

DOCUMENT RESUME

04545 - [B0064955]

Economic Issues in Military Airlift. December 22, 1977. 11 pp.

Testimony before Joint Economic Committee: Priorities and Economy in Government Subcommittee; by Elmer B. Staats, Comptroller General.

Issue Area: Military Preparedness Plans (800).

Contact: Office of the Comptroller General.

Budget Function: National Defense; Department of Defense - Military (except procurement & contracts) (051).

Organization Concerned: Department of Defense; Department of Defense: Joint Chiefs of Staff.

The Joint Chiefs of Staff (JCS) completed a study and prepared a report on strategic mobility requirements and programs, but many questions remain concerning airlift requirements for a European contingency. The problem that must be resolved by military planners is how to provide the needed forces in the period of time deemed critical to preclude a Warsaw Pact victory. Questions requiring resolution deal with cost and effectiveness of combinations of airlift, sealift, prepositioning and, possibly, the forward deployment of additional forces. The study does not adequately show justification for new airlift programs in terms of a requirement to move certain tonnages to specific locations in a prescribed period of time, although a total strategic movement requirement has been identified. There are a number of procurement, modification, and support programs proposed or under consideration with a total cost that could exceed \$10-12 billion. The Department of Defense's fiscal year 1978 budget presentation showed a total program cost of \$3.1 billion for four programs proposed to improve strategic airlift capability at individual costs of: \$1.3 billion for the C-5A Wing Modification Program, \$592 million for the Civil Reserve Air Fleet Modification Program, \$677 million for the C-141 Modification Program, and \$561 million for spare parts and crew training costs to increase the utilization of the C-5A and C-141. Further study is needed on alternatives to the airlift proposals. (Author/HTW)

UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D. C.

FOR RELEASE ON DELIVERY
EXPECTED THURSDAY
DECEMBER 22, 1977

04545

STATEMENT OF

ELMER B. STAATS

COMPTROLLER GENERAL OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON PRIORITIES AND ECONOMY IN GOVERNMENT

JOINT ECONOMIC COMMITTEE

ON

ECONOMIC ISSUES IN MILITARY AIRLIFT

We are pleased to appear here this morning at your request to discuss some of the economic issues involved in strategic mobility, and particularly new military programs. As you know, GAO has issued several reports in the past, and we are currently preparing reports dealing with:

- The recently completed Joint Chiefs of Staff's study on Strategic Mobility Requirements and Programs, and
- The justification for stretching the C-141 aircraft.

Because of Department of Defense-security restrictions, our statement today, of necessity, will have to omit reference to specific details such as tonnages and kinds of equipment to be moved, need dates, warning times, readiness of forces, or assessment of threat. We will be happy to discuss these further in closed session if you desire.

I would like to address my first remarks to the JCS study. In several hearings on this subject last year concern was expressed about how the Defense Department determined the airlift requirements for a European contingency and the cost implications of the proposed airlift programs. Since then, as encouraged by several of the committees of Congress, the JCS completed a study and prepared a report on strategic mobility requirements and programs.

This report is a good beginning and it represents the first comprehensive look at the strategic mobility mission. However, there are a lot of questions yet to be answered. This has been recognized by DOD and follow-up studies on the matters covered in the initial effort are being initiated. In our opinion, because of the many unanswered questions, this study should not be relied on by the Congress as a justification for major airlift programs.

Based on the judgment of senior military officials, there will be a need to move substantial quantities of equipment to Europe--to augment our forces that are currently in place--in the event of a possible attack by the Warsaw Pact forces. The augmentation of existing forces is planned through a combination of airlift, sealift, and prepositioning of supplies and equipment in Europe for military units that will be moved there from the United States.

The problem that must be resolved by military planners is how to provide the needed forces in the period of time deemed critical to preclude a Warsaw Pact victory. The questions that require resolution

deal primarily with the cost and effectiveness of various combinations of airlift, sealift, prepositioning and possibly the forward deployment of additional forces.

Based on our work in this area, we believe there are a number of critical questions that should be addressed by the Congress--some necessarily in closed hearings because of the security implications--before approval is given for major new mobility programs. Those questions are:

- There is growing concern by military officials that a short warning period would precede a Warsaw PACT attack. What impact would there be on the strategic mobility planning if the currently anticipated warning time is changed?
- The Army has serious combat readiness problems. Why does the DOD continue to justify strategic mobility requirements based on a high state of active Army and reserve force readiness? How will the readiness problem be resolved within current budget constraints?
- How cost effective is the program to stretch the C-141 considering the minimal additional capability it offers in the period preceding a European conflict?
- In comparison with other alternatives (such as prepositioning), is the C-5A wing modification program cost effective in view of the limited amount of U.S. Army outsize equipment it would carry?

--What is being done to assure that U.S. and European logistics facilities (ports, airports, transportation) have the capability required at the time of national emergency?

--In view of the increase in the availability of various types of containerships, what is being done to assess the strategic mobility potential these ships would offer at the time of a national emergency?

