

BY THE COMPTROLLER GENERAL

**Report To The Chairman,
Committee On Government Operations,
House Of Representatives
OF THE UNITED STATES**

**Federal Civilian Agencies Can Better Manage
Their Aircraft And Related Services**

Since the issuance of a GAO report in December 1977, describing how Federal civilian agencies acquired, operated, and managed aircraft independently and without any Government-wide guidance, the agencies have made little progress in improving aircraft management. GAO recommendations to streamline aircraft operations have not been adopted.

This report describes how civilian agencies continue to manage their aircraft and related services inefficiently and uneconomically. Specific recommendations are offered to the Office of Management and Budget and to the General Services Administration for improvement.



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JUNE 24, 1983

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-206232

The Honorable Jack Brooks
Chairman, Committee on Government
Operations
House of Representatives

Dear Mr. Chairman:

On April 9, 1981, the Chairman of your Subcommittee on Government Activities and Transportation asked us to follow up on our 1977 report which contained recommendations to the Director, Office of Management and Budget, for improving the management of aircraft operated by Federal civilian agencies. The Chairman expressed concern over the apparent lack of uniform policy regarding management of aircraft by Federal agencies and the resulting potential for waste and inefficiency. This report is being sent to you as a result of September 23, 1982, hearings on aircraft matters before your Subcommittee on Legislation and National Security.

We have issued two additional reports to you on the subject of aircraft. One report was issued to you on March 3, 1983 (GAO/PLRD-83-45). It discusses the U.S. Coast Guard's two administrative aircraft located at National Airport, Washington, D.C. Another report was issued to you on April 1, 1983 (GAO/PLRD-83-52). It discusses FAA's aircraft that are used to keep pilots current and provide transportation. Also, we are drafting a report on the Department of the Interior's management of aircraft.

As arranged with your Office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

A handwritten signature in cursive script that reads "Charles A. Bowsher".

Comptroller General
of the United States



COMPTROLLER GENERAL'S REPORT
TO THE CHAIRMAN, COMMITTEE
ON GOVERNMENT OPERATIONS,
HOUSE OF REPRESENTATIVES

FEDERAL CIVILIAN AGENCIES
CAN BETTER MANAGE THEIR
AIRCRAFT AND RELATED
SERVICES

D I G E S T

In 1977 GAO reported that Federal civilian agencies acquired, operated, and managed aircraft independently and without any Government-wide guidance. Recommendations were made to the Office of Management and Budget for improving aircraft management. (See p. 2.)

No actions have been taken on the recommendations in the 1977 report, and little has changed in the way civilian agencies manage aircraft. A followup review conducted by GAO at the request of the Chairman, Subcommittee on Government Activities and Transportation, House Committee on Government Operations, has revealed that aircraft management is ineffective and cost systems are inadequate.

GAO reviewed 19 agencies or offices with aircraft at numerous locations across the country. The review included an assessment of 102 Government-owned aircraft and related services obtained from the private sector. (See app. IV.) GAO found that agencies are not using adequate systems to accumulate and report aircraft costs. Many of the systems which exist do not include all costs associated with aircraft operations; thus, operating costs are understated.

At the end of fiscal year 1981, which was the latest year for which data was available, civilian agencies operated at least 675 Government-owned aircraft worth at least \$440 million. They leased, chartered, and rented several thousand more from the private sector. For fiscal year 1981, the agencies said that they spent about \$326 million to operate Government-owned aircraft and at least \$99 million to acquire the private aircraft services. (See apps. II and III.)

GAO/PLRD-83-64
JUNE 24, 1983

AGENCIES ACQUIRE AIRCRAFT
WITHOUT ADEQUATE JUSTIFICATION

Some agencies have spent millions of dollars to acquire aircraft without adequate justification and without complying with Office of Management and Budget (OMB) Circular A-76 to determine if needed services could be provided at lower cost by the private sector. GAO believes that if the requirement to justify aircraft acquisitions with a bona fide A-76 analysis were enforced, the number of aircraft in the Government inventory could be measurably reduced. (See p. 13.)

UNECONOMICAL USE OF AIRCRAFT
TO PROVIDE TRANSPORTATION

GAO's detailed analysis of certain aircraft operated at the Coast Guard, the Federal Aviation Administration, and the National Aeronautics and Space Administration showed that the aircraft were used routinely for transportation, which could have been provided much more economically by commercial airlines. (See p. 20.)

GAO also found that:

- 200 flights justified as being to locations not served directly by commercial airlines were close to airports where such service was available. (See p. 21.)
- Many flights carried few passengers and at times they returned empty after discharging passengers at their destinations. (See p. 21.)
- Agency aircraft were used routinely to transport nonofficial travelers, including employees' spouses and other dependents free of charge. (See p. 22.)
- The justifications for using agency aircraft to transport passengers were often inadequate, and cost comparisons were not made to justify the use of expensive agency aircraft rather than commercial airlines. (See p. 24.)

Similar problems were also found at other agencies.

SOME AGENCY AIRCRAFT
WERE UNDERUSED

Some agency aircraft were underused and, therefore, more costly to operate for the few hours flown. Moreover, some of these aircraft were not needed

year round. The services they provided could have been obtained at a much lower cost commercially through full-service leases or rentals, which include pilots, maintenance, fuel, etc. Some agencies have realized this and have begun renting aircraft and reducing their inventories. (See pp. 28 and 33.)

LIMITED EFFORTS TO CENTRALIZE
CONTROL OVER AIRCRAFT HAVE
BEEN EFFECTIVE

The Department of the Interior's Office of Aircraft Services (OAS) has centralized control over all Department aircraft in Alaska and has made some progress in expanding this control to the lower 48 States. (See p. 36.)

GAO believes that OAS has been very effective in managing aircraft services for Interior. However, there are questions as to the scope of OAS authority. Nevertheless, OAS has developed aircraft policies, procedures, and an aircraft management program which other agencies can use. For instance, during fiscal year 1981, OAS provided over \$10 million of aircraft services to other Government agencies. An OAS-type operation, especially at agencies that have substantial aircraft needs, would enable them to manage their aircraft more effectively and economically. (See pp. 36 and 39.)

AGENCIES ARE NOT COORDINATING
AIRCRAFT OPERATIONS

Little interagency coordination of aircraft operations is occurring, even though some missions and requirements often are common and aircraft may be maintained and stored at the same location or nearby locations. This has contributed to inefficient and costly operations because the potential exists to share aircraft and maintenance and storage facilities and to consolidate or jointly perform certain aircraft missions.

A Government-wide management information system operated by a single coordinating office is needed to facilitate the exchange of aircraft information among agencies. This office would be a focal point for aircraft services and could result in even greater economies and efficiencies. (See p. 42.)

RECOMMENDATIONS

OMB, with its policymaking authority and Government-wide interest, is in the best position to set overall policy for aircraft and establish an effective aircraft management program. Therefore, GAO recommends that the Director, OMB:

- Develop uniform policies and procedures for aircraft management, including guidance on how, when, by whom, and for what purposes aircraft may be used and require that civilian agencies, in accordance with OMB policies, implement uniform, clear, and specific guidelines that define and differentiate between acceptable and unacceptable aircraft use. The guidelines should require individuals responsible for aircraft management to compare the full cost of transporting passengers by scheduled air carriers with the cost of transporting them by Government aircraft. (See pp. 10 and 26.)
- Work with agencies in developing overall criteria for a uniform cost accounting system that will standardize aircraft program cost elements and require agency compliance. (See p. 10.)
- Revise Circular A-76 to strengthen its application to the acquisition of aircraft and related services and enforce compliance with the circular through OMB's budget review process. (See p. 17.)
- Direct that each civilian agency that has substantial aircraft needs establish a central organization that would have oversight and management responsibilities for that agency's aircraft. (See p. 40.)

Because the General Services Administration (GSA) already performs certain functions for the Government fleet of automotive vehicles that the single coordinating office for aircraft would be doing, it would be an appropriate place for such an office. Therefore, GAO recommends that the Administrator of General Services establish a single coordinating office to operate a Government-wide aircraft management information system. (See p. 45.)

Additional recommendations are included on pages 26 and 34.

AGENCY COMMENTS AND GAO EVALUATION

GAO asked OMB and heads of 24 departments and agencies to provide comments on this report. Comments were received from all except the Department of Transportation, the Coast Guard, the Federal Aviation Administration, and the Tennessee Valley Authority. Comments from 13 are included as appendixes. The remaining comments were not included since they generally concurred with the report. (See app. XVI.)

OMB generally agreed with the recommendations and said that it is:

- Drafting Government-wide guidance dealing with aircraft use and management and modifying the Federal travel regulations to reduce abuses in use of the agency aircraft.
- Requiring those agencies that have substantial aircraft needs to establish clear accountability for aircraft management at a senior level.
- Revising its A-76 circular to reflect GAO's concern about its applicability to aircraft and is taking action to insure compliance with the circular's requirements. (See pp. 10 and 17.)

OMB agreed with the need for a uniform cost system but said that it believes that since GAO is responsible for setting Federal accounting system standards, GAO should develop the system. GAO believes that OMB, with its auspices over executive branch operations, has the authority and responsibility to require agency compliance with uniform requirements for aircraft costs. GAO will be available to provide assistance in developing the requirements. (See p. 10.)

GSA said that a Government-wide aircraft management information system is not necessary. GSA advised that a more efficient and prudent application of GAO's recommendation would be to issue procedures that would preclude agencies from buying aircraft unless they were used for mission purposes and to clarify the Government-wide travel policy. GSA, however, said that if it is designated as the coordinating activity, it will make every effort to

implement the recommendations. GAO disagrees with GSA's comment that a Government-wide aircraft management information system is not necessary. GAO believes that such a system for aircraft is needed because presently no central data base exists to inform agencies of the types of aircraft owned, their locations and availability, etc. GAO believes that its recommendations and the actions OMB said it is taking will incorporate GSA's suggestions. (See p. 46.)

Some of the agencies that provided comments agreed with the recommendations. The Department of Agriculture and its Forest Service and Animal and Plant Health Inspection Service; the Department of Energy; the Department of Justice and its Drug Enforcement Administration, Federal Bureau of Investigation, and Immigration and Naturalization Service; and the National Aeronautics and Space Administration had reservations about the application of Government-wide policy and guidelines to mission aircraft--those which primarily support special programs. Some of these organizations also objected to a departmental aviation organization and a Government-wide coordinating office because they said that such organizations would affect the operational aspects of their aircraft programs. (See p. 11 and 40.)

