

GAO

Report to the Honorable
William V. Roth, Jr., U.S. Senate

February 1990

SPECIAL OPERATIONS FORCES

Army Plans to Buy More MH-47E Helicopters Than Needed



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**National Security and
International Affairs Division**

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February 14, 1990

The Honorable William V. Roth, Jr.
United States Senate

Dear Senator Roth:

As requested in your July 26, 1989, letter, we are evaluating the Army's special operations forces (SOF) aircraft program. On September 26, 1989, we briefed your staff on the results of our analysis of the Army's mission justification for buying additional SOF helicopters. Although we have not yet completed work on all questions relating to your request, this report evaluates the Army's plans to buy 34 MH-47E special operations helicopters, in addition to the 17 it already plans to buy, during fiscal years 1990 to 1994.

The basic mission of SOF aviation is to provide Special Operations Forces with the ability to move troops in and out of hostile territory, in a clandestine manner, under the cover of darkness and in adverse weather conditions. To accomplish this mission, the SOF requires a variety of fixed- and rotary-wing aircraft.

Results in Brief

The Army's plan to buy 34 additional MH-47E SOF helicopters in fiscal years 1990 to 1994, at an estimated cost of \$532.0 million for procurement and support costs, is without a sound mission-based justification. In 1987, the Office of the Secretary of Defense determined that medium-range SOF missions would be met with 17 MH-47E helicopters procured by the Army and 41 MH-53J helicopters procured by the Air Force. The Army, however, now plans to buy a total of 51 MH-47E helicopters because it inappropriately believes that this number is still needed to implement a 1984 Memorandum of Agreement between the Army and the Air Force Chiefs of Staff, even though it was subsequently determined that only 17 MH-47E helicopters were needed. Because both the Army and the Air Force have already contracted for the needed quantities of helicopters, there is no basis for procuring an additional 34 MH-47E helicopters.

Army's Planned Procurement of MH-47E Aircraft Is Not Warranted

The Army has requested long-lead funds in fiscal year 1990 for an additional 34 aircraft based on a May 1984 Memorandum of Agreement between the Army and the Air Force Chiefs of Staff. This agreement states that "the Air Force will transfer the responsibility for providing rotary-wing lift support for SOF to the Army." In 1986, in line with this agreement, the Deputy Secretary of Defense reported to the Congress the need for the Army to procure 44 MH-47E special operations aircraft if no MH-53J aircraft were procured by the Air Force.

Army officials state that full implementation of the agreement requires the Army to procure 51 MH-47E aircraft in support of the medium-range mission requirement. They stated that the total of 51 aircraft had been derived based on the need for 44 aircraft for special operations and 7 aircraft to support training and maintenance requirements. The desired 51 MH-47E helicopters will be made up of the 17 already under contract and the additional 34 planned during fiscal years 1990 to 1994.

More recently, in May 1987, the Assistant Secretary of Defense for International Security Affairs and the Joint Chiefs of Staff Special Operations Forces Airlift Issue Working Group developed SOF airlift requirements, which were validated by the Commander-in-Chief of the United States Special Operations Command. The Working Group identified short, medium, and long-range SOF mission needs according to combat distance to be covered and specific rotary-wing aircraft needed to satisfy those requirements. The short-range requirement (for up to 230 nautical miles) is to be met with the MH-60K aircraft. The long-range requirement (for 450 to approximately 600 nautical miles) is to be met by the CV-22A aircraft. The medium-range requirement (for 230 to 450 nautical miles) is to be met by either the Army's MH-47E or the Air Force's MH-53J aircraft.

The Special Operations Command considers the MH-53J and MH-47E aircraft to be interchangeable, with each aircraft equally capable of satisfying SOF medium-range mission needs. Both helicopters are derivatives of existing aircraft. The Office of the Secretary of Defense and the Special Operations Command agreed that neither the MH-53J nor the MH-47E could satisfy the long-range requirement of special operations within an acceptable level of risk.

In June 1987, the Deputy Secretary of Defense reported to the Congress the need for 17 MH-47E aircraft and 41 MH-53J aircraft to satisfy the medium-range SOF mission, based on the recommendations in the May

1987 study. The June 1987 report is the most current SOF aircraft inventory needs list presented to the Congress. None of the officials we contacted from the Army, the Special Operations Command, or the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflicts could provide any definitive mission-based justification or logical support for the procurement of additional MH-47E aircraft. All these officials agreed that the impetus behind the request to buy additional MH-47E aircraft was the May 1984 agreement between the Army and the Air Force Chiefs of Staff.