I can not stress enough, Mr. Chairman, the importance of these questions to the Congress in its consideration of proposed mobility programs. A good understanding of the complete mobility mission is essential to a determination of airlift requirements and related program proposals.

HOW WERE PRESENT AIRLIFT REQUIREMENTS
DETERMINED AND JUSTIFIED?

Our primary concern last year was that DOD had not justified new airlift programs in terms of a requirement to move certain tonnages to specific locations in a prescribed period of time. We are still not satisfied that this has been done in the JCS study--although a total strategic movement requirement has been identified.

In the event of a European conflict, DOD officials consider a rapid deployment capability critical in preventing initial Warsaw Pact advances, as well as being important in deterring the actual outbreak of hostilities. In case war does begin, the attack would be met with prepositioned forces,

supplemented in the early stages by deployment of forces first by air and later by sea. Airlift is, therefore, an important element of U.S. strategic mobility plans.

Airlift requirements must be considered, however, in relation to other deployment alternatives such as sealift and prepositioning. The JCS study did not consider sealift, prepositioning, or commercial aircraft options as alternatives to the current airlift proposals for the European contingency. Each alternative has certain advantages and disadvantages, but, until these alternatives are studied, it will not be known which would be the most desirable.

In prior hearings and in a 1976 report, we recommended that as a minimum the Department of Defense should identify the airlift requirement in terms of specific items and weights and required delivery dates. The response from Defense was the JCS study on strategic mobility requirements and programs. As part of the study, total movement requirements for the period were determined based on a threat assessment. Then, the forces needed in battle and required order of delivery were determined after considering prepositioned equipment and forward deployed forces. In the process, less essential or non-essential units and equipment were either deferred or deleted, and all items were arranged in an order of descending priority. This list of total movement requirements was then assigned to existing or projected quantities of either air or sealift assets. The fastest method of delivery (air or sea) was selected for given groups of units according to their relative priority.

The sequence followed in the study was to exploit the existing and projected airlift capability and then use other available and projected lift assets. Thus, the current and proposed airlift capability determined how much would be airlifted. This became the airlift requirement.

In other words, the study developed a total requirement based on specific items of equipment, weights, and delivery dates that need to be moved to Europe, but it did not develop a requirement limited to what must be airlifted. Without this information, Defense does not know what strategic airlift capability is needed or whether alternatives to airlift, such as prepositioning or sealift, could meet the needs at a lower cost.

During our current reviews, we were denied certain detailed information concerning airlift requirements and capabilities. This data was considered by DOD to be part of the war plans. Recently, however, we were told we could have access to these plans and we plan to do a sample verification of airlift requirements in the near future.

WHAT IS THE STATUS OF THE PROPOSED AIRLIFT PROGRAMS?

As you requested, I will now discuss the status of the various airlift programs proposed or under consideration by the Air Force. There are a number of procurement, modification, and support programs that have been either proposed or are under consideration. The total cost is not clear at this time-but could very well exceed \$10-12 billion.

The C-141 Modification Program

The C-141 aircraft is being modified because the Air Force has found that it normally cannot be loaded to its weight capacity. As a result, the

Air Force has a \$677 million program to stretch the C-141 fuselage allowing the C-141 fleet to carry an additional 21,000 tons during the assumed warning period. This increase is relatively minor in terms of total requirements and current capabilities, especially in view of the estimated cost of \$677 million. As I mentioned earlier, this program should be specifically justified by DOD in terms of overall priorities and requirements for airlift and the cost effectiveness of this particular modification.

In May 1975, the Air Force awarded a contract to Lockheed-Georgia Company to develop a prototype stretch C-141. Lockheed recently completed this prototype ahead of schedule at a cost of \$38 million. Structural and flight tests have indicated that stretching the aircraft is technically feasible.

Increased Utilization Rates

The Air Force estimated it would cost \$197 million for crew costs and \$364 million for war reserve spare parts and other supplies in order to be able to increase the utilization rates of the C-5 and C-141 aircraft in an emergency period.

To reach high utilization rates, the Air Force estimates that a total of 280 C-5A and 936 C-141 flight crews will be required. As of October 31, 1977, there were only 176 C-5A and 656 C-141 flight crews.

The ability of the Air Force to attain significantly higher emergency use rates is questionable in our opinion. One of the problems is the additional demands placed on the maintenance support required by the increased utilization rates. This matter is dealt with in much greater depth in a separate report we issued on October 21, 1977. That report is classified

but, with your permission, I will provide a copy of the unclassified digest of that report for the record.

The Civil Reserve Air Fleet

The estimated cost of the Civil Reserve Air Fleet program over a five-year period is \$592 million. The program is intended to modify commercially owned and operated wide-bodied passenger aircraft to permit them to carry military cargo. Some commercial aircraft are already in the Civil Reserve Fleet. Because of objections to an open ended arrangement which provided annual payments to the air carriers over the life of the modified aircraft, the Congress did not approve the program last year.