GAO recognizes that differences exist among agency aircraft requirements and tasks. However, GAO is not advocating that the departmental aviation organization and the Government-wide coordinating office be responsible for the day-to-day operations of mission aircraft. The offices or bureaus responsible for carrying out agencies' programs should have day-to-day management responsibilities and operational control of their mission aircraft. The Government-wide coordinating office would maintain an aircraft management information system for agencies' use.

The Department of Agriculture's Forest Service stated its concern that the development of overall criteria for a uniform cost system assumes a degree of uniformity and management needs which, in its opinion, does not exist. GAO disagrees. Although aircraft may have different configurations and tasks, the costs associated with their operations are common, i.e., costs for fuel, oil, pilot salaries, depreciation, and storage. Agencies do not now consider some of these and other applicable costs as aircraft expenses. Therefore, GAO believes that a need exists to develop overall criteria for a uniform aircraft cost accounting system. (See p. 11.)

Some agencies also stated their concern about aircraft that seldom fly. They said that some aircraft fly fewer hours because they have been structurally modified to serve a specific mission requirement and, therefore, are limited for other uses. GAO realizes that there are aircraft with low utilization that agencies need for special missions. However, some agencies have a large number of mission aircraft with low utilization. Also, agencies have administrative-type aircraft that are justified for specific mission purposes for which they are seldom used. GAO believes that agencies should be required to justify the need for such aircraft with bona fide A-76 analyses. (See p. 34.)

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ABBREVIATIONS

APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
ASCS	Agricultural Stabilization and Conservation Service
BIFC	Boise Interagency Fire Center
BLM	Bureau of Land Management
DEA	Drug Enforcement Administration
ECT	evaluation, currency, and transportation
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FS	Forest Service
GAO	General Accounting Office
GSA	General Services Administration
INS	Immigration and Naturalization Service
JPL	Jet Propulsion Laboratory
NASA	National Aeronautics and Space Administration
OAS	Office of Aircraft Services
OMB	Office of Management and Budget



CHAPTER 1

INTRODUCTION

The Chairman, Subcommittee on Government Activities and Transportation, House Committee on Government Operations, was concerned over the apparent lack of a uniform policy regarding Federal civilian agency management of aircraft and the resulting potential for misuse, waste, and inefficiency. Accordingly, the Chairman asked us to follow up on our December 22, 1977, report entitled "Improvements Are Needed in Managing Aircraft Used by Federal Civilian Agencies" (LCD-77-430). More specifically, the Chairman asked us to:

- Review the actions taken by the Office of Management and Budget (OMB) and the applicable Federal agencies to implement our recommendations.
- Evaluate the Department of the Interior's program for centralized aircraft management through its Office of Aircraft Services (OAS) to determine whether it had developed policies and procedures which could be used Government-wide to improve aircraft management.
- Answer specific questions on aircraft management. (See app. I for a copy of the Subcommittee's request.)

On September 23, 1982, we testified before the Subcommittee on Legislation and National Security, House Committee on Government Operations, on our findings. Our testimony covered most of the issues discussed in this and related reports. As a result of these hearings, it was agreed that we would address our reports to the Chairman, House Committee on Government Operations. We have already issued the following reports to the Chairman:

1. "The Coast Guard Headquarter's Administrative Aircraft Operations: A Costly Way of Providing Transportation" (GAO/PLRD-83-45, Mar. 3, 1983).
2. "FAA Can Better Manage the Aircraft It Uses To Keep Pilots Current and Provide Transportation" (GAO/PLRD-83-52, Apr. 1, 1983).

We also are reviewing the Department of the Interior's management of aircraft and we plan to discuss the results of our work in a separate report.

FEDERAL AGENCY AIRCRAFT PROGRAMS

Today aircraft are being used more extensively than ever by civilian agencies. Agencies spent at least \$425 million in fiscal year 1981 to operate aircraft. As of October 1981, civilian agencies operated 675 Government-owned aircraft, ranging in size from small single-engine aircraft costing less

than \$10,000 to large jet aircraft, such as a Boeing 747, costing many millions of dollars. (See app. II.) Information obtained from the agencies shows that the value of the aircraft inventory totals at least \$440 million. During fiscal year 1981, operating Government-owned aircraft cost about \$326 million.

In addition, agencies lease, rent, and charter several thousand aircraft. These services are normally obtained by agencies' individual field organizations; therefore, information was not readily available showing either the total aircraft or costs involved.

However, these services cost at least \$99 million during fiscal year 1981. Appendix III shows the total cost of operating the Government and commercially obtained aircraft services by agency.

Aircraft are used for various purposes, and as a result many different types of aircraft are used. Most agencies classify their aircraft into two general categories, depending on work type--administrative aircraft and mission aircraft.

Administrative aircraft

Administrative aircraft can be used to perform missions, but primarily transport personnel and cargo. These aircraft generally do not have special equipment required for specific missions. Administrative aircraft provide transportation normally associated with the services provided by commercial airlines and those that specialize in renting, chartering, or leasing aircraft. (See pictures on pp. 3 and 4.)

Mission aircraft

Mission aircraft primarily support special programs, such as fire protection, law enforcement, and land surveys. These aircraft, often needing special equipment, enhance agency efforts to complete special programs. Their use as personnel transport aircraft is limited. Agency officials indicated that the majority of aircraft owned by civilian agencies fall into this category. However, some agencies classify certain aircraft as mission aircraft even though they are used mostly to provide transportation or to keep pilots current.

PRIOR REPORT

Our 1977 report described how Federal civilian agencies were acquiring, operating, and managing aircraft independently and without any Government-wide guidance. Even in departments that had multiple agencies operating aircraft, the operations were autonomous with no departmental direction, guidance, or oversight. Such a decentralized system has created a lack of overall management control within the Government.



Lockheed Jetstar L-1329 (Passenger Capacity 8)



Cessna Citation CE-50 (Passenger Capacity 7)



Grumman G-159 (Passenger Capacity 18)



Beechcraft BE-200 (Passenger Capacity 6)

Our earlier report noted that agencies:

- Did not have sufficient information to determine aircraft needs; to economically obtain aircraft services; or to evaluate aircraft utilization, maintenance, and storage practices.
- Were not using uniform systems to accumulate and report aircraft program costs.
- Were doing little to coordinate their aircraft programs.

Accordingly, we recommended that OMB take actions to improve the management of agencies' aircraft programs and to make them more efficient and economical.

OMB has taken no action on our recommendations. It said that a well-constructed case had not been made for many of our conclusions and recommendations and that problems identified may have been isolated. In light of OMB's position and the continuing congressional concerns about the efficiency and economy of aircraft operations, we undertook a more rigorous review of Federal civilian agency aircraft management. In our current review, we concentrated on the extent of aircraft management deficiencies, their cost, and the specific benefits to be gained from better management.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our overall objective was to answer the questions raised in the Subcommittee's request and to determine whether the problems noted in our 1977 report still existed. We also wanted to determine to what extent aircraft management had been improved. Our review was conducted from November 1981 through May 1982.

The Subcommittee asked us to assess the management of Government-owned aircraft. In accordance with agreements reached in subsequent discussions with the Subcommittee Chairman's Office, the original request was expanded to include aircraft charters, rentals, leases, and contracts. These additional categories of services provide a more complete picture of total agency aircraft operations.

We determined which civilian agencies used aircraft and obtained information for fiscal year 1981, which at the time of our review was the latest fiscal year for which data was available, on the number of Government owned and operated aircraft, the cost of aircraft operations, and the areas where aircraft were used and located. Based on this information, we selected the agencies reviewed and locations visited. Accordingly, we reviewed 19 agencies or offices with aircraft at numerous locations across the country. (See app. IV.)

Our review focused on how agencies manage their aviation resources; applicable guidelines and policies; and how they

- obtain aircraft services,
- determine aircraft requirements,
- acquire aircraft,
- use aircraft,
- maintain and store aircraft, and
- determine aircraft cost effectiveness.

We analyzed available data for mission and transportation flights made in fiscal year 1981. For transportation flights, we compared their cost with the most reasonable alternative, which in most instances was commercial airline service. We used commercial jet coach standard class fares in effect at November 1981 for all flights within the United States. For international flights, we used business class fares as of May 1982, because 1981 fares were not readily available. Flight data was limited at certain agencies because records were being kept only for the latest 90-day period. We could not statistically sample flight data because aircraft operations and records were very decentralized and the data was inconsistent.

We interviewed agency officials at headquarters and field offices. We discussed management operations with these officials and with pilots and mechanics responsible for operating and maintaining aircraft. We also talked to Office of the Inspector General officials from the Departments of Agriculture, Commerce, Justice, the Interior, and Transportation and the National Aeronautics and Space Administration (NASA), and in several instances, we used their work in specific areas to aid our own analyses.

We made our review in accordance with generally accepted government auditing standards.

CHAPTER 2

GOVERNMENT-WIDE POLICY GUIDANCE AND UNIFORM INFORMATION SYSTEMS ARE NEEDED

Although Federal civilian agencies spent about \$425 million to operate aircraft in fiscal year 1981, we have found that, since our 1977 report, very little has changed in the way they manage aircraft. Some agencies have established information systems; however, aircraft management is still delegated to field locations with individual organizations managing their aircraft independently. There is no adequate agency policy guidance, nor are there uniform cost, accounting systems.

It is difficult to ascertain by agency how many aircraft are owned or operated, the commercial aircraft services procured, and the costs. Accordingly, agencies do not have the information they need when making important decisions on the alternatives to satisfy their aircraft requirements.

AGENCIES DO NOT HAVE THE INFORMATION THEY NEED TO MAKE PROPER DECISIONS ON THE NEED FOR AND USE OF AIRCRAFT

Some Federal civilian agencies do not have the information and cost data they need when making important decisions regarding alternatives to satisfy their aircraft requirements. These agencies operate and manage aircraft independently and without clear written policies on when, how, by whom, and for what purposes aircraft will be used.

Agencies do not know how many aircraft are in their inventories or how much their aircraft operations are costing them. Some agencies' cost systems do not include all the costs associated with aircraft operations. As a result, hourly rates to fly aircraft are understated. Many agencies accumulate only the most elementary costs--costs for fuel, oil, labor, and parts--and exclude such items as aircraft depreciation, pilot salaries, hangar costs, and administrative personnel costs. Also, some agencies do not account for costs by individual aircraft but accumulate costs by aircraft type. This makes it difficult to determine if aircraft are cost effective and if aircraft users are operating them in the most efficient and economical way.

