United States General Accounting Office

GAO

Report to the Secretary of Defense

June 1990

MILITARY AIRLIFT

Peacetime Use of War Reserve Spares Reduces Wartime Capabilities

GAO/NSIAD-90-186

GAO
United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-236066

June 25, 1990

The Honorable Richard B. Cheney
The Secretary of Defense

Dear Mr. Secretary:

This report addresses the use of war reserve spares to support the peacetime operations of the C-5 and C-141 long-range airlift aircraft. We conclude that the peacetime use of war reserve spare parts could significantly reduce the Department of Defense's ability to move and sustain its forces during the first 30 days of a conflict. We also identify shortcomings in the reporting of the status of war reserve spares to the Joint Chiefs of Staff. In addition, we raise the issue of whether recent changes in Eastern Europe will result in reduced tensions and an increase in warning times, which, in turn, should reduce requirements for war reserve spares.

This report contains a recommendation to you. As you know, 31 U.S.C. 720 requires the head of a federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of this report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of this report.

We are sending this report to the Chairmen and Ranking Minority Members of the House and Senate Committees on Armed Services and the Subcommittees on Defense, House and Senate Committees on Appropriations; other appropriate congressional committees; the Secretary of the Air Force; the Director, Office of Management and Budget; and other interested parties.

Please contact me at (202) 275-4268 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix II.

Sincerely yours,

Nancy R. Kingsbury

Nancy R. Kingsbury
Director
Air Force Issues

Executive Summary

Purpose

In the event of war or other contingency, about 110 C-5 and 234 C-141 long-range aircraft will provide the principal means to airlift fighting forces. During wartime, these aircraft will be flown at a much higher rate than during peacetime. If the aircraft are to meet these increased flying demands, they will require more spare parts to keep them operating. GAO reviewed the Air Force's practices for the use and reporting of war reserve spares and their impact on the Air Force's ability to support the C-5 and C-141 aircraft during the first 30 days of war.

Background

Spare parts to support peacetime and wartime operations are provided separately. Peacetime operating spares support training to prepare for wartime operations. War reserve spares help the Air Force sustain increased operations during war. War reserve spares for the first 30 days of war include base-level sufficiency spares to support operations at an aircraft's home station and war readiness spares to support aircraft at other locations.

Department of Defense and Air Force policies permit the use of war reserve spares in peacetime. This practice, in effect, trades off the Air Force's ability to sustain its forces during wartime for the ability to prepare its peacetime forces for war. Because these spares are important to wartime capability, the Air Force is required to report on their availability regularly to the Joint Chiefs of Staff.

Funding for spare parts is provided not only to buy new spare parts but also to repair parts that have been used. Shortages of peacetime operating spares result when flying hours exceed those that can be supported by the level of spares funding that has been provided to buy new spares or repair used spares. Shortages of spare parts can adversely affect military capability.

Results in Brief

Shortages of serviceable peacetime operating spares to support the Air Force's C-5 and C-141 flying hour programs have led the Air Force to rely on war reserve spares to support peacetime operations. As a result, the level of war reserve spares has decreased to the point at which the C-5 and C-141 may not be able to sustain their wartime utilization rates if the spares are not fully replaced when used. In addition, the level of war reserve spares to support the C-5 and C-141 aircraft is not fully disclosed because capability assessment reports to the Joint Chiefs of Staff are incomplete and incorrect.

The Chairmen of the House and Senate Committees on Armed Services and the Secretary of Defense have stated that changes in Eastern Europe should increase contingency warning times. Most of GAO's field work on this assignment was completed before these changes occurred. However, the increases in warning times noted by the Chairmen and the Secretary should reduce wartime flying hour requirements and the requirements for war reserve spares. This, in turn, should lessen the potential adverse impact of current shortages.

Principal Findings

War Reserve Spares Can Be Used in Peacetime

Current Air Force policy, adopted in 1982, allows war reserve spares to be used when peacetime operating stocks are not available, which, in effect, trades off sustainability for readiness. Before 1982, the Air Force restricted the use of war reserve spares to those needed to restore an aircraft to a partial or full mission-capable status. The current Air Force policy is based on the view that it is better to ensure peacetime training and efficient maintenance operations than leave planes inoperative for parts that are available from inventories of war reserve spares. As of July 1989, the C-5 had about 57 percent of its required wartime spare parts, and the C-141 had about 64 percent of its wartime parts.

Imbalance Exists Between Flying Hours and Funding to Buy and Repair Spares

War reserve spares are being used because peacetime operating spares are insufficient to meet actual flying hours. The number of flying hours programmed for the C-5 and C-141 has frequently exceeded the number that could be supported by funds for purchasing and repairing peacetime operating spares. Also, the actual number of flying hours has frequently exceeded the number of programmed hours. According to Air Force officials, actual hours flown are affected by training and user demands.

Changing World Situation Should Reduce Requirements for War Reserve Spares

The Chairmen of the House and Senate Committees on Armed Services and the Secretary of Defense have stated that recent changes in Eastern Europe should increase contingency warning times. Increases in contingency warning times should reduce the tempo of operations, which, in turn, should decrease wartime flying hour requirements. Since war reserve spares are based on wartime flying hour requirements, a decrease in these requirements should result in a reduction in war

reserve spares requirements. Such a reduction would mitigate the adverse effect of current shortages.

Erroneous Capability Information Reported

The effect of the peacetime use of war reserve spares on C-5 and C-141 wartime sustainability is not being fully disclosed because the Military Airlift Command has reported incomplete and incorrect information to the Joint Chiefs of Staff. The level of war reserve spares that supports the C-5 and C-141 at offshore and other locations during the first 30 days of war is not being reported. On the other hand, the reporting of war reserve spares that support the aircraft at their home stations includes both reparable and throw-away parts when only reparable parts should be reported.

Recommendation

GAO recommends that the Secretary of Defense direct the Secretary of the Air Force to ensure that the Weapons Systems Management Information System includes war reserve spares kits and separately identifies the availability of reparable spares, as required by Air Force instructions.

Agency Comments

The Department of Defense generally concurred with the findings and recommendation in this report. (See app. I.) The Department indicated that actions have been initiated to develop more accurate reporting on the status of war reserve spares.

