



Highlights of [GAO-03-707](#), a report to the Subcommittee on Defense, Committee on Appropriations, House of Representatives

Why GAO Did This Study

The Department of Defense's (DOD) annual appropriation totals billions of dollars for spare parts. In addition, it has received supplemental funding totaling \$1.5 billion since fiscal year 1999 to increase the availability of spare parts. However, DOD continues to experience critical spare parts shortages that impact military readiness. GAO examined whether (1) DOD's logistics strategic plan addresses the mitigation of critical spare parts shortages that adversely affect readiness, (2) DOD's logistics initiatives are likely to mitigate spare parts shortages that affect readiness, and (3) DOD has the ability to identify the effect of increased investments for spare parts on readiness.

What GAO Recommends

GAO recommends that the Secretary of Defense:

- Incorporate clear goals, objectives, and performance measures pertaining to mitigating spare parts shortages in the Future Logistics Enterprise or appropriate agencywide initiatives to include efforts recommended by the Under Secretary of Defense Comptroller in his August 2002 study report.
- Establish milestones and define how it will measure progress in implementing the August 2002 Inventory Management Study recommendations.

In written comments, DOD generally concurred with the intent of our recommendations, but not with the approach recommended.

www.gao.gov/cgi-bin/getrpt?GAO-03-707.

To view the full report, including the scope and methodology, click on the link above. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

DEFENSE INVENTORY

The Department Needs a Focused Effort to Overcome Critical Spare Parts Shortages

What GAO Found

The Office of the Secretary of Defense's (OSD) logistics strategic plan focuses on transforming the department's logistics operations by emphasizing weapon system support, customer service, and enterprise integration, but does not specifically address mitigating spare parts shortages. In addition, while it contains some key attributes of a strategic plan, such as broad goals and implementation strategies, it lacks other key attributes. In June 2002, the department published the Future Logistics Enterprise, which serves as the strategic plan behind efforts to transform logistics operations within the department to ensure consistent, reliable support that meets the warfighters' requirements. This plan presents its vision for accelerating logistics improvement, enhancing support to the warfighter and aligning logistics processes with the operational demands of the 21st Century.

While the Future Logistics Enterprise plan identifies six departmentwide initiatives under three broad topical areas to improve weapon system availability, none of the initiatives specifically address mitigating critical spare parts shortages. However, DOD has directed a separate Defense Logistics Agency effort to improve the availability of critical aviation spare parts. Under the three topics of weapon system support, customer service, and enterprise integration, OSD's six agencywide initiatives aim to improve supply operations and readiness. In fact, two—Condition Based Maintenance Plus and Total Life Cycle System Management—specifically identify improving readiness as an objective. For example, the Condition Based Maintenance Plus initiative is designed to improve maintenance capabilities and business processes that could increase operational availability and readiness throughout the life cycle of the department's weapon systems. If successfully implemented, this initiative would improve maintenance operations and might affect spare parts shortages, but it does not have goals and performance measures related to mitigating spare parts shortages. As a result, DOD may not know whether it is investing its resources in the most efficient and effective manner.

Recent OSD efforts to link funding to readiness could enhance its ability to identify the affect of funding for critical spare parts on readiness. In an August 2002 study report, the DOD Comptroller identified the value of investing in critical parts that adversely affect readiness and recommended the Defense Logistics Agency and the services link budget requests to weapon system readiness rates. The Comptroller's recommendations stemmed from concern that the Defense Logistics Agency and the services' inventory systems tend to purchase low-cost/high-demand items and not those that would most improve readiness rates. While citing some improvement, the Comptroller made eight recommendations, four of which were specifically aimed at improving efforts to increase investment in critical spare parts and link funding requests to readiness rates. In addition, the Comptroller changed the budget justification document (budget exhibit) to provide such information to Congress.