The absence of oversight and basic cost information weakens management's ability to properly budget and account for aircraft services. Moreover, without such information, agencies cannot accurately determine what their aircraft requirements are or whether aircraft services should be provided in-house or obtained from the private sector.

The need for improved aircraft policy guidance and/or better cost data was noted at the:

- Department of Agriculture.
- Department of Energy. 1/
- Department of the Interior. 2/
- Department of Justice.
- National Oceanic and Atmospheric Administration.

For example, during fiscal year 1981, the Department of Agriculture had four agencies that spent over \$39 million to operate aircraft--the Animal and Plant Health Inspection Service (APHIS), the Agricultural Research Service (ARS), the Forest Service (FS), and the Agricultural Stabilization and Conservation Service (ASCS). However, the Department did not provide aircraft management or policy guidance. Also, it did not know how much its agencies spent on aircraft operations.

The four Agriculture agencies operated 62 owned aircraft and flew them over 14,000 hours at a cost of about \$4 million. These agencies also leased, rented, and contracted for aircraft services costing an estimated \$35 million.

Each agency is responsible for setting its own aircraft policy and cost accounting and reporting systems. However, one agency did not have aircraft policies or guidelines and two agencies did not have adequate cost accounting systems.

Although Agriculture said that it does have aircraft policy and guidance, we found that ARS, which owned and operated seven aircraft at three different locations, had no policies or guidelines on how, when, by whom, and for what purposes aircraft may be used. At one location, we were advised that only safety guidelines had been established. At the other two locations, no operational or safety guidelines existed.

FS had 9 regional offices and 154 national forest offices that autonomously operated owned, leased, contract, and rental aircraft. It did not know how much it spent for such operations, and it could not provide accurate information on how many hours the aircraft were flown.

1/The Department of Energy advised us that it has recently implemented an aircraft reporting system.

2/Does not include OAS managed, Interior owned and operated aircraft.

Although FS has a headquarters aviation office, it took from November 1981 to May 1982 to compile only limited information for fiscal year 1981. The office had to query each one of its nine regions which manually compiled the data available to them. The data showed that 36 owned aircraft ^{3/} flew about 11,200 hours costing about \$3 million.

FS advised us that it obtained about 87 percent of its aviation services from the commercial sector. However, FS does not know how much was spent for contracting and renting aircraft and related services. Accordingly, it estimated that during fiscal year 1981 about \$16 million and \$12 million, respectively, was spent for contracting and renting aircraft.

FS regions did not accumulate costs by individual aircraft. Instead they accumulated costs by total fleet. FS, in commenting on our draft report, said that

"* * * costs are accumulated by aircraft type in each Region to establish Working Capital Fund use and ownership rates to charge users. However, relative cost effectiveness of individual aircraft within each type cannot be measured or compared realistically because of the nature of FS in-house aviation activities. For example, if a Region operating two Beech Baron leadplanes finds that local differences in number of fires and severity in one year caused less utilization of one Baron, and during that year the same Baron suffered an unanticipated severe mechanical breakdown, the annual cost of the Baron, spread over fewer hours would be significantly higher than the other. But that is irrelevant. For management purposes, the overall cost of operating the two Barons, over several years, is the important information."

This method may provide a basis for averaging costs to individual aircraft, but it also precludes an evaluation of whether individual aircraft are cost effective. FS officials said that an automated aircraft use system was being developed that would capture relevant use data. However, the system will not provide cost data. This system is expected to be fully operational during fiscal year 1983.

Similar problems resulting from the lack of policy guidance, information systems, and good cost accounting data also were found at some of the other agencies listed on page 8.

CONCLUSIONS

Civilian agencies still ineffectively manage aircraft on a decentralized basis, with no overall Government-wide guidance and little agency guidance.

^{3/}According to FS, one other aircraft was not used during fiscal year 1981.

Furthermore, most agencies are not using uniform systems to accumulate and report aircraft costs. Some agencies do not have complete systems, and many systems are incomplete because they do not include all costs related to aircraft operations. As a result, these agencies do not know how many aircraft they operate and their actual costs. Also, uniform cost systems are needed to compare aircraft costs among various agencies or with the costs for similar services available from commercial sources.

RECOMMENDATIONS

In our 1977 report, we said that OMB, with its policymaking authority and Government-wide interest, was in the best position to lead Federal agencies in making needed improvements and establishing a solid aircraft management program. This is still true.

This leadership should enable civil agencies to establish aircraft policy guidance and uniform information and cost accounting systems. Therefore, we recommend that the Director, OMB:

- Develop uniform policies and procedures for aircraft management, including guidance on how, when, by whom, and for what purposes aircraft may be used.
- Work with agencies in developing overall criteria for a uniform cost accounting system that will standardize aircraft program cost elements and require agency compliance.

AGENCY COMMENTS AND OUR EVALUATION

OMB and most of the agencies that provided comments (see app. XVI) generally agreed with our recommendations on the need for Government-wide policies and procedures for aircraft management and a uniform cost system.

OMB said that it had begun drafting policy guidance dealing with aircraft use and management. OMB also agreed with the need for a uniform cost system for aircraft. In our draft report, we proposed that OMB develop the system. In commenting on the proposal, OMB suggested that since we have the responsibility for setting Federal accounting system standards and criteria, we would be in a better position to implement the recommendation. We are encouraged by OMB's comment that it has begun drafting Government-wide policy guidance. We believe, however, that OMB, with its auspices over executive branch operations, has the authority and responsibility to require agency compliance with uniform accounting requirements for aircraft costs. We will be available to provide assistance to OMB and agencies in developing the requirements. We believe further that the costs listed in appendix V should be captured in an accounting system that covers aircraft operations.

The Department of Agriculture and its FS, the Department of Energy, and the National Aeronautics and Space Administration (NASA) had reservations about applying Governmentwide policy and guidelines to mission aircraft because of the wide range of aviation missions and aircraft requirements. We realize that differences exist among agency aircraft requirements and tasks; however, because of the number of deficiencies noted in the report, we believe that there is a need for Government-wide policies and procedures for managing all aircraft, including guidance on how, when, by whom, and for what purposes aircraft may be used. Agencies could then apply the overall guidelines in making decisions on aircraft use based on their own unique requirements.

FS said that it has a standard aircraft accounting system for its owned aircraft but that a uniform aircraft cost accounting system assumes a degree of uniformity among agencies in aviation missions, methods, and management needs which, it believes, simply does not exist. We disagree. Although aircraft have different configurations and tasks, the costs associated with their operations are common; i.e., costs for pilot salaries, fuel, oil, depreciation, and storage. Because some agencies do not consider some of these and other costs as aircraft expenses, it is not possible to evaluate cost effectiveness of agencies' aircraft operations. Therefore, we believe that a uniform system is needed to standardize aircraft program cost data.

FS disagreed with data in our draft report concerning the number of hours and estimated costs to operate its owned aircraft for fiscal year 1981 and provided us with revised data. Since the revised data does not affect our basic position, we have changed this report to reflect the revised data. FS said that its new automated aircraft use reporting system will not provide cost data for leased, contract, and rental aircraft. Thus, FS will still not know what it actually spends for these aircraft.

The Drug Enforcement Administration (DEA) said that our assertion that agencies do not have information needed to make management decisions is a misrepresentation of the facts. DEA also disagreed with the data presented in appendix III of our draft report concerning the cost of operating its owned aircraft for fiscal year 1981. DEA said that its operating costs were \$1,421,400, not \$3,591,000 as we reported. DEA's operating cost figure is correct; however, our figure represents total aircraft costs, which include salaries, administrative costs, etc. We believe that cost is a major consideration in evaluating most Government programs and aircraft programs are no exception. Agencies should be identifying all costs associated with the aircraft services received to determine if the benefits are worth the costs. The absence of cost data, in our opinion, weakens management's ability to properly budget and account for aircraft services.

In its comments the Department of Energy said that it disagreed that there is a lack of policy guidance and poor cost data at Energy. It advised that policy guidance has been issued and that cost and utilization data is now being collected annually for each owned, leased, and borrowed aircraft. We are encouraged by these actions. However, at the time of our review, some of Energy's offices' aircraft cost data could not be relied on. For example, at Energy's Western Area Power Administration, which had four field offices that operated owned aircraft, we found that each office used different cost elements in determining aircraft operating costs. Unless Energy has corrected such problems, the aircraft data that is being reported may not be correct.

The National Science Foundation, in commenting on our draft report, said that its seven owned and seven borrowed aircraft that support the U.S. Antarctic Program should be exempt from any regulations promulgated by OMB because the aircraft are operated by the U.S. Navy in accordance with Navy standards. We disagree. In our opinion, since the National Science Foundation owns some of the aircraft and has responsibility for the program the aircraft support, they should not be exempt from any aircraft policies or guidelines OMB establishes.

Also, DEA, the Federal Bureau of Investigation (FBI), and the Immigration and Naturalization Service (INS) said that they have established procedures for aircraft use and cost systems to insure accountability and feel that improvements have been made since our 1977 report. Although each of these agencies has independently formulated policy guidelines and cost systems, we noted that certain relevant costs were not considered as aircraft expenses. As a result, they underestimated the actual cost of operating aircraft. For example, INS does not consider pilot and depreciation costs for reasons it considers valid when applied to law enforcement work.

CHAPTER 3

ACQUIRING AIRCRAFT WITHOUT ADEQUATE JUSTIFICATION

Some agencies have spent millions of dollars to acquire aircraft without complying with OMB Circular A-76 to determine if needed aircraft services could have been provided more economically by the private sector. Moreover, the studies done to justify aircraft acquisitions were inadequate.

All Federal civilian agencies must comply with the circular when modernizing, replacing, upgrading, or enlarging their aircraft fleets and related services if the action involves

--an additional capital investment of \$100,000 or more or

--increasing annual operating costs by \$200,000 or more, provided the increase exceeds 20 percent of the total investment or annual operating cost.

The circular is not designed to deal solely with aircraft and related services. However, it does provide valuable guidance to agencies in determining whether aircraft and related services should be provided by the private sector or through Government resources. One of the circular's main benefits is that it requires agencies to use total costs in such determinations and it also defines the categories of costs which must be considered.