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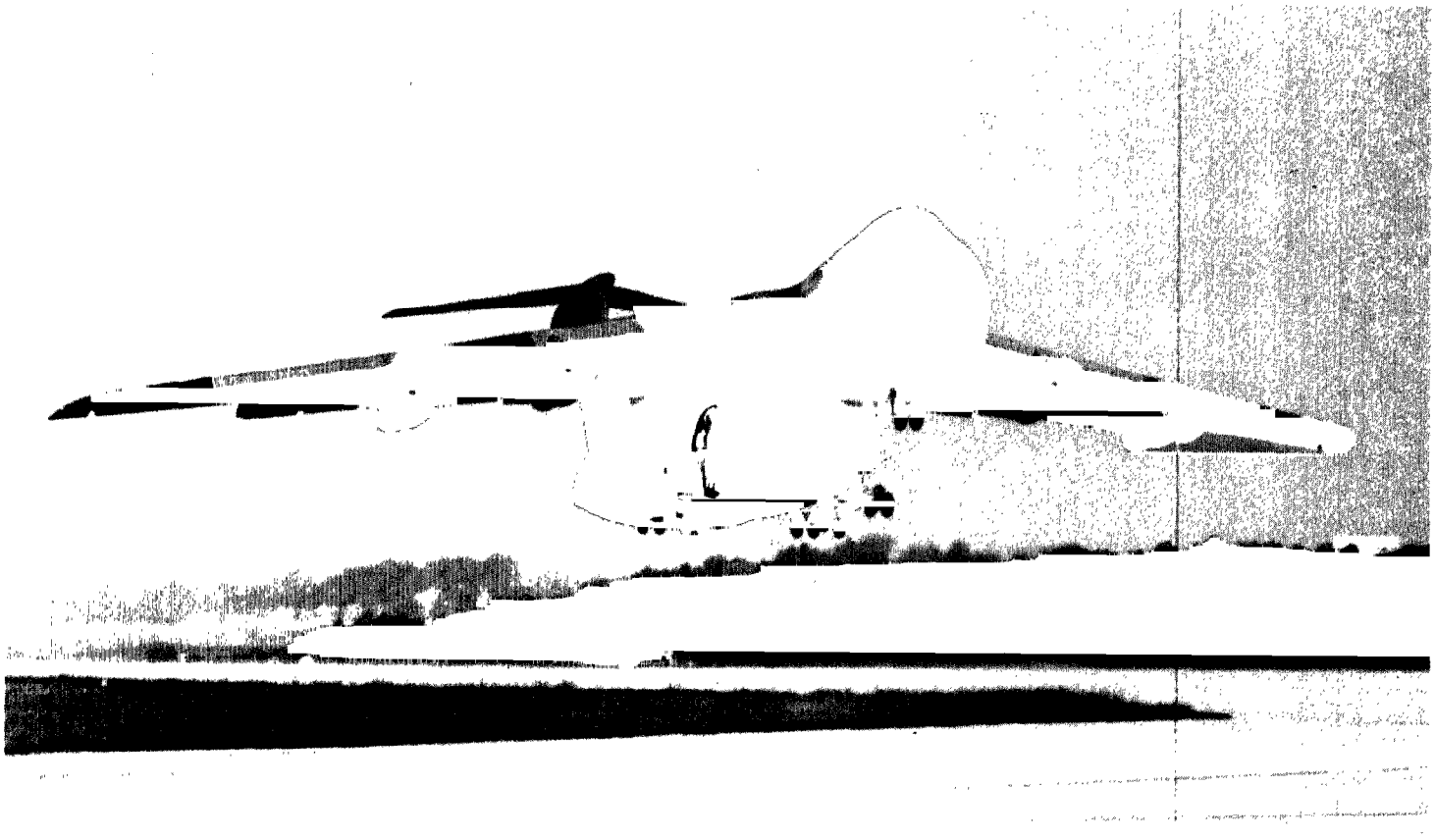
Abbreviations

DOD	Department of Defense
GAO	General Accounting Office

Introduction

In the event of a war or other contingency, the ability of the United States to move forces and equipment quickly to the conflict area is vital to its war fighting capability. The U.S. strategic airlift force of military C-5, C-141, and KC-10 aircraft, along with commercial aircraft from the Civil Reserve Air Fleet,[1] would provide for a rapid and flexible delivery of fighting forces in wartime. About 110 C-5 and 234 C-141 aircraft provide most of the Department of Defense's (DOD) current military long-range airlift capability. Figure 1.1 shows a C-5 aircraft, and figure 1.2 shows a C-141 aircraft.

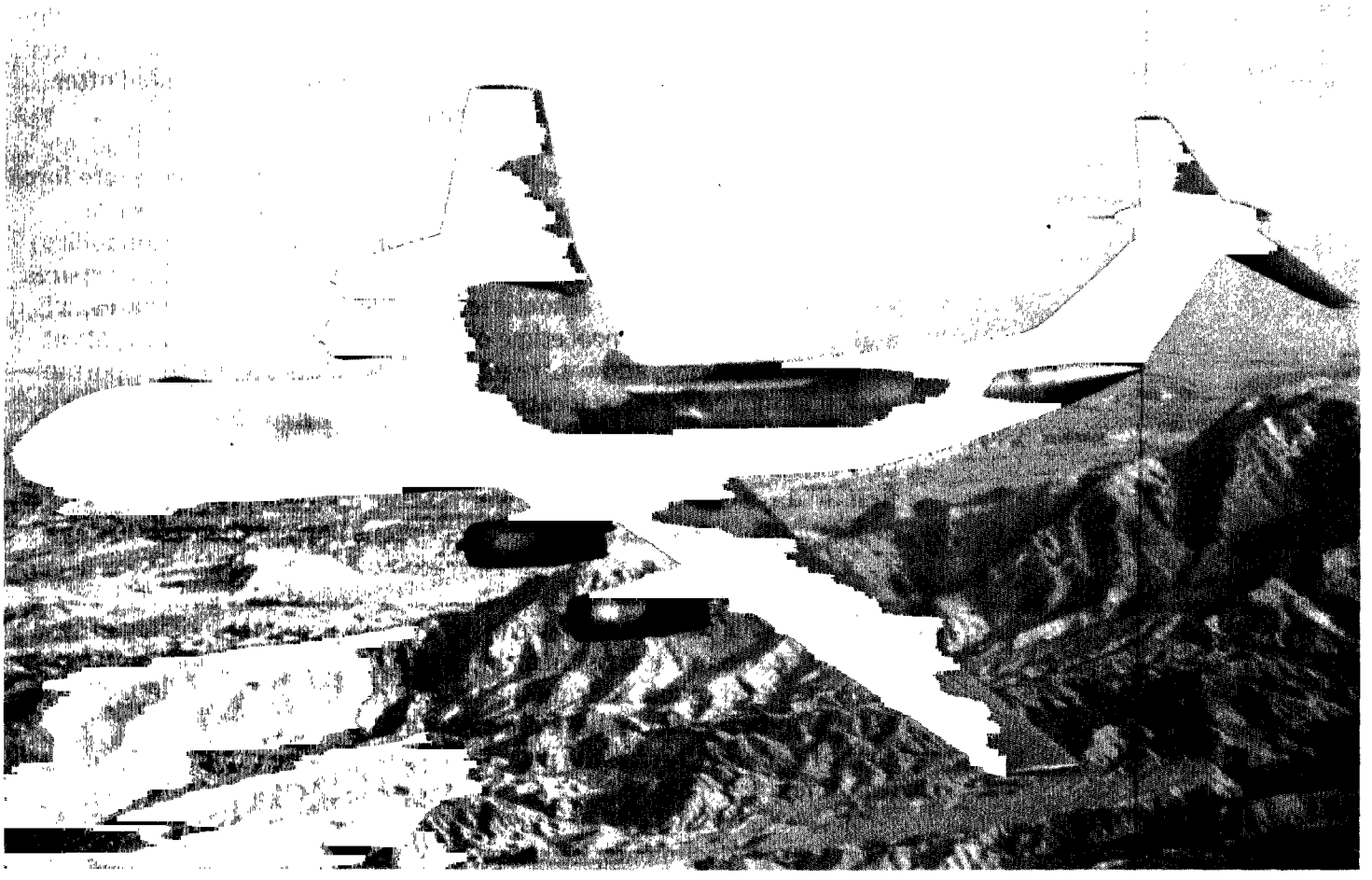
Figure 1.1: C-5 Aircraft



Source: DOD

[1]The Civil Reserve Air Fleet is the civilian component of the military's airlift capability.