We have noted in previous reports that the CRAF program appears to be cost effective--providing a substantial reserve capacity at a relatively low cost.

The Advanced Medium Short Take Off and Landing Transport Program

Currently, due to considerable changes in the program for the Advanced Medium Short Take Off and Landing Transport (AMST), the Air Force is unable to project the costs of the program. The aircraft now utilized for tactical airlift are nearing the end of their useful service. At one time, the AMST was viewed as a replacement for all the aging C-7, C-123, and C-130 aircraft, and the program was estimated at \$6.3 billion for 277 aircraft. As of November 1977, both Boeing and McDonnell-Douglas were flying prototype AMST aircraft and approximately \$236 million had been spent for their development and testing. Selection of the winning design is scheduled for February 1978.

Although the AMST was not used in the JCS study as a strategic airlift asset, the AMST contractors believe it would offer some strategic airlift capability.

The Advanced Tanker/Cargo Aircraft Program

Because of changes in the Advanced Tanker/Cargo Aircraft program, the Air Force was not able to project a current cost estimate for the program.

This program has been justified as an aerial tanker to support increased demands for inflight refueling and because of deficiencies in the existing tanker fleet of KC-135s. The AT/CA concept is to purchase standard off-the-shelf DC-10s and modify them for military use. The initial development contract was awarded to McDonnell Douglas this week.

We have been told that the Air Force initially requested 15 to 20 aircraft which was later increased to about 40 by the Office of Management and Budget. The requirement was later increased to about 90 aircraft on the basis of a perceived requirement to respond to worldwide emergencies. The actual number of aircraft that may be procured has not been determined by the DOD at this time. The price of a modified DC-10 is about \$37 million.

As currently envisioned, the AT/CA could carry military cargo similar to that carried by the C-141 stretch aircraft. It would not have the capability the C-5A does for outsize cargo (that is, equipment that is too large to be moved in any other aircraft.) The potential airlift capability of the AT/CA was not considered in the JCS study, although the DC-10 aircraft have the range and payload for strategic mobility missions.

The C-5A Wing Modification Program

The C-5A is the only aircraft that can move the relatively small amount of U.S. Army "outsize" equipment. As you know, the C-5A aircraft was originally expected to have a useful life of 30,000 flight hours. Because of technical problems the wings must be modified in order to achieve that goal. The estimated cost of the modification program is about \$1.3 billion.

In 1977, there were two significant milestones in this program. In January, Lockheed Georgia began building two wing kits for initial test and evaluation. In November the Air Force performed a critical design review of the proposed wing fix. Reportedly, the results were favorable.

No additional major milestones are expected until 1979 when (1) fatigue and flight testing are begun, and (2) the production decision is scheduled. The plans are for the final modifications to be completed in mid-1987.

As mentioned earlier, we are of the opinion that Congress should review this program closely to ascertain if it is the most cost effective solution to the problem of so-called outside cargo.

WHAT ARE THE COSTS OF PRESENT PROPOSALS AND POSSIBLE SAVINGS OF ALTERNATIVE APPROACHES?

The DOD's fiscal year 1978 budget presentation showed a total program cost of \$3.1 billion for four programs proposed to improve the current strategic airlift capability. The cost of the individual programs are: \$1.3 billion for the C-5A Wing Modification Program; \$592 million for the Civil Reserve Air Fleet Modification Program; \$677 million for the C-141 Modification Program; and, \$561 million for spare parts and crew training costs to increase the utilization of the C-5A and C-141. The requested funds are for R&D and procurement for the first three programs, and spare parts and additional crew training for the increased utilization program.

Other alternatives, such as the contribution that the Advanced Tanker/ Cargo Aircraft (AT/CA) could make to the movement of cargo, have not been considered by the DOD. The AMST, although considered to be a tactical transport, might also offer some strategic airlift capability. Costs for these programs have not been announced yet.

We do not agree with the testimony presented yesterday which indicated that DOD has considered all alternatives in assessing the strategic mobility problem. The JCS study did not make trade-off analyses between various combinations of airlift, sealift, prepositioning, or forward deployment. Thus, at this point in time, we do not know what the most cost-effective solution would be.

* * * *

In summary, Mr. Chairman, it is not clear what the current airlift proposals should be or what they should cost given the postulated Warsaw Pact threat. Further study needs to be made on various alternatives to counter the threat to the European NATO countries.

Current Department of Defense guidance is based on a specified warning period before a Warsaw Pact attack. There is growing concern, however, that the Warsaw Pact could attack with less warning time. The warning period guidance to be used must be left to the judgment of military planners. This guidance, in our opinion, is the key to strategic mobility planning and should be discussed in great detail with the appropriate committees.

The Secretary of Defense is currently considering a change in the guidance to account for the increased capability of the Warsaw Pact. This would have a considerable effect on strategic mobility plans and related funding requirements.

That concludes my prepared statement, Mr. Chairman. We will be glad to answer any questions you may have on military airlift.