The circular states that:

"The Government's business is not to be in business. Where private sources are available, they should be looked to first to provide the commercial or industrial services needed by the Government to act on the public's behalf.

"When private performance is feasible and no overriding factors require in-house performance, the American people deserve and expect the most economical performance and, therefore, rigorous comparisons of contract costs versus in-house costs should be used, when appropriate, to decide how the work will be done."

The circular defines a "Government commercial or industrial activity" as one which is operated and managed by a Federal executive agency and which provides a product or services that could be obtained privately. Such activities must be (1) separable from other functions to be suitable for performance either in-house or by contract and (2) needed

regularly. A comprehensive cost comparison handbook is provided as a supplement to the circular to insure that comparative cost analyses, when prepared, provide a valid basis for agency decisions.

SOME AGENCIES ARE NOT COMPLYING
WITH EXECUTIVE BRANCH POLICY
TO RELY ON PRIVATE INDUSTRY

OMB Circular A-76 is designed to facilitate agency determinations of whether a particular product or service should be provided by the Government or private industry. The OMB Deputy Director reemphasized this policy in an April 8, 1981, directive to executive branch agencies stating that

"This Administration strongly supports the general policy of reliance on competitive private enterprise to supply the products and services needed by the Government."

Furthermore, the Deputy Director urged agency officials to become more involved and provide the necessary leadership to fully implement OMB Circular A-76. Despite this, some agencies do not comply with the circular when acquiring aircraft or aircraft services. Agencies argue that the circular does not apply to their aircraft acquisitions because the aircraft are dedicated to a particular Government function or mission or are replacement aircraft. However, we found that this was often not the case. The aircraft acquired were used mostly to provide transportation and keep pilots current which could have been done more cheaply on private sector aircraft. Moreover, the circular does apply when agencies replace aircraft.

Examples of how some agencies justify their aircraft acquisitions follow.

NASA administrative aircraft acquisition

In 1981, NASA began replacing its three Queen Air administrative aircraft. Because the aircraft were old and expensive to operate and maintain, NASA wanted to replace them with more modern aircraft. NASA did not do a cost analysis to justify the decision to replace the aircraft. NASA officials told us that their aircraft were dedicated to a particular Government function and that, in their opinion, an OMB Circular A-76 analysis justifying aircraft replacements was not required.

During fiscal year 1982, NASA's Jet Propulsion Laboratory (JPL) and the Wallops Island Flight Center, Wallops Island, Virginia, both acquired a new nine passenger King Air 200 aircraft each costing \$1.5 million, as described below.

--JPL was using a five-passenger Queen Air to fly employees to a test station at Edwards Air Force Base, California, and the Deep Space Tracking Station at Goldstone, California. Both locations are remote and not readily accessible by commercial airlines. In addition, JPL was making extensive use of charter service to transport passengers between these locations. NASA considered full charter service; however, it concluded that replacing the aircraft was more cost effective and acquired a new aircraft in January 1982.

--The Wallops Flight Center was using a five-passenger Queen Air to transport NASA officials between Wallops Island; the NASA Research Center in Virginia; and the Washington, D.C., area. During fiscal years 1980 and 1981, an average of only 2.7 passengers were carried on transportation flights. Nevertheless, in October 1981, NASA replaced the five-passenger Queen Air with a nine-passenger King Air 200.

We also assessed the operations of a 13-passenger Gulfstream administrative aircraft at the Langley Research Center, Langley, Virginia. During fiscal years 1980 and 1981, this aircraft was used mostly to transport passengers to locations served by more economical commercial airlines and made over 400 flights with no passengers aboard. (See p. 21.) NASA is considering replacing this aircraft and four other Gulfstream administrative aircraft.

FS leadplane aircraft acquisitions

From December 1978 to April 1982, FS bought 15 twin-engine Beechcraft Baron aircraft, each costing between \$248,000 and \$358,000. FS planned to buy four more Beechcraft Barons in early fiscal year 1983. The Beechcraft Barons were bought to replace old single-engine aircraft used as leadplanes in directing firefighting operations.

In lieu of a bona fide A-76 analysis, the FS conducted a 1977 study which recommended procurement of 19 twin-engine aircraft because they were more effective and safer to use as leadplanes. Also, the study concluded that the type of aircraft needed was not available commercially without adequately determining that this was true.

We reviewed the use of five of the aircraft in fiscal year 1981 and found that they had flown only 714 hours, or 31 percent of their time as leadplanes, as shown below.

<u>Aircraft region location</u>	<u>FS aircraft number</u>	<u>Hours flown during fiscal year 1981</u>		<u>Leadplane percentage</u>
		<u>Total</u>	<u>Leadplane</u>	
Albuquerque	131Z	337	104	31
Albuquerque	132Z	349	104	30
San Francisco	151Z	590	156	26
Portland	161Z	406	170	42
Portland	163Z	474	180	38
Total		2,156	714	31

Most of the nonleadplane flying was for transportation. Also, similar aircraft are leased by other civilian agencies. For example, Interior's Bureau of Land Management (BLM) leases two Beechcraft Barons.

AGENCY THAT COMPLIES WITH OMB CIRCULAR A-76

OAS fully complied with OMB Circular A-76. In 1979, OAS developed an automated system to record operating costs for the OAS managed, Interior owned and operated aircraft and to compare the Government's costs with those of commercial operators. OAS had also developed A-76 policy and instructions for other Interior bureaus to use and had analyzed the costs of aviation operations and had developed a detailed list of cost elements, as described in appendix V, necessary to prepare cost comparisons in compliance with OMB Circular A-76.

We reviewed a limited number of aircraft contracts to determine if alternatives had been adequately considered. OAS did consider alternatives and did require bureaus to do so. During fiscal year 1980, 30 of Interior's 85 aircraft were managed by OAS. OAS reports show that 13 of the 30 aircraft were more expensive to operate during that fiscal year than similar commercial aircraft. We were advised that if the trend continues, OAS intends to dispose of these aircraft.

The circular required agencies to inventory commercial services and review in-house resources by March 29, 1982. OAS scheduled a review of each aircraft for fiscal year 1981. It also had inventories of all aircraft contracts exceeding \$100,000 and scheduled completion of A-76 reviews before March 29, 1982.

CONCLUSIONS

Some civilian agencies spent millions to acquire aircraft without adequate justification and without complying with OMB Circular A-76. Most civilian agencies feel that the circular does not apply to Government aircraft. As a

result, agencies may be spending millions of dollars unnecessarily by operating owned aircraft as compared to obtaining the services privately.

The Department of the Interior's OAS was the only civilian agency we found that determined aircraft needs and justified aircraft requirements in compliance with OMB Circular A-76. OAS had developed an automated A-76 system that analyzed the costs of aviation operations and had developed a list of costs elements necessary to prepare cost comparisons in compliance with the circular. Other civilian agencies need to measure and satisfy their aircraft needs in a similar manner. In our opinion, if agencies are required to justify aircraft acquisitions with bona fide A-76 analyses and OMB enforces the requirement, the number of aircraft in the Government inventory can be measurably reduced.

RECOMMENDATION

We recommend that the Director, OMB, revise circular A-76 to clarify its application to the acquisition of aircraft and related services and enforce compliance with it through OMB's budget review process.

AGENCY COMMENTS AND OUR EVALUATION

OMB agreed that the aircraft services we discuss in the report are clearly commercial activities subject to OMB Circular A-76. OMB advised that it had revised the circular and considered our concern about its applicability to the acquisition of aircraft and related services. We concur with the revisions and feel that the changes will help strengthen the circular. In our opinion, compliance with A-76 is the key to preventing many of the problems we identified.

OMB also said that it is taking definitive action to insure compliance with the circular. We concur with OMB's action and believe that compliance should be enforced.

FS, in commenting on our draft report's discussion of its purchase of leadplanes, stated that:

"The report states that five of the FS aircraft purchased as leadplanes only flew about one-third of their FY 1981 hours in the leadplane role, with the remainder of their hours mostly for transportation. The implication is apparently that the leadplane purchase program, begun in 1977 in conformance with existing OMB A-76 direction, should not have been undertaken and that, presumably, suitable leadplanes were available commercially. This is not a valid conclusion for the following reasons.

"Leadplanes are provided as platforms for FS airtanker supervisors to direct contract airtankers cascading retardant chemicals on wildfires. The leadplane pilots select the targets, fly the same passes ahead of the airtankers to insure that the airtankers can drop successfully, evaluate the drops and coordinate multiple airtankers working the same fire. The work is done at low altitudes in mountainous terrain; in smoke, turbulence, and heavy air traffic conditions. Consequently, it is extremely hazardous. Leadplane pilots must be so familiar with their aircraft that they can devote much of their attention outside the cockpit. In addition, leadplane pilots must fly different airplanes for different units as the fire situation and pilot availability dictate. It was and is essential that all leadplanes be the same make and model and that all cockpit controls be configured identically to insure pilot familiarity. It is therefore not feasible to rely on commercial sources to obtain leadplane aircraft. However, it is good management and it is cost effective to use these owned aircraft for other missions when they are not needed for leadplane duty."

We did not conclude that the leadplane program should not have been undertaken or that, presumably, suitable leadplanes were available commercially. Our position is that FS should have complied with A-76 to see if the private sector could have provided suitable leadplanes especially since FS leased about half its leadplanes during 1975 and 1976 and the airtankers and air crews they lead are provided by the private sector.

Moreover, we believe the leadplane program was not done in compliance with either the existing OMB Circular A-76 or that in effect in 1977 when the FS study was done to justify purchasing the planes. In our opinion, FS did not comply with A-76 because:

--The scope of the work to be performed and the level of performance were not adequately defined.

--The costs of obtaining the leadplane services from the private sector were not determined because a binding firm bid or proposal was not solicited in accordance with acquisition regulations. According to the responsible FS official, FS did not comply with this A-76 requirement because, in the opinion of FS, the private sector could not have provided the specific leadplanes required.

In our opinion, FS established unreasonable leadplane requirements by stating that all 19 of the planes it planned to buy had to be identical, especially since it used different types of owned and leased planes for these missions during 1975 and 1976. Moreover, the leased planes were acquired for use during only a limited portion of each year--the primary fire season.