Figure 1.2: C-141 Aircraft



Source: DOD

To meet wartime airlift requirements, however, the aircraft will have to operate at levels significantly above peacetime flying rates. For example, flying hours for the C-5 are expected to increase from about 2.5 hours per day in peacetime to 11 hours per day in wartime, and flying hours for the C-141 are expected to increase from about 3.5 hours in peacetime to 12.5 hours per day in wartime. These increased operations will require many more spare parts to keep the aircraft operational.[2]

[2]Spare parts range from minor items, such as washers, nuts, and bolts, to major components, such as generators, landing gear, and avionic systems.

Historically, and as a matter of policy, spare parts needed to support peacetime operations are bought before those needed to sustain the airlift fleet during wartime. Wartime spare parts requirements are greater than peacetime requirements, identified separately, and funded after peacetime requirements have been met.

Peacetime operating spares support training to ensure an adequate force is available for initial wartime operations (readiness). War reserve spares support increased requirements during wartime (sustainability) and are divided into base-level sufficiency spares, war readiness spares kits, and other war reserve materiel. Base-level sufficiency spares, when added to the available peacetime operating spares, support aircraft at their home stations, and war readiness spares kits are air-transportable packages moved to other locations to support aircraft that are away from their home stations. Base-level sufficiency spares and war readiness spares kits are intended to support military operations during the first 30 days of war. The other war reserve materiel is prestocked at depots and is intended to support operations beyond the first 30 days.

Objectives, Scope, and Methodology

Our objectives were to review the Air Force's use and reporting of war reserve spares and assess their impact on the spares that C-5 and C-141 aircraft would require during the first 30 days of war. We reviewed the C-5 and C-141 because they represent the bulk of the military's strategic airlift fleet and provide the principal means for the rapid long-range airlift of military forces.[3]

We reviewed documents, including correspondence, reports, studies, and regulations dealing with the availability and use of spare parts for the C-5 and C-141 and information reported on the impact of spares availability on the wartime capability. We did not assess the reliability of the automated data systems providing these data. We also held discussions with officials at DOD, Department of the Air Force, Air Force Logistics Command, San Antonio Air Logistics Center, Warner Robins Air Logistics Center, Military Airlift Command, 22nd Air Force, 834th Airlift Division, 60th Military Airlift Wing, and the 619th Military Airlift Squadron.

Most of our field work was completed before the recent changes in Eastern Europe occurred. These changes, as well as future negotiations on conventional force reductions in Europe, could reduce tension

[3]The Civil Reserve Air Fleet accounts for most of the remaining long-range airlift capability.

between the East and West and increase contingency warning times. These results, in turn, could reduce requirements for wartime flying hours and war reserve spares. These potential results and their impacts on war reserve spares shortages are discussed in chapter 2.

We performed our review between November 1988 and October 1989 in accordance with generally accepted government auditing standards.

Declining Availability of War Reserve Spares May Reduce Wartime Capability

Shortages of peacetime operating spares to support the C-5 and C-141 flying hour programs have caused the Air Force to rely on war reserve spares to support peacetime operations. As a result of this reliance and the slow repair or replacement of spares used, the level of war reserve spares has decreased to the point at which the C-5 and C-141 may not be able to sustain their currently required wartime utilization rates. Although the peacetime use of war reserve spares supports increased readiness, such use degrades the Air Force's ability to sustain wartime requirements unless the spares are replaced.

The Chairmen of the House and Senate Committees on Armed Services and the Secretary of Defense have stated that changes in Eastern Europe should increase contingency warning times. These changes should reduce the tempo of wartime flying hour requirements and the requirements for war reserve spare parts. A review of the changing world situation and its potential impacts on war reserve spares requirements is needed to measure the potential adverse effect of current shortages.

Peacetime Operating Spares Insufficient to Support Flying Hour Programs

Using peacetime operating spares faster than they can be repaired or replaced increases the demand on the inventories of war reserve spares. Although the Air Force bought peacetime operating spares to meet its programmed peacetime flying hour requirements during the three fiscal years before 1987, it frequently exceeded its programmed flying hour program. Further, the Air Force did not always fund the repair of spares at the required level, causing increased backlogs of used parts awaiting repair. The backlogs have resulted in shortages of serviceable spare parts to support peacetime training. This shortfall has been met by withdrawals from its war reserve inventories. Since fiscal year 1987, funding for both peacetime operating spares and repairs of used spares has been below the level needed to support the C-5 and C-141 peacetime flying hour programs. This places further demand on inventories of war reserve spares. The extent to which (1) actual flying hours exceeded programmed flying hours for the C-5 and C-141 and (2) spares requirements exceeded budgets for fiscal years 1987 through 1989 is shown in table 2.1.

Table 2.1: C-5 and C-141 Flying Hours and Peacetime Operating Spares

Dollars in millions

	Fiscal year		
	1987	1988	1989
C-5 flying hours			
Programmed	55,585	53,133	58,136
Flown	62,032	56,457	64,916
Percent	112	106	112
C-5 spares			
Required	$124.5	$150.0	$205.9
Funded	$108.6	$120.2	$173.3
Percent	87	80	84
C-141 flying hours			
Programmed	283,022	276,079	275,326
Flown	285,964	261,974	280,268
Percent	101	95	102
C-141 spares			
Required	$46.7	$34.1	$40.8
Funded	$46.3	$27.3	$34.1
Percent	99	80	84

The Air Force's budget for fiscal years 1990 and 1991 indicates that funding for flying hours will exceed available funding needed to repair spare parts. For these years, purchases of peacetime operating spares are budgeted at 100 percent of requirements, whereas the repair budget, which includes parts needed to repair spares, is programmed to be less than 100 percent of requirements. Repairs are budgeted at about 87 percent and about 84 percent for fiscal years 1990 and 1991, respectively.

According to Air Force officials, the number of flying hours programmed for the C-5 and C-141 is the minimum needed to train aircrews for wartime missions. About 25 percent of the hours provides training in emergency procedures, air refueling, and similar tasks that cannot be accomplished on regular mission flights. Another 20 percent provides joint airborne training with the services, and the remaining 55 percent provides training while meeting the airlift demands of customers. Air Force officials said that exceeding programmed C-5 flying hours occurs when airlift is used to support unplanned contingencies. Air Force officials also said that because funding for peacetime spares is needed about 2 years before the spares are intended to be used and because contingency-driven requirements cannot be predicted accurately, inventories consistently understate the actual usage of spares.

DOD commented that to highlight the significance of contingency-driven requirements, the Air Force has included historical data on contingency flying hours in the fiscal year 1991 Program Objective Memorandum. According to DOD, the data were included to underscore the need for full funding of peacetime requirements, including those to repair spare parts. DOD officials also said they believe the current shortages in war reserve material result from shortfalls in the funding needed to repair spare parts, including war reserve spares.

We suggested that one way to reduce the shortages in war reserve materiel would be to adjust the flying hour program to account for contingency flying. DOD officials said that some adjustments could be made. However, they added that contingency flying would not satisfy many of the pilot training requirements included in the flying hour programs.

Air Force Policy on the Use of War Reserve Spares

One factor facilitating the use of war reserve spares in recent years was the Air Force's adoption in 1982 of a more liberal policy for their use. Before 1982, Air Force policy provided that war reserve spares could be used to repair a system or component or another spare only if the aircraft would be returned to a partial or full mission-capable condition. It also required Chiefs of Supply to verify that parts were not available from peacetime operating stock and that maintenance could not repair the parts in time for a scheduled mission.