Medium-Range Helicopters to Be Delivered Into Fiscal Year 1992

Both the Army and the Air Force are procuring SOF medium-range helicopters for the special operations forces. The Air Force had accepted delivery on 33 of its 41 MH-53J SOF aircraft by the end of fiscal year 1989. The remainder are to be delivered by the end of fiscal year 1990. The first MH-47E prototype aircraft came off the production line in December 1989. The remaining 16 aircraft in the Army's initial procurement are to be produced during fiscal years 1990, 1991, and 1992. These aircraft will meet the needs for medium-range, rotary-wing SOF airlift, as identified in the June 1987 report to the Congress.

Army's Fiscal Year 1990 Budget Includes Funds for Unneeded MH-47E Aircraft

The Congress approved the Army's fiscal year 1990 budget request of \$107.5 million in long lead-time funds to initiate the procurement of 34 MH-47E aircraft beyond its requirement for 17. Including these long-lead funds, the additional 34 aircraft are estimated to cost about \$532 million during fiscal years 1990 through 1994.

Conclusions

The Army's procurement of 17 MH-47E and the Air Force's procurement of 41 MH-53J aircraft meet the need for medium-range rotary-wing airlift as set forth in the Deputy Secretary of Defense's 1987 report to the Congress. The Army's reason for procuring an additional 34 MH-47E aircraft is based on an earlier Memorandum of Agreement between the Air Force and the Army, which has been superseded by the 1987 report. Therefore, we believe that the procurement of an additional 34 MH-47E aircraft at a total cost of \$532.0 million is not warranted.

Recommendation

We recommend that the Secretary of Defense direct the Secretary of the Army to terminate the planned procurement of the additional 34

MH-47E aircraft, including the \$107.5 million already approved for fiscal year 1990.

Agency Comments and Our Evaluation

The Department of Defense (DOD) did not provide its official written comments on our draft report within the required 30-day period. However, DOD and Army officials did review the draft report. They informally stated that they generally agreed with the facts reported but disagreed with (1) the conclusion that 34 MH-47E helicopters were unneeded and (2) the recommendation that these aircraft not be procured. DOD believes that it needs the additional 34 medium-range helicopters so that it can perform some of the long-range missions that would have been accomplished with the now canceled V-22 program. DOD officials also noted that a Joint Mission Analysis to update SOF requirements is expected to be completed by the end of fiscal year 1991. They believe that this analysis could change DOD's requirements.

The Department's response does not provide a mission-based justification or documentation supporting additional helicopter requirements beyond the current 17 MH-47Es. Our analysis and report are based on DOD's most current analysis of SOF requirements—by the Special Operations Forces Airlift Issue Working Group—and the resulting report of the Deputy Secretary of Defense to the Congress identifying SOF aircraft needs. Moreover, the Office of the Secretary of Defense and the Special Operations Command agreed that the MH-47E could not satisfy the long-range requirement of special operations within an acceptable level of risk. We believe that any new requirements should be presented to the Congress for its consideration after DOD's ongoing mission analysis is completed.

Department officials also stated that only \$226 million of the \$532 million in procurement and support funds for the additional 34 MH-47E aircraft would be saved if the procurement of these additional helicopters were terminated. They believe that savings will be limited because the Special Operations Aircraft program will be required to absorb increases in development and test costs that would have been funded through the canceled V-22 aircraft program. They also believe that savings will be further limited as a result of contract termination penalties the Army may have to pay if the planned procurement of 34 MH-47Es is canceled.

We disagree with the Department. Costs for MH-47E and MH-60K research, development, test, and evaluation that are caused by the cancellation of the V-22 program will occur regardless of the number of

MH-47E and MH-60K aircraft procured. These costs will be absorbed by the SOF program whether the Army procures 17 or 51 MH-47E aircraft.

At the time this report was written, the Army had not entered into any long-lead or production contracts for the additional 34 MH-47E aircraft. Consequently, penalty costs for contract termination do not apply.

Objectives, Scope, and Methodology

In doing our evaluation, we conducted interviews and analyzed data at the Army's Special Operations Aircraft Product Office, the Army Aviation Systems Command, St. Louis, Missouri; the United States Special Operations Command, MacDill Air Force Base, Tampa, Florida; the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflicts, the Pentagon, Washington, D.C.; and other Department of the Army and Department of the Air Force special operations planning and acquisition activities also located at the Pentagon, Washington, D.C.

We did our work from August through October 1989 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days. At that time, we will send copies to the Chairmen of the Senate and House Committees on Armed Services and on Appropriations; the Director, Office of Management and Budget; the Secretaries of Defense and the Army; and other interested parties.

This report was prepared under the direction of Richard Davis, Director, Army Issues, who may be reached on 275-4141 if you or your staff have any questions. Other major contributors to this report are listed in appendix I.

Sincerely yours,

A handwritten signature in black ink that reads "Frank C. Conahan". The signature is written in a cursive style with a large initial "F".

Frank C. Conahan
Assistant Comptroller General

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