During these 2 years, FS planes flew significantly fewer hours for leadplane missions than the 300 hours per plane the FS assumed the new ones would fly primarily for these missions. For example, during 1975 and 1976, the FS aircraft flew, on the average, 120 and 100 hours, respectively, as leadplanes. Furthermore, the five aircraft we examined flew, on the average, 140 hours as leadplanes during fiscal year 1981.

DEA, in commenting on our draft report, said that while economies may be realized by other agencies in complying with A-76, it is not realistic to expect drug law enforcement aircraft services to be provided by the private sector. Its rationale is that law enforcement needs are specialized and need to be available on demand. We do not disagree with DEA that law enforcement is a specialized area. Our position is that all agencies must comply with A-76 in determining whether the aircraft can be provided by the private sector, which can provide specialized aircraft on demand. During fiscal year 1981 DEA on occasion used rental aircraft from the private sector. Moreover, the FBI obtains most of its aircraft from the private sector. In our opinion, DEA should do an A-76 analysis.

CHAPTER 4

USING COSTLY GOVERNMENT AIRCRAFT RATHER THAN COMMERCIAL AIRLINES TO PROVIDE TRANSPORTATION

For only limited periods, we estimated that three agencies spent about \$3 million more by using their aircraft than readily available commercial airlines for transportation.

We found that many transportation flights were made

- to locations served more economically by commercial airlines,
- to locations not readily served by commercial airlines but close to airports where such services were available,
- with few passengers,
- carrying nonofficial passengers free of charge, and
- without adequate travel justifications and documentation.

Moreover, similar problems were also found at other agencies.

AIRCRAFT UTILIZATION POLICIES, PROCEDURES, AND PRACTICES

There are no Government-wide guidelines on the use of Government-owned aircraft. While Government travel regulations require all employees to travel at "less than first class" on commercial air lines except under unusual circumstances, there are no such limitations on the use of agency aircraft.

Moreover, agency policies on aircraft use are vague or merely state that aircraft should be used in an effective, efficient, and economical manner. Consequently, there are few restrictions on what, where, when, or how aircraft will be used whether the use is for mission or transportation purposes. As a result, some agencies transport certain employees, their wives, and guests on costly Government aircraft rather than on more economical commercial airlines.

Flights to locations served more economically by commercial airlines

Many agency aircraft transportation flights went to locations readily served by scheduled airlines. For only limited periods, we estimated that by using certain aircraft for such flights the Coast Guard, Federal Aviation Administration

(FAA), and NASA spent about \$3 million more than the cost of available commercial transportation. (See app. VI.) Other undetermined costs, such as crew per diem and related travel costs, also would have been eliminated had commercial airlines been used. In addition, thousands of gallons of fuel would have been conserved.

For example, the Coast Guard's two aircraft at National Airport, Washington, D.C., were used to transport high-ranking officials, their wives, and guests to locations generally served more economically by commercial airlines. During the 15 months ended December 31, 1981, transporting passengers on these aircraft cost over \$1.5 million more than if readily available commercial airlines had been used.

In a separate report, GAO/PLRD-83-45, we recommended that the Coast Guard dispose of the two administrative aircraft and that the officials use more economical commercial airlines to the maximum extent possible consistent with mission accomplishment. Examples of Coast Guard passenger flights to commercially served areas during the 6 months ended December 1981 are provided in appendix VII.

Although the examples in this chapter pertain only to the Coast Guard, FAA, and NASA we noted similar problems at other agencies; i.e., BLM, DOE's Bonneville Power Administration and Western Area Power Administration, FS, and the Tennessee Valley Authority.

Flights to locations not directly served commercially

Many flights to locations not directly served by commercial airlines were close to airports where such services were available. For example, 200 transportation flights made by two Coast Guard and one NASA aircraft to locations not directly served by commercial airlines were within a 50-mile radius of major commercial airports. Transporting passengers on these aircraft cost about \$353,000 more than available commercial transportation.

TRANSPORTATION FLIGHTS CARRY FEW PASSENGERS

Many agency aircraft transportation flights carried few passengers, and some flights had no passengers on board. Flying aircraft with few or no passengers on board is uneconomical and should be avoided whenever possible. For example:

- During fiscal years 1980 and 1981, 2 NASA aircraft made over 700 flights costing about \$450,000 out of a total of 2,050 transportation flights with no passengers on board. Flights were made without passengers when the aircraft flew empty to pick up passengers or departed empty after transporting passengers to destinations. Most of these flights could have been eliminated either by using commercial airlines or better managing flights.

One 5-passenger aircraft made 675 flights that carried passengers. However, the aircraft flew an average of only 2.7 passengers on these flights. Notwithstanding this, in November 1981, the five-passenger aircraft was replaced with a new nine-passenger aircraft at a cost of \$1.5 million.

--The FAA headquarters 8-passenger Lockheed Jetstar and the 7-passenger Cessna 550 Citation aircraft made 33 and 55 passenger flights, respectively, during the 3 months ended December 31, 1981. However, there were averages of only 2 and 3 official passengers, respectively, on each of these flights.

NONOFFICIAL TRAVELERS FLY FREE OF CHARGE ON GOVERNMENT AIRCRAFT

Although there is no Government-wide policy on transporting nonofficial travelers on Government aircraft, some agencies allow spouses and other dependents to fly free of charge. As discussed below, FAA and the Coast Guard are examples of agencies that allow such passengers on their aircraft.

FAA policy

FAA directives state that passengers may be carried on agency aircraft when (1) the carrying of such passengers will not result in additional cost to the Government and (2) authorization has been granted by the agency official responsible for the use of the flight-hours involved. The guidelines further prioritize authorized passengers; spouses and other dependents are ranked fourth, as follows:

"FAA employees and dependents of such employees in nonofficial status, on a space available basis, whose travel is in the national or public interest, essential to the proper and appropriate accomplishment of the mission, desirable because of diplomatic or public relations, or for the health or morale of the principals concerned."

This essentially provides carte blanche authorization for the above-mentioned travelers to fly any time on agency aircraft as long as their transportation is not the primary purpose stated for the trip. For instance, there were 39 FAA headquarters aircraft flights during the first quarter of fiscal year 1982; 63 spouses or other dependents of FAA employees were identifiable passengers on these flights.

Spouses and other dependents were also flown on FAA regional aircraft. For example, during fiscal year 1981, at least 238 nonofficial passengers flew on FAA Alaska regional aircraft.

This practice continued even though a July 1980 Department of Transportation Inspector General's report had criticized this practice. The report said that by transporting such passengers, the Government was being exposed to potential and significant tort claim liability and that many of these exposures were unnecessary. The report further stated that the region's interpretation was that almost anyone could fly on board the aircraft as long as seats were available.

Coast Guard policy

Coast Guard policy allows dependents to fly on its aircraft, if no additional cost is incurred and prior authorization has been granted. The Coast Guard travel regulations state that travel may be authorized for a

"* * * dependent wife accompanying a person on an administrative flight in an aircraft assigned for the use of a senior officer. The circumstances must be limited to those in which travel of the wife is in the national interest, essential to mission accomplishment, or desirable for diplomatic or public relations reasons."

In November 1978, we reported ^{1/} on flights that carried high-ranking Coast Guard officials and their wives on Government aircraft. We pointed out that:

"In the case of Government aircraft it may be claimed that if the plane is going anyway, there is no extra cost in having extra travelers aboard. Nevertheless, regardless of the traveler's intent, these practices have been susceptible to criticism that such trips are for the benefit of the travelers rather than the Government--especially when the principal traveler is the one who authorizes the trip and decides who will be aboard.

We also pointed out that it could be claimed that no significant cost was incurred by having spouses accompany the principal travelers. We feel, however, that the perceived possibility of spouses accompanying the principal travelers at little or no extra cost could influence or at least give the appearance of influencing the decision as to whether the trip should be made.

Spouse travel at Government expense, like first class travel, is a practice that can be particularly susceptible to criticism as to whether it is done primarily for the benefit

^{1/}Letter report (FPCD-79-5, Nov. 6, 1978), to the Director, OMB.

of the employee or the Government. Moreover, we could find no legal authority allowing the civilian agencies reviewed to transport spouses or other relatives who are not Government employees on Government aircraft free of charge. Therefore, they cannot assume that they have such authority. In the GAO/PLRD-83-45 report we noted that spouses and guests of Government officials were still being transported on Coast Guard aircraft.

INADEQUATE TRAVEL JUSTIFICATIONS
AND DOCUMENTATION FOR FLIGHTS

Agency aircraft were used without adequate justification for many trips. In many cases, the justifications for the trip were not provided. Some other justifications were too general or vague, such as

- official Government business,
- official transportation,
- executive transportation, and
- transportation of officials.

In our opinion, such justifications are inadequate for using agency aircraft. Justifications should contain sufficient detail to determine whether the use of the agency aircraft was practical and economical and was in conjunction with an agency mission and why commercial transportation could not be used.

Moreover, when high-ranking Government officials make trips, the specific reasons for going to the locations visited could not be determined from any official travel records because (1) these officials generally have unlimited open travel authorizations and (2) their travel vouchers do not show why they went to the locations for which they claimed expenses. Therefore, it is not possible to readily determine that the aircraft were always used for official Government business.

A July 1981 OMB report ^{2/} on interagency travel management found a wide variation in the format of and the information provided on travel records. OMB said that in many cases, the purpose of the requested travel is "to conduct official business" or something similarly vague. Without more specific information on the purpose of the travel, an approving official could not evaluate the trip's importance or assure that the trip taken corresponded to the trip approved. To strengthen the travel authorization process, the report recommended that:

^{2/}"Interagency Travel Management Improvement Project Report on Strengthening Federal Travel Management" (July 1981).

"All travel authorizations should clearly state the purpose or purposes for the travel being approved. 'Conduct of official business' or similar statements should be eliminated in all instances. The level of detail needed in the description of the purpose of travel is something which varied from agency to agency but, at a minimum, it is necessary to associate the purpose on the authorization form with the standard purpose categories developed for Government-wide travel cost reporting purposes."

In addition, not all passengers on flights were listed or identified; passengers' statuses were not indicated (e.g., their offices or agencies were not shown nor was it stated whether they were dependents); and the locations where passengers embarked or disembarked generally were not shown.

Cost comparisons were not made for transportation flights on agency versus commercial aircraft. In view of the high cost of operating Government aircraft, each request for an aircraft should be justified by a cost comparison. Government aircraft should not be used unless they are the most cost effective way to travel or are required by important mission considerations.