The new Air Force policy stated that it was no longer necessary that an aircraft be returned to a partial or full mission-capable condition for war reserve spares to be used or that the need to use these spares be verified. This change was taken in response to declining peacetime readiness rates of aircraft caused by shortages in peacetime operating spares and restrictions on the use of war reserve spares.[4] The Air Force recognized that changing the policy would increase the use of war reserve spares, thus sacrificing sustainability for readiness. Air Force officials told us that the change was based on the view that it was better to ensure peacetime training and efficient maintenance operations than have aircraft be inoperative because of needed parts that were available from inventories of war reserve spares.

[4]The DOD directive governing the management of war reserve spares allows the services to use these spares to support urgent peacetime requirements. At the same time, in recognition of their importance to any sustained war effort, it requires that peacetime use be minimized and stringently controlled. It also requires that items be promptly replaced in inventories of war reserve spares.

Heavy Reliance on War Reserve Spares to Support Peacetime Operations

Because of shortfalls in peacetime operating spares, the Air Force has used, to a substantial extent, war reserve spares to support its peacetime flying hour program. As shown in table 2.2, since 1984 the Air Force's use of war reserve spares to repair conditions that prevented or impaired aircraft operations after depletion of peacetime operating spares averaged about 52 percent for the C-5 aircraft and 59 percent for the C-141 aircraft.[5]

Table 2.2: Percent of Time War Reserve Spares Were Used to Repair Aircraft After Depletion of Peacetime Operating Spares

Calendar year	C-5	C-141
1984	53	58
1985	53	59
1986	57	59
1987	50	59
1988	47	58

According to Military Airlift Command officials, the reduced use of war reserve spares in recent years was due to depleted supplies of war reserves, not to better stocks of peacetime operating spares or decreased demand.

Inventories of Serviceable War Reserve Spares Below Wartime Requirements

Comparing on-hand war reserve spares to authorized quantities is one criterion the Air Force uses to assess the capability of C-5 and C-141 aircraft to sustain operations during the first 30 days of war. According to Air Force criteria, a shortage of 36 percent or more in war reserve spares would prevent the wartime mission from being undertaken. Table 2.3 shows the extent to which C-5 and C-141 war reserve spares kits were below requirements at the end of fiscal years 1985 through 1989.

Table 2.3: Percent of Shortages in War Reserve Spares Kits for C-5 and C-141 Aircraft

Fiscal year	C-5	C-141
1985	30	20
1986	30	19
1987	27	19
1988	37	29
1989	26	28

[5]The remaining sources of repair parts were mostly cannibalization (taking parts from one aircraft to repair another aircraft) and, to a lesser extent, other sources of supply.

The overall shortage of war reserve spares is greater than the shortages identified in table 2.3 because they do not include base-level sufficiency spares that are used before the war reserve spares kits are used. Although information on the shortages of base-level sufficiency spares was not available for the time period shown in table 2.3, information accumulated over a 4-month period during our review shows the level of shortages in base-level sufficiency spares. For example, between April and July 1989, Air Force inventory reports, which include information on both base-level sufficiency spares and war reserve spares kits, showed an average shortfall of about 43 percent for the C-5 (about 9,000 of the 20,500 items authorized) and about 36 percent for the C-141 (about 13,000 of the 36,000 items authorized). About 44 percent of the C-5 shortfall and about 62 percent of the C-141 shortfall were in the inventory but were awaiting repair, which takes about 2 months. Preliminary data from the Air Force's automated Weapons Systems Management Information System, intended to provide data on unit resources and training measured against requirements, indicate these shortages will significantly reduce the hours of operation and the tonnage that can be moved by the C-5 and the C-141 during the first 30 days of war (figures are classified).

DOD commented that, in accordance with Air Force policy, a shortage of 36 percent or more in required war reserve spares requires a unit to obtain additional resources and/or training to undertake its wartime missions. However, DOD added that if the situation dictated, a unit may be directed to undertake portions of its missions with the resources it has at the time. DOD also commented that preliminary data from the Weapons Systems Management Information System was 2 to 3 years old and that the Air Force is reluctant to rely exclusively on these data. We recognize the problem the Air Force is having in developing complete data. This issue is discussed in chapter 3.

Inventories of War Reserve Spares Are Likely to Decrease Further

A shortage of funds to buy war reserve spares and repair spare parts will likely decrease inventories of war reserve spares even further. According to the Air Force, the war reserve spares funding requirements for fiscal year 1989 were $3.3 million and $6.7 million for the C-5 and C-141, respectively. By fiscal year 1991, funding requirements will increase to about $18 million and about $49 million for the C-5 and C-141, respectively, as more war reserve spares are used to support peacetime operations. However, according to Air Force officials, the Air Force has not programmed war reserve spares funding for these years because of other competing funding priorities. This, and the lack of

repair or replacement of war reserve spares used to support peacetime operations, will likely cause further reductions in inventories of war reserve spares.

Slow Replacement of Spares Used

Contributing to the shortfall in war reserve spares is the fact that it frequently takes months and years to replace these spares, even when adequate funding is available. For example, of 3,332 C-5 and C-141 parts for base-level sufficiency spares and war reserve spares kits on order at one operating location, 2,541 (76 percent) had been on order more than 1 year. One item, a test program logic computer used on the C-141, had been on order for over 3 years at the time of our review. Military Airlift Command officials told us that when replacement parts are received the war reserve parts are frequently not returned to war reserve inventories but are used for supporting peacetime operations.

Other Air Force Actions to Maintain Readiness

The Air Force, in addition to using base-level sufficiency spares and war reserve spares kits to support peacetime operations, is using its other war reserve materiel and increasing its use of cannibalization (taking parts from one aircraft to fix another). However, these measures allow the Air Force to support its flying hour program but further reduce its ability to sustain wartime operations.

Use of Other War Reserve Materiel

In January 1989 Air Force Headquarters directed the Air Force Logistics Command to release its other war reserve materiel to support peacetime operations and fill shortages in base-level sufficiency spares and war reserve spares kits. In the short term, use of other war reserve materiel to support peacetime operations can slow the rate of withdrawals from base-level sufficiency spares and war reserve spares kits. However, in the long term, other war reserve materiel, like base-level sufficiency spares and war reserve spares kits, may be depleted and thus may not be available to support wartime operations.

A November 1988 Air Force Inspector General inspection raised a question about how much other war reserve materiel is actually available. The inspection found that the Air Force was experiencing difficulty managing other war reserve materiel. It also noted that replacement of the materiel after it was used for peacetime purposes was the exception rather than the rule.

Cannibalization

Early in 1989 the Military Airlift Command noted that the amount of cannibalization, which normally takes place only after base- level sufficiency spares and war reserve spares kits have been used, had increased over fiscal year 1988 levels. For example, the number of times C-5 aircraft were cannibalized for serviceable parts increased from 1,566 times during the first 6 months of calendar year 1988 to 2,739 times for the same period in 1989. For the C-141, cannibalization for serviceable parts increased from 3,113 to 4,314 times over the same period. At one location, up to six C-5 and two C-141 aircraft were being cannibalized during our review. A Military Airlift Command study of the C-5 at this location showed over 8,500 maintenance hours were required over a 3-month period to remove and later replace the cannibalized parts.

DOD concurred and noted that a number of actions were underway to improve management of other war reserve materiel. However, DOD does not expect these actions to be completed until December 1992.

