charter flights are not available and who will then travel on an individually ticketed (Category Z) basis at a price 80% higher than the charter rate. The problem, thus, is whether, or to what extent, the likely reductions in charter rates will be offset by increased costs through greater use of Category Z. Under the present payment arrangements, therefore, the DOD might not accrue any savings but would subject its passengers to discomfort associated with the high load factors achieved on MAC contract flights. We are, however, continuing to study the matter to assess trade-offs more accurately.

The Department of Defense is in favor of reducing fuel consumption and is cooperating, to the extent permitted by the CAB, with scheduled carriers having contracts with MAC by permitting our passengers to fly on their regularly scheduled flights. This substitute service, known as Category Y, permits the carrier to utilize space on low load factor flights without having to operate the contract flight. An acceptable degree of comfort is provided our passengers since they can utilize the seat space resulting from the low load factors.

We appreciate the opportunity to review and comment on your report.

Sincerely,



JOHN W. PERRY  
Acting Deputy Assistant Secretary  
(Logistics)

Mr. Fred J. Shafer  
Director, Logistics and  
Communications Division  
U.S. General Accounting Office  
441 G Street, N.W.  
Washington, D. C. 20548

PRINCIPAL OFFICIALS RESPONSIBLE  
FOR ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
Donald H. Rumsfeld	Nov. 1975	Present
James R. Schlesinger	July 1973	Nov. 1975
William P. Clements, Jr. (acting)	Apr. 1973	July 1973
Elliot L. Richardson	Jan. 1973	Apr. 1973
Melvin R. Laird	Jan. 1969	Jan. 1973
ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND LOGISTICS):		
Frank A. Shrontz	Feb. 1976	Present
Dr. John J. Bennett (acting)	Apr. 1975	Jan. 1976
Arthur I. Mendolia	June 1973	Mar. 1975
Hugh McCullough (acting)	Jan. 1973	June 1973
Barry J. Shillito	Feb. 1969	Jan. 1973
<u>DEPARTMENT OF THE AIR FORCE</u>		
SECRETARY OF THE AIR FORCE:		
Thomas C. Reed	Jan. 1976	Present
James W. Plummer (acting)	Nov. 1975	Jan. 1976
Dr. John L. McLucas	July 1973	Nov. 1975
Dr. John L. McLucas (acting)	June 1973	July 1973
Dr. Robert C. Seamens, Jr.	Jan. 1969	May 1973
ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS AND LOGISTICS):		
J. Gordon Knapp	Mar. 1976	Present
Frank A. Shrontz	Oct. 1973	Feb. 1976
Richard J. Keegan (acting)	Aug. 1973	Oct. 1975
Lewis E. Turner (acting)	Jan. 1973	Aug. 1973
Philip N. Whittaker	May 1969	Jan. 1973