CONCLUSIONS

Some agencies generally use costly Government aircraft for transportation flights that could be accomplished more economically on commercial airlines or other private sector aircraft. This occurs because (1) there is no Government-wide policy on how civilian agencies may use their aircraft and (2) agencies lack clear guidelines for aircraft use.

Transportation flights carry few and at times no passengers. Further, it is difficult to determine if aircraft are used for legitimate purposes because aircraft request justifications are not always detailed enough to permit thorough postaudits. Moreover, cost comparisons are not made to justify the use of costly Government aircraft rather than cheaper commercial airlines.

RECOMMENDATIONS

We recommend that the Director, OMB, when developing the Government-wide policy guidance for aircraft use and management (see p. 10), clarify the Government's travel policy and regulations accordingly. This action would insure that civilian agency aircraft were used efficiently and economically for administrative travel and that the aircraft transported only those persons having an official relationship to an agency's mission.

Specifically, the regulations should provide guidance on the use of Government aircraft. This guidance should require that administrative travel on Government aircraft flights which are not necessary due to mission requirements occur only when it is more economical than commercial service. Also, the regulations should prohibit or more severely limit the transporting of spouses, other dependents, and other nonofficial travelers on Government aircraft.

We also recommend that the Director, OMB, require civilian agencies, in accordance with OMB policies, to implement uniform, clear, and specific guidelines that define and differentiate between acceptable and unacceptable aircraft use. The guidelines should:

- Require individuals responsible for managing aircraft to compare the full cost of transporting passengers commercially with the cost of transporting them by Government aircraft. The latter cost would be full, incremental, or no cost depending on the circumstances of the aircraft's mission and the purpose of the flight.
- Require the use of commercial airlines, or other less costly means, to transport passengers when it is more economical and it does not interfere with mission accomplishment.
- Prohibit or more severely limit the transporting of spouses, other dependents, and other nonofficial travelers on Government aircraft, except when such travel is for official Government business.
- Require that aircraft use justifications contain sufficient information for each flight to determine whether the use of the aircraft was prudent, practical, and economical and was in conjunction with an agency mission, as spelled out in OMB's 1981 report on inter-agency travel management.

AGENCY COMMENTS AND OUR EVALUATION

OMB agreed with our recommendations that the Government's policies and regulations be clarified for travel on agency aircraft. OMB stated that it is exploring opportunities for modifying the Federal travel regulations to reduce abuses in the use of agency aircraft for transportation.

OMB asked us to summarize the savings opportunities noted throughout the report to justify better the claim of our draft report's title that "millions" can be saved. We cannot quantify the total cost savings and have revised the title. However, in this chapter, we estimated that three agencies, for limited periods, spent about \$3 million more by using

their aircraft rather than available commercial airlines for transportation. Also, in chapter 5, we point out that since the completion of our review, Interior's BLM has reevaluated its aircraft needs and has disposed of 10 aircraft and has reduced aircraft personnel.

NASA commented that it did not consider the number of no-passenger flights that we identified for two aircraft to be excessive. NASA said that in operating executive aircraft, a limited number of no-passenger flights are necessary for effective utilization. We believe that over 700 no-passenger flights costing about \$450,000 out of a total of 2,050 flights for a 2-year period is excessive. Moreover, many of these flights could have been prevented through better scheduling of aircraft for personnel requiring transportation. Therefore, we believe that NASA should curtail or minimize such flying.

Energy, in commenting on our report said that for transportation flights reviewed it appears that we did not take into account certain factors for using Government aircraft, such as timeliness in meeting emergencies and special purpose requests. Our detailed analysis of certain aircraft operated at three agencies (Coast Guard, FAA, and NASA) showed that the majority of flights were for routine travel which did not appear justified based on either time critical mission requirements or the nonavailability of commercial air transportation. We also noted similar problems at other agencies.

Also, Energy commented that our recommendation that individuals responsible for the management of aircraft compare the full cost of transporting passengers by commercial airlines with the cost of operating Government aircraft should apply only to flights on administrative aircraft. We disagree. Our review showed that the mission of some aircraft was strictly to transport passengers, who generally could have traveled on commercial airlines at a lower cost. In such cases, we believe that comparisons should be based on full cost. However, where passengers or cargo are moved on mission aircraft that are justified for bona fide nontransportation missions, the transportation costs would be either incremental or none depending on whether the flights are made solely for transportation or the transportation is incidental to a mission. We have revised our recommendation accordingly.

Agriculture said that its administrative travel in owned aircraft is nearly nonexistent. However, at the FS regions visited, we found that aircraft were used mostly for transporting passengers. For example, on page 16 we show that during fiscal year 1981 most of the flying for five aircraft were for transporting personnel.

CHAPTER 5

AIRCRAFT WERE UNDERUSED AND WERE COSTLY TO OPERATE

Many aircraft reviewed did not fly the number of hours needed to meet agencies' annual minimum flight-hour standards. Moreover, some agency standards appeared low and fluctuated from year to year depending upon the availability of funds.

Some agencies are realizing the economies of using commercial service and have begun renting aircraft and reducing their aircraft inventories.

USE OF AGENCY AIRCRAFT

Following are some examples of use of agency aircraft for purposes that could have been accomplished much more cheaply on commercial airlines, through full-service leasing, or through renting aircraft.

BLM

BLM owned one aircraft and annually leased nine others during fiscal year 1981. The aircraft were acquired by BLM for its Boise Interagency Fire Center (BIFC), Boise, Idaho.

The 10 aircraft were not cost effective being operated annually with BIFC pilots and support personnel. As much as \$2.1 million annually could have been saved if these aviation needs had been met with full-service leased aircraft. (Full-service leasing includes pilots, maintenance, fuel, etc.)

Our review of fiscal year 1981 data showed that OAS could have provided full-service leased aircraft, which were either the same as or similar to those operated by BIFC, and could thereby have saved from \$1.1 million to \$2.1 million. The amount of the savings would have depended on the length of the fire season and the time for which OAS would have had to guarantee aircraft availability. For example, \$2.1 million could have been saved if the aircraft had been needed only for the normal fire season. If needed longer, the savings would have been reduced proportionately and would have totaled about \$1.1 million if the aircraft had been full-service leased for the entire year. Moreover, OAS can arrange to provide the aircraft on an as-needed basis anytime throughout the year.

In our opinion, BIFC generally does not need aircraft during the nonfire season because in the past:

1. The aircraft were used very little during the nonfire season.

2. The aircraft were used primarily by other agencies--mostly FS in the Southeast--because the artificially low reimbursement rates made them appear less expensive for the Government than comparable aircraft services available from the private sector, even though private services were much cheaper.

During fiscal year 1981, BIFC flew the 10 aircraft for almost 2,700 hours, as shown below.

<u>Aircraft</u>	<u>Hours flown</u>
Convair 440 (owned)	314
Electra	368
King Air	425
Bell 214 helicopter	492
Bell 206 helicopter	270
Bell 206 helicopter	135
Bell 206 helicopter	262
Hughes 500D helicopter	184
Beech Baron	178
Beech Baron	56
Total	<u>2,684</u>

Eighty-one percent, or 2,168 hours, were flown during the fire season. The remaining 516 hours (or 19 percent) were flown primarily to furnish fire support to FS in California and southeastern States. Usage of seven of the aircraft for the fiscal year 1981 and 1982 nonfire seasons is shown below.

	<u>Hours flown</u> <u>Nov. 1980-Mar. 1981</u>	<u>Average</u> <u>per</u> <u>month</u>	<u>Hours flown</u> <u>Nov. 1981-Mar. 1982</u>	<u>Average</u> <u>per</u> <u>month</u>
Convair				
440	130.5	26.1	38.7	7.7
Electra	61.6	12.3	3.0	.6
King Air	121.7	24.3	42.0	8.4
Bell 214	91.5	18.3	16.7	3.3
Bell 206	(a)	-	118.2	23.6
Bell 206	(a)	-	87.5	17.5
Hughes				
500	97.5	19.5	(a)	-

a/Not available.

Some of these hours were for ferrying the aircraft from Boise to their duty sites and back. For example, the two Bell 206 helicopters accumulated over 40 hours flying from Boise to Florida where they were used for a controlled burning project.

Moreover, during fiscal year 1981, FS was the primary user of these aircraft. For example:

- The Electra was flown 368 hours, of which 299 hours, or 81 percent, were flown for FS.
- The Convair 440 was flown 314 hours, of which 269 hours, or 86 percent, were flown for FS.
- The King Air was flown 425 hours, of which 199 hours, or 47 percent, were flown for FS.

BIFC's artificially low reimbursement rates encourage the use of the aircraft, which in turn is used as justification for keeping the aircraft year round, along with about 50 BIFC pilots and support personnel. The following table shows BIFC's hourly reimbursement usage rates by type of aircraft, versus the rates we believe should have been charged, and private sector rates available through OAS for the same or comparable aircraft. Data was not available for the Bell 214 helicopter.

	<u>BIFC</u>	<u>GAO computed</u>	<u>Private sector</u>
Lockheed Electra	\$1,800	\$2,941	\$1,500
Convair 440	880	1,267	1,230
King Air 200	350	947	530
Bell 206	325	678	430
Bell 206	325	695	430

On May 27, 1982, BIFC's director announced that BIFC's helicopter operations would be discontinued on December 31, 1982, mainly due to the availability of commercial services at lower prices.

Moreover, Interior has recognized the problems noted above and has taken corrective actions. BIFC has discontinued its year-round aircraft operations and for the fiscal year 1983 fire season plans to use two full-service aircraft obtained through OAS at an estimated cost of \$810,000.

In a separate report on Interior aircraft operations in the contiguous 48 States we plan to discuss in detail the BLM-BIFC operation and the corrective actions taken.

FAA evaluation, currency, and transportation aircraft

FAA had 17 owned and leased aircraft assigned to its evaluation, currency, and transportation (ECT) flight program during fiscal year 1981. Aircraft were assigned to this program primarily for (1) evaluating aviation equipment and services, (2) maintaining the flight proficiency and currency of designated FAA pilots, (3) providing VIP transportation for certain Department of Transportation and FAA officials, and

(4) other transportation determined to be in the best interest of the Government.