Need to Evaluate the Impact of Changing World Situation on War Reserve Requirements

On January 19, 1990, the Chairman of the House Committee on Armed Services stated that, according to information he had received, the warning time for a contingency in Europe had increased from about 14 days to between 34 and 44 days. The Chairman added that the increase in warning time had been developed before the changes in Eastern Europe. On March 29, 1990, the Chairman of the Senate Committee on Armed Services stated that the warning time for a contingency in Europe had increased from between 10 to 14 days to between 33 and 44 days. The Chairman added that this increase in warning time had been developed before the changes in Eastern Europe. During April 26, 1990, testimony before the House and Senate Committees on Armed Services, the Secretary of Defense stated that the need to reinforce our European forces rapidly during a contingency will be substantially reduced by the changes occurring in Europe.

The recent changes in Eastern Europe noted by the Chairmen of the House and Senate Committees on Armed Services and the Secretary of Defense should result in an easing of tensions between the East and the West. These changes and future negotiations on conventional force reductions in Europe should result in increased contingency warning times and a reduction in the planned tempo of operations. These results, in turn, should reduce requirements for wartime flying hours. Since war reserve requirements are based on wartime flying requirements, a reduction in planned wartime flying should result in a reduction in the

requirements for war reserve spares. These issues and their implications for war reserve requirements need to be addressed.

DOD agreed and stated that as wartime operational requirements change to meet the threat, logistics support also will change to meet the requirements. DOD also noted that if changes in warning times and flying hour requirements occur, the amount of war reserves required to support the new operational requirements will be adjusted accordingly. DOD added that it is Air Force policy that all war reserve authorization documents be reviewed annually to accommodate changes in force structure.

Conclusions

The Air Force stresses the importance of an appropriate balance in military capability. It is meeting and frequently exceeding its programmed flying hour programs necessary to maintain readiness. However, in the process, it is using its war reserve spares and degrading its ability to sustain its forces. Thus, given the current shortages of war reserve spares, it is unlikely that the C-5 and the C-141 could sustain the planned surge rates of 11 and 12.5 hours per day, respectively, for a 30-day period required during wartime.

We are not suggesting that the Air Force return to its policy of restricting the use of war reserve spares. Such restrictive use would likely improve inventories of war reserve spares, but it may have a negative effect on readiness. Clearly, trade-offs exist. A central issue raised by the shortages of war reserve spares is whether the allocated resources are appropriately balanced between maintaining the day-to-day peacetime readiness of the airlift force and providing sufficient spares so that the Military Airlift Command can sustain required levels of operations during the first 30 days of wartime operations. Thus, a review of the implications of the changing world situation on war reserve requirements is needed to measure the potential adverse effect of current shortages.

As we discuss in chapter 3, the Joint Chiefs of Staff is responsible for assessing the capabilities of the services, but it is limited in its ability to do so because of inaccurate data on war reserve spares for the C-5 and C-141.

Need to Improve the Accuracy of Capability Reporting

Since the end of fiscal year 1986, the Military Airlift Command has provided the Joint Chiefs of Staff information that does not accurately reflect the status and levels of resources of C-5 and C-141 units. The war reserve spares kits were not reported, and the base-level sufficiency spares were incorrectly reported. According to the Air Force, the automated Weapons Systems Management Information System, currently being extended to the C- 5 and C-141 aircraft, is expected to correct these deficiencies. The automated system will use aircraft wartime utilization factors and spares availability information from supply and maintenance systems, such as aircraft failure rates, and service repair capability to determine overall wartime capability.

Availability of War Reserve Spares Kits Not Reported

The Status of Resources and Training System is supposed to provide an indication, at a point in time, of a unit's ability to undertake its missions. For example, it measures current capability against wartime requirements, as shown in a unit's Designed Operational Capability statement. The Joint Chiefs of Staff is responsible for advising the Secretary of Defense on critical deficiencies and strengths in force capabilities and assessing the effect of such deficiencies and strengths on meeting national security objectives and policy and on strategic plans.

The level of war reserve spares kits affects the ability of C-5 and C-141 units to sustain operations at locations away from their home stations. However, information on the availability of spare parts in the kits is not reported to the Joint Chiefs of Staff because Designed Operational Capability statements for the C-5 and C-141 units specify a fight-in-place wartime mission. Thus, the Joint Chiefs of Staff does not have an accurate indication of the status of C-5 and C-141 units and their resources.

Designed Operational Capability statements specify whether a unit's mission is to fight in place or deploy and then fight. Units that are to fight in place will be supported by base-level sufficiency spares and those that are to deploy are to be supported by war reserve spares kits. Most units normally have either base-level sufficiency spares or war reserve spares kits but not both. Strategic airlift aircraft, on the other hand, are authorized to have both because they operate to and from their home stations through enroute locations around the world.

However, the status of war reserve spares kits is not incorporated into the Designed Operational Capability statement. Thus, their levels are not reported to the Joint Chiefs of Staff.

DOD commented that the Status of Resources and Training System is one of several means the Joint Chiefs of Staff uses to advise the Secretary of Defense on critical deficiencies and strengths in force capabilities. According to DOD, the system is an internal management tool that indicates, at a selected point in time, a unit's status and its level of resources and training measured against the resources and training required to undertake its wartime missions.

DOD commented that, in January 1988 the Military Airlift Command was authorized to report a fleet-wide readiness status for its war reserve spares kits but elected not to do so until improvements were made in the Weapons Systems Management Information System. According to DOD, the Military Airlift Command is reporting readiness information to the Joint Chiefs of Staff, and the accuracy of the information will continue to improve as system problems are resolved.

Incorrect Reporting of Base-Level Sufficiency Spares

Incorrect information is reported on the availability of the base-level sufficiency spares required to sustain wartime operations of the C-5 and C-141 at their home stations during the first 30 days of war. This erroneous reporting is the result of the Military Airlift Command not following a November 1986 Air Force regulation on the reporting of capability information. DOD agreed that information provided by the Military Airlift Command is not in accordance with Air Force directives.

Air Force regulations require that capability be measured against available investment spares, which consist of major aircraft components that are removed from the aircraft, repaired, and replaced as needed. However, the Military Airlift Command combined investment spares with throw-away expense spares, which are items that are used once and then discarded. This practice overstates C-5 and C-141 capability.

Military Airlift Command officials said that they believe the requirement that only investment spares be reported is a limitation of the Weapons Systems Management Information System and that expense items are a viable portion of their capability assessment. While we did not review the merits of the Air Force's decision to include only investment spares in the system, we believe the Military Airlift Command's inclusion of expense spares with investment spares is incompatible with the capability reporting on other aircraft. It also results in an overstated capability relative to those other aircraft. If the Military Airlift Command believes that both categories of spares should be reported, it needs

to identify the categories separately to provide decisionmakers with a more accurate picture of the aircraft's capabilities.

Conclusions

The Military Airlift Command is reporting incomplete and incorrect information to the Joint Chiefs of Staff. This limits the usefulness of these reports in the Joint Chiefs' of Staff assessment of the Military Airlift Command's status and level of resources. The spares available in war readiness spares kits, which support aircraft at deployed locations, are not reported. Also, since the end of fiscal year 1986, information reported on the availability of base-level sufficiency spares, which support wartime operations at the aircraft's home station, has generally overstated capability. This resulted because the Military Airlift Command reported capability based on the combined quantity of both investment and expense spares, not on available investment spares as required.

