



Highlights of [GAO-03-682](#), a report to Ranking Minority Member, Subcommittee on Readiness, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The Army's five maintenance depots produced work valued at \$1.5 billion in fiscal year 2002, with the remaining 49 percent of the Army's depot work performed by contractors. GAO was asked to assess (1) the trends in and the reliability of depot workload projections; (2) whether workloads are sufficient for efficient depot operations, initiatives are under way to improve efficiency, and additional workloads are possible; (3) whether the Army has identified depots' core capability and provided workload to support that capability; and (4) whether the Army has a long-range plan for a viable, efficient depot system.

What GAO Recommends

GAO makes two recommendations to improve the reliability of workload projections from Army and other service acquisition communities and from inter-service customers. GAO previously reported on the need for improving the process for identifying core capabilities and improving strategic and workforce planning. Without improvements in these areas, the future viability of Army depots is questionable. In commenting on a draft of this report, DOD concurred in part with our recommendations to improve workload projections for Army depots, but stated that needed actions involved more than the Army. GAO revised the two draft report recommendations to address the broader need of improving projections of inter-service work for all the services.

www.gao.gov/cgi-bin/getrpt?GAO-03-682.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barry W. Holman at (202) 512-8412 or holmanb@gao.gov.

DEPOT MAINTENANCE

Key Unresolved Issues Affect the Army Depot System's Viability

What GAO Found

The work assigned to Army maintenance depots has declined by 36 percent, although the cost of the Army's total maintenance program has increased since fiscal year 1987. Except for fiscal year 2003, projections for future work in the depots through fiscal 2008 show further decline. Depot work also changed from predominately overhauling Army end items to the increased repair of components. In addition, work from non-Army customers has increased from 6 to 26 percent. Army component and recapitalization work is projected to be the majority of depot work in the future. Depot planners generally do not have reliable projections of work requirements for non-Army customers. Because of this and other factors, including changing conditions, future projections have limitations. Potential increases in depot work resulting from the Iraq war are not yet clear.

Various factors, including workload reductions and workload performance issues, have resulted in efficiency and productivity problems in Army depots. Such initiatives as facility and equipment rightsizing, depot maintenance partnerships, and "lean manufacturing" have been implemented. Trends in two metrics—capacity utilization and employee productivity—show that, while more needs to be done, efficiency and productivity improvements have been made. Additional workloads, particularly for new and upgraded systems, are essential for future depot viability. However, in the past most new work has gone to private contractors. Some new-systems work is being explored for depots, and depot managers believe that partnering with the private sector may be the best chance for getting such work.

The Army has not identified its depots' core capability requirements using a revised DOD methodology meant to overcome weaknesses in the core process. At the same time, it is unclear whether the revised methodology, which is undergoing further changes, will correct weaknesses in the core process. Moreover, no one in the Army assesses the extent to which depot work compares with identified core capability requirements. Depot managers are concerned about the loss of work and the failure to obtain work necessary to support core capabilities.

The Army does not have a comprehensive and current strategic plan for the depots and has not implemented the limited plan it developed. GAO concluded in a 1998 report that the Army had inadequate long-range plans for its depots and that such planning is essential if significant progress is to be made in addressing the complex, systemic problems facing the depots. Despite the time that has passed, the same issues remain. DOD has not implemented a comprehensive and current plan for resolving continuing issues about (1) reduced workloads being assigned to Army maintenance depots and (2) deficiencies in the process of quantifying both core depot maintenance capabilities and the workload needed to ensure cost efficiency and technical competence and to preserve surge capability. Without such a plan, the long-term viability of Army depots is uncertain.