For fiscal year 1981, FAA had established a minimum utilization rate of 600 hours per aircraft. Because of budgetary constraints, FAA reduced the rate for ECT aircraft to 500 hours for fiscal year 1982. Moreover, some ECT aircraft were acquired with the justification that they would be flown at least 700 hours a year for program purposes.

Our review of eight ECT aircraft showed that only one achieved the 600-hour rate, as shown below.

<u>Location</u>	<u>Type of aircraft</u>	<u>Fiscal year 1981</u>			
		<u>Hourly rate to operate aircraft</u>	<u>Flight-hour utilization standard</u>	<u>Actual hours flown</u>	<u>Hours aircraft under-used</u>
FAA head- quarters	Lockheed Jetstar	\$3,070	600	375	225
	Grumman 159	959	600	467	133
	Beechcraft 200	615	600	493	107
	Cessna 550 Citation (leased)	965	600	617	
Southern Region	Beechcraft C-90	534	600	582	18
Pacific Northwest Region	Cessna 500	982	600	214	386
	Citation Cessna 421 (leased)	328	600	496	104
Western Region	Beechcraft F-90	485	600	a/150	

a/Hours represent June through September 1981. Aircraft acquired in June 1981.

The majority of the actual hours were flown to transport passengers to locations served by more economical commercial airlines and to provide pilot currency. For example, the hours flown for these purposes accounted for more than 64 percent of the Jetstar's flight time and cost \$733,730. Moreover, the Western Region Beechcraft flew 132 of its 150 hours for currency and transportation at a cost of over \$64,000.

FAA also rents aircraft for ECT flying. During fiscal year 1981, over 17,000 flight-hours were rented at a cost of about \$1.7 million, or \$90 an hour. However, this does not include crew or fuel costs. The rental rate appears very

reasonable, and the Western Region was accomplishing its ECT flying with rental aircraft before receiving its Beechcraft.

The flight-hour requirements for the ECT program appear overstated and are questionable because pilots do not fly the minimum currency hours required to remain in the program. Moreover, a few pilots fly most of the program's flight-hours. In our opinion, these requirements justify neither the money being spent for aircraft to support the program nor the millions spent to provide transportation on flights justified as being for pilot currency.

For example, as of February 28, 1982, there were over 1,300 pilots in the ECT program. These pilots are supposed to have a job-related need to fly and to keep their flying proficiency current to remain in the program. But at least 70 percent of these pilots were not current during the 12-month periods examined. While 192 pilots did not fly at all, 101 pilots flew over twice the number of hours required to remain current.

ARS

ARS owned and operated seven aircraft during fiscal year 1981. The aircraft are used for aerial photography and spraying and agricultural research. ARS had no utilization standards and the aircraft flew a total of only 436 hours during fiscal year 1981 at a cost of over \$288,000. This is an average of about 62 hours per aircraft at an hourly rate of \$660, as shown below.

	Hours flown fiscal year <u>1981</u>	Cost (note a)	Hourly cost (note a)
Cessna 182	96		
Aero Commander	119		
Cessna 206 and Piper 25 (note b)	126		
Cessna 206, 188 and a Bell Helicopter 47G (note b)	<u>95</u>	<u> </u>	<u> </u>
	<u>436</u>	<u>\$288,278</u>	<u>\$660</u>

a/Cost by aircraft not provided by agency.

b/Hours not broken down by aircraft.

Treasury's U.S. Customs Service aircraft

For fiscal years 1980 and 1981, the U.S. Customs Service's 65 aircraft flew an average of only 210 hours. Customs had no utilization standards and during the latter fiscal year, 12 aircraft flew fewer than 86 hours each, as follows:

<u>Aircraft</u>	<u>Hours flown fiscal year 1981</u>
Cessna 210	61
Cessna 215	56
Cessna 337	71
Piper 32	21
S-2D	64
T-39	61
T-39	45
T-39	85
T-39	43
OVIC	77
Aero Commander 680 F	83
Aero Commander 681	14

In March 1983, the Department of the Treasury advised us that these aircraft flew few hours during fiscal year 1981 because they were grounded due to mechanical problems. As of March 1983, some of the aircraft have been removed from Customs' inventory.

Appendix VIII identifies additional civilian agency aircraft that had low use during fiscal year 1981.

SOME AGENCIES HAVE STARTED USING MORE ECONOMICAL RENTAL AIRCRAFT

Since our 1977 report, some civilian agencies have started using more economical aircraft from the private sector. For instance, the Animal and Plant Health Inspection Service has reduced its aircraft inventory from 83 in 1977 to 18 in 1981. APHIS officials told us that they planned to dispose of the remaining aircraft and that more economical rental aircraft would be used for agricultural surveys, spraying, and photography. During fiscal year 1981, the 18 owned aircraft cost \$262 per hour to fly while the contract aircraft hourly cost was \$138.

The Environmental Protection Agency (EPA) also is using commercial aircraft. For instance, in 1977 EPA operated 10 governmental aircraft compared to 3 in 1981. EPA officials told us that the aircraft had been disposed of because they were not being flown enough to justify ownership and because private sector aircraft were available to perform tasks such as aerial photography.

CONCLUSIONS

Many flights transported passengers to locations served more economically by commercial airlines. When these flight-hours are subtracted from the aircraft utilization rates, the

rates are very low and raise serious questions as to whether the aircraft are really needed. Also, some agency aircraft were underused because they are not needed year round. The required services these aircraft provide could be obtained much more cheaply from the private sector through full service leasing (includes pilots, maintenance, fuel, etc.)

Maintaining aircraft that seldom fly and whose services are available more cheaply from the private sector is wasteful. Agencies should dispose of underused aircraft and rely to a greater extent on the private sector aircraft where this is practical and consistent with mission accomplishments.

RECOMMENDATIONS

We recommend that to provide greater assurance that civilian agency aircraft are operated economically and effectively, the Administrator of General Services:

- Establish aircraft utilization standards to insure that Government owned and leased aircraft are justified based on their use for mission purposes.
- Require agencies to dispose of those aircraft that cannot be justified for mission purposes due to their low and uneconomical utilization.

AGENCY COMMENTS AND OUR EVALUATION

In our draft report, we proposed that OMB establish aircraft utilization standards and disposal practices. OMB agreed with the recommendations but suggested that they be made to GSA. We concur with OMB's suggestion and we have changed our recommendations accordingly.

GSA commented that procedures should be established to preclude agencies from buying aircraft unless they are justified for mission purposes and to clarify the Government-wide travel policy. GSA, however, said that if it is designated as the coordinating activity and given authority and responsibility, it will make every effort to implement the recommendations.

Some agencies said that aircraft fly few hours because they have been structurally modified to serve a specific mission and, therefore, are limited for other uses. We realize that there are aircraft with low utilization that agencies need for special missions. However, some agencies have large

numbers of mission aircraft with low use, e.g., FAA and FS. Also, agencies have administrative aircraft that are justified for specific mission purposes for which they are seldom used. We believe that agencies should be required to justify the need for such aircraft with bona fide A-76 analyses.

CHAPTER 6

OAS AIRCRAFT MANAGEMENT PROGRAM COULD BE A

MODEL FOR OTHER AGENCIES' PROGRAMS AND

A GOVERNMENT-WIDE SYSTEM

OAS has centralized management of all Interior aircraft in Alaska and has made some progress in improving management in the lower 48 States. While there are questions as to the scope of OAS authority, which is the subject of an upcoming GAO report, OAS has established many standard aircraft policies and procedures and has developed an effective aircraft management program that has benefited not only Interior, but some other agencies as well.

BENEFITS OF CENTRALIZED AIRCRAFT MANAGEMENT

Interior was achieving certain benefits from centralized aircraft management in the areas of management information, contracting effectiveness, flight coordination, safety, and cost savings. Other civilian agencies requiring substantial aircraft services could achieve similar benefits by centrally managing their aircraft. Each OAS system and the benefits being achieved are described below.

Management information system

OAS has developed and maintains a management information system to (1) determine aircraft operating costs, (2) identify aircraft ownership and availability, (3) fill aircraft requirements, and (4) maximize aircraft use. The system includes financial and aircraft management cost and reporting subsystems. These subsystems basically develop and provide uniform cost and reporting data. Without a central system, comparing bureau aircraft costs would be difficult. Thus, it would be virtually impossible to determine how and by whom aircraft services should be provided to insure least cost to the Government.

The system provides reports which show the cost and revenue and utilization information for Interior owned and operated lease, contract, charter, and rental aircraft. It can produce various reports on aircraft use, costs, and mission on a monthly, quarterly, or request basis.

Since our 1977 report other civilian agencies, such as DEA, the FBI, the U.S. Customs Service, and FAA have implemented or have improved their management information systems that provide data on the types of aircraft owned and operated, costs, locations, and number of hours flown. Some of these systems are rather complex computerized systems which include numerous data. For example, FAA's system provides data on FAA

aircraft and pilots. Data on pilots include types of aircraft flown, hours flown in each type of aircraft, and accomplishments on each flight (e.g., number and type of takeoffs, approaches, and landings). Because of these systems the agencies were able to readily provide the data.

OAS A-76 cost system

OAS has developed an automated system to record monthly operating costs of the aircraft it manages and to compare them with those of commercial operators. The system was developed to comply with OMB Circular A-76, which agencies are required to follow in determining if services should be provided by the Government or the private sector. OAS has analyzed the costs of aviation operations and has developed a detailed list of cost elements (see app. V) necessary to prepare cost comparisons in compliance with the circular. OAS has also developed A-76 policy and instructions for Interior. When an aircraft acquisition is contemplated, OAS, in concert with the requesting bureau, helps prepare an A-76 cost analysis.

As discussed in chapter 3, some of the agencies reviewed were not complying with the circular when acquiring aircraft and related services. These agencies need a similar cost system for owned and operated aircraft. Moreover, the single coordinating agency could be responsible for insuring compliance with the circular.

Aircraft contract and rental system

OAS is responsible for awarding most aircraft and aircraft services contracts over \$10,000 and in our opinion has done an outstanding job of contracting for Interior. OAS

- receives requests for contract services from the bureaus;
- prepares bid solicitations based on the bureaus' requirements;
- evaluates bidders' aircraft airworthiness and pilot qualifications and inspects contract aircraft;
- awards contracts;
- administers contracts with the bureaus; and
- receives bills from contractors after the bureaus certify that services have been received, pays the contractors, and bills the bureaus after adding service charges for the contracting services.