Recommendation

We recommend that the Secretary of Defense direct the Secretary of the Air Force to ensure that the Weapons Systems Management Information System includes the availability of spares in war reserve spares kits and separately identifies the availability of the investment spares, as required by Air Force instructions.

Agency Comments

DOD generally concurred with our findings and recommendation. (See app. I.) DOD commented that actions to develop more accurate reporting on the status of war reserve spares have started. According to DOD, (1) the Air Force has adjusted the Weapons Systems Management Information System to provide reasonable strategic war reserve spares kits and base-level supply sufficiency data and (2) the Commander-in-Chief, Military Airlift Command, has approved the system for use. Other DOD comments have been incorporated into the report where appropriate.

Comments From the Department of Defense

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-8000

PRODUCTION AND LOGISTICS

April 23, 1990

(L/SD)

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and International
Affairs Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Conahan:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) Draft Report, "MILITARY AIRLIFT: Peacetime Use of War Reserve Spares Reduces Wartime Capability," dated February 21, 1990 (GAO Code 392461) OSD Case 8245. The Department generally concurs with the findings and recommendations.

The Air Force Logistics Command has adjusted the Weapons Systems Management Information System to provide reasonable strategic War Reserve Spares Kits/Base Level Supply Sufficiency data for Status of Resources and Training System reporting. The Commander in Chief, Military Airlift Command has approved the use of the Weapons Systems Management Information System.

The detailed DoD comments on the report findings and recommendations are provided in the enclosure. The DoD appreciates the opportunity to comment on the draft report.

Sincerely,

David J. Berteau
Principal Deputy

Enclosure

**GAO DRAFT REPORT - DATED FEBRUARY 21, 1990
(GAO CODE 392461) OSD CASE 8245**

"MILITARY AIRLIFT: PEACETIME USE OF WAR RESERVE SPARES REDUCES WARTIME CAPABILITY"

DEPARTMENT OF DEFENSE COMMENTS

* * * * *

FINDINGS

- **FINDING A**: **Background**: **Airlift Requirements**. The GAO reported that most of the DoD long range airlift capability is provided by about 110 C-5 and 234 C-141 aircraft. The GAO explained that, in order to meet wartime airlift requirements, the aircraft will have to operate at levels significantly above peacetime flying rates--with the C-5 aircraft expected to increase its flying hours from about 2.5 hours per day in peacetime to 11 hours in wartime, and the C-141 aircraft from about 3.5 to 12.5 hours per day. The GAO observed that such increased operations would require many more spare parts to keep the aircraft operational.

  The GAO also reported that, historically and as a matter of policy, spare parts needed to support peacetime operations are bought before those needed to sustain the airlift fleet during wartime. The GAO explained that wartime requirements are above peacetime levels, identified separately, and funded after the peacetime levels have been met. The GAO further explained that peacetime operating spares support training to ensure initial wartime readiness, while war reserve spares support wartime sustainability. (p. 2, pp. 9-10/GAO Draft Report)

  DOD RESPONSE: Concur.

- **FINDING B**: **Peacetime Operating Spares Are Insufficient To Support The Flying Hour Program**. The GAO found that, during the 3 years prior to 1987, the Air Force bought peacetime operating spare parts to meet its programmed peacetime flying hour requirements, but the Air Force frequently exceeded the programmed flying hour program. The GAO also noted that the Air Force did not always fund the repair of spares at the required level, causing increased backlogs of used parts awaiting repair.

Now on pp. 2, 8-10.

The GAO observed that this has resulted in shortages of serviceable spare parts to support peacetime training, which has been met by Air Force withdrawals from its war reserve inventories. The GAO found that, since 1987, funding for both peacetime operating spares and for repairs of used spares has been below the level needed to support the C-5 and C-141 peacetime flying hour programs--thus placing further demand on war reserve inventories.

The GAO also found that the Air Force FY 1990-FY 1991 budget indicates that flying hours will continue to exceed available funding to repair spares--with the repair budget for FY 1990 and FY 1991 at about 87 percent and 84 percent, respectively, of requirements. The GAO reported that, according to Air Force officials, the number of flying hours programmed for the C-5 and the C-141 aircraft are the minimum needed to train the air crews for wartime missions--and that exceeding programmed C-5 flying hours occurs when airlift is used to support unplanned contingencies. The GAO also reported that, according to Air Force officials, because funding for peacetime spares is needed about 2 years prior to their intended use and because it is impossible to accurately predict contingency-driven requirements, inventories consistently understate the actual spares usage. (p. 2, pp. 13-15/GAO Draft Report)

Now on pp. 2, 12-14.

DOD RESPONSE: Concur. In order to highlight the significance of the contingency-driven requirements, the Air Force has included contingency flying hours in the FY 1991 Program Objective Memorandum, based on historical data. The intent is to underscore the need for full funding of both peacetime requirements and the repair program.

- **FINDING C**: **Air Force Policy On The Use Of War Reserve Spares**. The GAO reported that, prior to 1982, Air Force policy provided that war reserve spares could be used to repair a system or component or another spare only if it returned an aircraft to a partial or fully mission capable condition--and also required that Chiefs of Supply verify the parts were not available from peacetime operating stock. The GAO found that, in 1982, however, the Air Force adopted a new policy under which it was no longer necessary that an aircraft be returned to a partial or fully mission capable condition in order to use war reserve spares, nor was it required that the need to use these spares be verified. The GAO explained that this change was made in response to

declining peacetime aircraft readiness rates caused by shortages in peacetime operating spares and the restrictions on the use of war reserve spares. According to the GAO, the Air Force recognized that changing the policy would increase the use of war reserve spares, and thus sacrifice sustainability for readiness, but said the policy change was based on the view that it is better to ensure peacetime training and efficient maintenance operations, than it was to leave planes inoperative for want of parts when those parts were available from war reserve spares inventories. (pp. 2-3, pp. 16-17/GAO Draft Report)

Now on pp. 2-3, 14.

DOD RESPONSE: Concur.

- **FINDING D**: **Heavy Reliance On War Reserve Spares To Support Peacetime Operations**. The GAO found that, because of shortfalls in peacetime operating spares, to a substantial extent, the Air Force has used its war reserve spares to support its peacetime flying hour program. According to the GAO, since 1984, the Air Force use of war reserve spares to repair conditions that prevented or impaired aircraft operations after depletion of peacetime operating spares averaged about 52 percent for the C-5 aircraft and 59 percent for the C-141 aircraft. The GAO pointed out that, according to Military Airlift Command officials, the reduced use of war reserve spares in recent years was due to depleted supplies of war reserves--not to better stocks of peacetime operating stocks or decreased demand. (pp. 3-4, pp. 17-18/GAO Draft Report)

Now on pp. 3, 15.

DOD RESPONSE: Concur.

- **FINDING E**: **Serviceable War Reserve Spares Inventories Below Wartime Requirements**. The GAO reported that comparing war reserve spares on hand to authorized quantities is one criterion used by the Air Force to assess the capability of the C-5 and C-141 aircraft to sustain operations during the first 30 days of war. The GAO further reported that Air Force criteria indicates that a shortage of 36 percent or more in required war reserve spares would prevent the wartime mission from being undertaken. The GAO found that, for FY 1989, the percentage of shortages in war reserve spares kits for the C-5 and the C-141 aircraft was 26 percent and 28 percent, respectively. The GAO pointed out, however, that the overall shortage of war reserve spares is significantly greater, because these shortages do not include base level sufficiency spares that are used before war reserve

Now on pp. 4, 15-16.

kits. The GAO found, for example, that between April and July 1989, Air Force inventory reports (which include both base level sufficiency spares and war reserve spares kits), showed an average shortfall of about 43 percent for the C-5 aircraft, and about 36 percent for the C-141 aircraft. The GAO noted that about 44 percent of the C-5 shortfall and 62 percent of the C-141 shortfall were in the inventory, but awaiting repair. The GAO reported that preliminary data from the Air Force automated Weapons Systems Management Information System indicated that war reserve spares shortages will significantly reduce the hours of operation and the tonnage that can be moved by the aircraft during the first 30 days of war. (p. 4, pp. 18-20/GAO Draft Report)

DOD RESPONSE: Concur. In accordance with current Air Force policy, a 36 percent or more shortage in required war reserves spares requires the unit to obtain additional resources and/or training to undertake its wartime mission, but if the situation dictates, it may be directed to undertake portions of its wartime mission with the resources on hand.

With respect to the use of the automated Weapons Systems Management Information System, the GAO used preliminary Weapons Systems Management Information System reports based on spares kits which were 2 to 3 years old. The Air Force is reluctant to rely exclusively on the Weapons Systems Management Information System until final requirements in the kit computation are made. The DoD is taking action to improve the accuracy of the data by the end of 1990. (See the DoD response to Recommendation 1.)

- **FINDING F**: **Prospect For Future War Reserve Spares Inventories**. The GAO reported that, according to the Air Force, the war reserve spares funding requirement for FY 1989 was $3.3 million for the C-5 aircraft and $6.7 million for the C-141 aircraft. The GAO reported that, by FY 1991, requirements will increase to about $18 million for the C-5 and $49 million for the C-141--as more war reserve spares are used to support peacetime operations. The GAO further reported, however, that according to Air Force officials, funds have not been programmed for war reserve spares funding for these years because of other competing priorities. The GAO also noted that contributing to the shortfall in war reserve spares is that it frequently takes months and years to replace the spares, even when the money is available. The GAO concluded that these factors are likely to cause further

Now on pp. 3, 16.

reductions in war reserve spares inventories. (p. 4, pp. 20-21/GAO Draft Report)

DOD RESPONSE: Concur. It should be recognized, however, the use of more war reserve spares to support peacetime operations will not produce larger war reserve spares requirements. Once an asset has been classified as a war reserve spare it is considered protectable. These protectable assets, whether in the kit or unservicable, are always classified as War Reserve Materiel assets in the budget process. Therefore, use of War Reserve Materiel will not increase the war reserve spares requirement. Changes in authorizations, due to demand rate changes, modifications, or increases in the number of aircraft, will increase requirements.

See comment 1.

- **FINDING G: Other Air Force Actions To Maintain Readiness**. The GAO found that, in addition to using its base level sufficiency spares and war reserve kits to support peacetime operations, the Air Force is also using other war reserve material and increasing cannibalization to maintain readiness. The GAO reported that, in January 1989, Air Force Headquarters directed the Logistics Command to release its other war reserve material to support peacetime operations and fill shortages in base level sufficiency spares and war reserve kits. The GAO observed that, while this can--in the short term--slow the rate of withdrawals of base level sufficiency spares and war reserve spares kits, over time other war reserve material may also be depleted and not be available to support wartime operations. The GAO noted that there is also some question as to how much other war reserve material is available, based on an Air Force Inspector General report that found the Air Force had lost control over the amount of serviceable spares available and had not replaced them when used. In addition, the GAO reported that, early in 1989, the Military Airlift Command noted that cannibalization, which normally takes place only after base level sufficiency spares and war reserve spares kits are used, had increased over 1988 levels for both the C-5 aircraft and the C-141 aircraft. The GAO concluded that these measures, while allowing the Air Force to support its flying hour program, further reduce the Air Force ability to sustain wartime operations. (pp. 3-4, pp. 21-23/GAO Draft Report)

Now on pp. 3, 17-18.

DOD RESPONSE: Concur. The management of Other War Reserve Materiel was a manual, labor intensive process, requiring the

use of a variety of forms to maintain the accountability of assets. A complete review of the Other War Reserve Materiel policy and procedures was conducted by Headquarters, Air Force Logistics Command. As a long-term fix, Headquarters, Air Force Logistics Command included in the recoverable items process functional description for the Requirements Data Bank a requirement to provide an inventory baseline for War Reserve Spares Kits/Base Level Supply Sufficiency and Other War Reserve Materiel. The Requirements Data Bank will be operational in 1994. For an interim fix, the Air Force Logistics Command provided guidance to the Air Logistics Centers to manually maintain visibility of purchased Other War Reserve Materiel by using the Air Force Logistics Command Form 318. Additionally, documentation recording the use of Other War Reserve Materiel should be maintained by the War Reserve Materiel monitor at each Air Logistics Center. This guidance is in Air Force Memorandum 67-1, Volume III. A change to the current Stock Control and Distribution System, DO35A, was also requested to facilitate the use of Other War Reserve Materiel assets and provide an audit trail; however, due to the implementation of other interfacing data systems to the DO35A, this system change will not be ready to implement until December 1992.

- **FINDING H: Need To Evaluate The Balance In Military Capability And Impact Of The Changing World Situation**. The GAO observed that, while the Air Force stresses the importance of an appropriate balance in military capability and is meeting and frequently exceeding the programmed flying hour programs necessary to maintain readiness, in the process it is using its war reserve spares and degrading its ability to sustain its forces. The GAO concluded that, with the current level of war reserve spares, it is unlikely that the C-5 and C-141 can sustain the required wartime surge rates. The GAO stated that it is not suggesting that the Air Force return to its former policy of restricting the use of war reserve spares, since this would likely have a negative effect on readiness. The GAO observed, however, that clearly there are trade-offs. The GAO further concluded that a central issue raised by the shortage of war reserve spares is whether there is an appropriate balance in the resources allocated between (1) maintaining the day-to-day peacetime readiness of the airlift force and (2) providing sufficient spares so that the Military Airlift Command can sustain the required levels of operations during wartime.

Now on pp. 18-19.

The GAO also observed that recent changes in Eastern Europe could result in an easing of tensions--and that these changes, along with future negotiations on conventional force reductions in Europe, could result in increased contingency warning times. The GAO explained that these results could, in turn, reduce wartime flying hour requirements and the requirements for war reserve spares. The GAO observed that, on the other hand, if United States troop levels are reduced in Europe but commitments for their rapid return remain, the level of wartime flying could still be high. The GAO concluded that a review of the implications of the changing world situation on war reserve requirements is needed to fully measure the potential adverse effect of the shortages. (p. 4, pp. 23-24/GAO Draft Report)

DOD RESPONSE: Concur. Readiness provides the means for reacting to worldwide contingencies that develop suddenly and are relatively short in duration. Sustainability, on the other hand, concerns the ability to conduct global operations for long periods of time in global conventional scenarios. Considering recent history (since the appearance of the C-141 and C-5 aircraft), the record indicates more of the former type of conflicts have occurred. As stated by the GAO, recent world events would suggest this trend of regional, short contingencies will continue. In this light, past Air Force policy decisions have supported readiness over sustainability, given the funding shortfalls which preclude funding both. As wartime operational requirements change to meet the threat, logistics support will also change to meet the requirement. If changes to warning time, flying hour requirements, etc., occur, the amount of war reserves required to support the new operational requirement will be adjusted accordingly. It is Air Force policy that all War Reserve authorization documents will be reviewed annually to accommodate changes in force structure.

- FINDING I: Availability Of War Reserve Spares Kits Not Reported. According to the GAO, the Status of Resources and Training System is supposed to provide the Joint Chiefs of Staff timely and accurate assessments of a unit's ability to accomplish its mission during the first 30 days of war, by measuring current capability against wartime requirements. The GAO found that, although the level of war reserve spares kits affects the ability of the C-5 and C-141 aircraft to sustain operations at locations away from their home stations, information on their availability is not reported to the Joint Chiefs of Staff--because Designed

Operational Capability statements for the aircraft units specify a fight-in-place wartime mission.

The GAO explained that Designed Operational Capability statements specify whether a unit's mission is to fight in place or deploy and then fight--with units that fight in place supported by base level sufficiency spares and those that deploy supported by war reserve spares kits. The GAO further explained that strategic airlift aircraft are authorized to have both types of spares because they operate to and from their home bases through enroute locations around the world. The GAO found, however, that war reserve spares kits are not incorporated into the Designed Operational Capability statement and thus their levels are not reported to the Joint Chiefs of Staff. The GAO concluded that such incomplete reporting has limited the ability of the Joint Chiefs of Staff to assess the true state of the military's ability to sustain a war. (pp. 4-5, pp. 27-28, p. 30/GAO Draft Report)

Now on pp. 4, 20-21.

DOD RESPONSE: Partially concur. The Status of Resources and Training System is one of several means by which the Joint Chiefs of Staff carry out their responsibilities to advise the Secretary of Defense on critical deficiencies and strengths in force capabilities, and to assess the effect of such deficiencies and strengths on meeting national security objectives and policy on strategic plans. The status of Resources and Training System reflects the status of a select unit's resources and training measured against the resources and training required to undertake the wartime mission for which the unit was organized or designed.

See comment 2.

The Department does not concur with the GAO statement that the Status of Resources and Training System is supposed to provide the Joint Chiefs of Staff timely and accurate assessments of a unit's ability to accomplish its mission during the first 30 days of war. According to Joint Chiefs of Staff Memorandum of Policy 189, "Status of Resources and Training System," the Status of Resources and Training System is an internal management tool that "indicates, at a selected point in time, unit status and the level of resources and training measured against the resources and training required to undertake the mission for which it was organized or designed." The Status of Resources and Training System is a snapshot system and no time limit such as 30 days is imposed. Furthermore, the Joint Chiefs

of Staff Memorandum of Policy 189 goes on to state that Status of Resources and Training System "category levels do not project a unit's combat performance once committed to combat." As part of the Status of Resources and Training System, the Air Force uses Designed Operational Capability statements to determine appropriate measurement criteria for a particular unit.

Prior to 1988, War Reserve Spares Kits was not reported in the Status of Resources and Training System because it was not under the direct control of unit commanders; it therefore, failed the criteria for being included in unit-level reports. Since January 1988, the Military Airlift Command was authorized to report a fleet wide c-level for its War Reserve Spares Kits but elected not to do so until the Weapons Systems Management Information System developed the capability to provide a fleet-wide c-level. The Military Airlift Command is currently reporting complete and more accurate readiness information to the Joint Chiefs of Staff. The accuracy of the information will continue to improve as remaining Weapons Systems Management Information System and data feed problems are resolved.

- **FINDING J: Base Level Sufficiency Spares Are Being Incorrectly Reported.** The GAO reported that Air Force regulations require that capability be measured against available investment spares--consisting of major aircraft components that are removed from the aircraft, repaired, and replaced, as needed. The GAO found, however, that the Military Airlift Command combined investment spares with throw-away expense spares, thus overstating C-5 and C-141 aircraft capability. The GAO reported that, according to Military Airlift Command officials, the requirement that only investment items be reported is a limitation of the Weapons Systems Management Information System--and that expense items are a viable portion of their capability assessment. The GAO acknowledged that it did not review the merits of the Air Force decision to include only investment items in the system. The GAO observed, however, that the inclusion of expense with investment items by the Military Airlift Command is incompatible with the capability reporting on other aircraft, resulting in an overstated capability relative to those other aircraft. The GAO concluded that such incorrect reporting has limited the ability of the Joint Chiefs of Staff to assess the true state of the military's ability to sustain a war. The GAO reported that, according to the Air Force, the automated Weapons Systems Management Information System, currently being

Now on pp. 4, 21.

extended to the C-5 and the C-141 aircraft, is expected to correct the reporting deficiencies it [the GAO] found. The GAO explained that the automated system will use aircraft wartime utilization factors and spares availability information from supply and maintenance systems, such as aircraft failure rates and service repair capability, to determine overall wartime capability. (pp. 4-5, pp. 27-30/GAO Draft Report)

See comment 3.

DOD RESPONSE: Partially concur. While the Department agrees that information provided by the Military Airlift Command is not in accordance with Service directives, it may not be either incomplete or incorrect, as evidenced by the GAO's acknowledgment that it did not consider the merits of including "throw-away expense spares." In addition, since the Status of Resources and Training System was never intended to assess the military's ability to "sustain," the Department does not fully agree with the statement that this has "...limited the Joint Chief's ability to assess the true state of the military's ability to sustain a war."

* * * * *

RECOMMENDATIONS

Now on pp. 4, 22.

- RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Secretary of the Air Force to assure that the Weapons Systems Management Information System will include the availability of spares in war reserve spares kits and separately identify the availability of the major investment spares, as required by Air Force instructions. (p. 5, p. 30/GAO Draft Report)

See comment 4.

DOD RESPONSE: Concur. The Military Airlift Command has been working toward this goal. The Air Force Logistics Command has finally adjusted the Weapons Systems Management Information System to the point where it provides reasonable strategic War Reserve Spares Kits/Base Level Supply Sufficiency data for Status of Resources and Training System reporting. The Commander in Chief, Military Airlift Command, has approved its use and the Military Airlift Command's March 1990 fleet reports for both the C-5 and C-141 fleets reflect these assets. The Commander in Chief, Military Airlift Command, will continue to exercise commander's judgment, in accordance with Air Force Regulation 55-15, toward the machine-derived assessments until

final data clean-up and model adjustments are complete. The validity of the module will be tested during the C-141 Volent Cape II exercise to be held during August 1990. Exercise results will be used to validate the module. The estimated completion date is November 30, 1990. In view of these initiatives, there is no need for additional DoD guidance at the present time.

The following are GAO's comments on the Department of Defense's letter dated April 23, 1990.

GAO Comments

1. We recognize that changes in requirements can result from changes in authorizations. However, the peacetime use of war reserves has resulted in current shortages, and inventories of war reserves are likely to decrease further.

2. The text has been clarified to reflect DOD's concerns.

3. Including expense spares in the data is inconsistent with Air Force procedures. If the Military Airlift Command believes that this information should be reported, it should state its concerns to the Air Force and provide separate reporting. We have deleted the statement about the limitations placed on the Joint Chief's ability to assess the true state of the military's ability to sustain a war.

4. We concur that no new guidelines are necessary. Effective implementation of current initiatives can provide accurate reporting of the status of war reserves for the C-5 and C-141 aircraft.

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