OAS also established rental agreements with aircraft operators. These agreements generally provide that the terms of the agreement (e.g., rates) be in force if and when the services are actually used. A computerized list of all of these rental agreements, including their terms, is provided to interested bureaus upon request--about 175 different locations were receiving this list.

OAS also provides a list of approved charter operators for use in arranging one-time point-to-point service. The charter and rental system insures the use of qualified commercial air taxi operators at the best available prices. Under this system, OAS verifies insurance coverage and operating certificates, inspects aircraft, and reviews pilot qualifications. It also places the names of approved operators on a computer list which is provided routinely to the bureaus and offices. When bureaus use the system, the contractors bill OAS, which pays the contractors and bills the bureaus after adding service charges.

A similar system could be operated by a single coordinating agency.

Flight coordination centers

The OAS flight coordination centers provide an effective centralized means for bureaus and offices to obtain aircraft services. Centers are located in Boise, Idaho; Denver, Colorado; Atlanta, Georgia; and Anchorage, Alaska. These centers use the charter and rental program and also consider OAS contracted and owned aircraft to satisfy bureau requirements. The centers try to achieve optimum use of available aircraft by individually researching every request for aircraft services and by giving the bureaus cost figures and technical information. Through this coordinating process, OAS looks at the overall situation and provides maximum aircraft use at the lowest cost. Such a service could be very beneficial and economical if provided Government-wide by a single coordinating agency.

Safety procedures system

OAS is responsible for developing and conducting an aircraft accident prevention program. Its philosophy is that aircraft mishaps can be prevented. Aircraft are used in low level operations; in rugged mountain terrain; and over deserts, oceans, and other remote areas. Aircraft are used as aerial tankers for smokejumpers and for conducting geologic and energy exploration, transporting inspectors to offshore drilling platforms, and performing animal damage control. Since the establishment of OAS in 1973, aircraft accidents within Interior have decreased significantly.

To improve safety in Interior's often hazardous flying environments, OAS has developed and administers programs for

- standards,
- training, and
- accident investigations.

A single coordinating agency could provide a similar safety program Government-wide.

OAS AIRCRAFT MANAGEMENT PROGRAM CAN BE USED GOVERNMENT-WIDE

OAS aircraft policies, procedures, and systems can and in some cases are used by other Government agencies to improve their aircraft operations. For example, OAS provides aircraft contracting and rental service to non-Interior agencies. During fiscal year 1981, OAS provided over \$10 million of aircraft services to a number of non-Interior agencies. (See app. IX.)

Officials from several of the agencies using OAS services told us that they could not accomplish their missions without OAS support. The officials said that they did not have the in-house technical expertise necessary to evaluate aircraft airworthiness or the pilot qualifications of potential contractors. Also, several officials said that just performing their own contract award and administrative functions would increase their costs substantially. For example:

- EPA uses a helicopter to perform environmental monitoring of waste disposal off the east coast. EPA officials told us that they had no in-house safety or maintenance inspection capability; these functions have been performed by OAS for a reasonable fee. These officials said that if they had to contract for this service, it would probably cost more, at a time when their budget was being trimmed. The helicopter used by EPA is on loan, and the EPA officials expressed concern that if they had to contract for the total service, including the helicopter, they would have to pay for monitoring equipment installation which would make this option "extremely expensive."

CONCLUSIONS

OAS has very effectively managed a number of Interior's aircraft operations. To accomplish this, OAS established uniform aircraft policies and procedures, an aircraft management information system that includes a cost accounting system,

and a safety program. A further indication of OAS effectiveness and potential broader application of its services is the fact that some non-Interior agencies have benefited from using OAS services.

Civilian agencies having multiple organizations requiring substantial aircraft services need an aircraft office to serve as a focal point for overall aircraft management. These agencies could use the OAS systems as models when establishing such offices. The individual agencies' systems then could be used as the basis for establishing a Government-wide aircraft management information system to foster interagency sharing of aircraft and related resources. The OAS aircraft management information system could also serve as a model for a Government-wide system discussed in chapter 7.

RECOMMENDATION

We recommend that the Director, OMB, direct each civilian agency that has substantial aircraft needs to establish offices responsible for aircraft oversight and management.

AGENCY COMMENTS AND OUR EVALUATION

OMB agreed with our recommendation that agencies with substantial aircraft needs establish clear accountability for aircraft management at a senior management level and advised us that this requirement is being considered for inclusion in its Government-wide aircraft policy guidance.

The National Oceanic and Atmospheric Administration said that it has underway a report on centralized management of aviation facilities and early indications are that centralized management will be effective and will be recommended for establishment using OAS as a model.

Justice and its DEA, FBI, and INS objected to a departmental aviation organization because of specific law enforcement mission requirements. Also, FS objected to either a departmental or Government-wide organization because, in its opinion, such an organization would add more layers of management that would be insulated from on-the-ground realities, with no responsibility or accountability for using aircraft to accomplish agency programs. We are not advocating that the departmental organizations have responsibility for the day-to-day operations of mission aircraft. The bureaus or offices responsible for carrying out the agencies' programs should have the day-to-day management responsibilities and operational control of mission aircraft. But they should be required to manage and operate their aircraft in accordance with departmental policies and regulations.

Agriculture and its APHIS said that the concept of an automated centrally managed system is not a viable option because the costs to manage such a system for so few aircraft would most likely be excessively high. We are not recommending that departments establish expensive automated systems to centrally manage their aircraft. Rather we believe that agencies that have substantial aircraft needs should establish offices responsible for aircraft oversight and management. We also believe that Agriculture has a substantial aircraft operation--during fiscal year 1981 it owned 62 aircraft and spent over \$39 million on aircraft services--and that it should establish such an office.

CHAPTER 7

A GOVERNMENT-WIDE MANAGEMENT INFORMATION SYSTEM IS NEEDED TO IMPROVE AIRCRAFT OPERATIONS AND INCREASE THE SHARING OF AIRCRAFT AND RELATED SERVICES

There is limited coordination and sharing of aircraft and aircraft services among agencies, even though missions and requirements often are common and aircraft may be maintained and stored at the same location or nearby locations.

Most agencies agree with the concept of interagency sharing of aircraft and related services. However, no central data base exists to inform agencies of the type of aircraft owned, their locations and availability, and the type of services that might be shared. Without this data, agencies do not know what aircraft other agencies have or what they are doing with aircraft and as a result continue to satisfy their own requirements independently.

POTENTIAL EXISTS TO SHARE AIRCRAFT AND CONSOLIDATE OR JOINTLY PERFORM CERTAIN AIRCRAFT MISSIONS

In certain areas, many different agencies operate Government aircraft. Although some agencies commented that they share aircraft and storage facilities with other agencies, we found that in general there is limited sharing of resources. For example, FAA could use another agency's aircraft in its Western Region in Los Angeles, California. Use of such aircraft would reduce the region's overall costs. FS at Ontario, California, has four Beech Baron 58-P aircraft that, according to both FS and FAA personnel, the region's pilots could use to obtain proficiency and currency flight time in twin turboprop aircraft. The FS regional aviation officer agreed to loan FAA the aircraft, assuming the details could be worked out. The FAA Regional Director of Flight Standards agreed to look into using these aircraft.

Some agencies perform similar missions. For instance, at least 10 civilian agencies conduct aerial photography and at least 3 perform some type of aerial agricultural spraying. Some agencies use their own aircraft for these missions, while others contract with private firms. The following agencies use their own aircraft for aerial photography.

Department of Agriculture:

FS

ARS

Department of Energy:

Nevada Operations Office

Department of the Interior:

Fish and Wildlife Service

U.S. Geological Survey

NASA
National Oceanic and Atmospheric Administration
Tennessee Valley Authority

Because agencies use aerial photography aircraft for other purposes, we could not determine the total hours and costs incurred for such flying.

EPA and ASCS contract with the private sector for aerial photography. During fiscal year 1981, ASCS contracted for over \$1.4 million worth of these services and EPA for over \$83,000 worth. Aircraft used by the private sector for ASCS contracts included Aero Commanders, Cessnas, Grummans, and Piper Cubs--the same types of aircraft that are owned by civilian agencies. On occasion, ASCS contracts provided aerial photography for FS; however, ASCS' contacts with the other agencies were very limited.

CONSOLIDATION OF AIRCRAFT MAINTENANCE AND STORAGE OFFERS SAVINGS

When two or more Government-owned aircraft facilities are close to each other or can be controlled from a central location, they should be considered for consolidation. When consolidation is feasible, it generally results in greater efficiency of aircraft operations and much lower maintenance, storage, and personnel costs. For example, when OAS was established it inherited two maintenance facilities in Anchorage. Subsequently, OAS closed one facility and consolidated the entire function into a single facility. OAS estimated that consolidation saved about \$505,000.

Many civilian agencies maintain and store aircraft independently, even though some are at the same location or nearby locations. Also, some agencies do not maintain and store their aircraft at the most convenient and cost effective locations. Military airfields are good places for storing Government aircraft. If military storage facilities were used whenever available, some existing commercial contracts could be eliminated.

The following examples highlight some opportunities for consolidating civil agency aircraft maintenance and storage.

NASA Langley aircraft could colocate with FAA to achieve possible savings

NASA has an administrative aircraft stationed at its Langley Research Center, Langley Air Force Base, Hampton, Virginia, which provides transportation for NASA, Washington, D.C., headquarters officials. The decision to locate the aircraft at Langley was made over 12 years ago because it was cheaper, due mainly to lower fuel costs.

Many trips could have been eliminated if the aircraft had been located in the Washington, D.C., area. For example, during fiscal years 1980 and 1981, there were 380 flights between the Washington, D.C., area and Langley. No passengers were carried on 207 of the flights costing about \$140,000. Some of these costs could have been avoided if NASA had located the aircraft in the Washington area.

FAA officials advised us that space was available at their hangar at National Airport to store NASA aircraft. In February 1983 NASA advised us that FAA has agreed to let NASA have limited use of the hangar.

U.S. Coast Guard's Kodiak Air Station

A July 1982 Department of Transportation Inspector General's draft report recommended that this air station relocate the Coast Guard's six C-130 aircraft to Elmendorf Air Force Base in Anchorage. The report concluded that this action could save \$200 million. This position is supported by an October 1978 GAO letter of inquiry to the U.S. Coast Guard which stated that

"Because the 1972 justification to retain C-130 operations at Kodiak no longer seems valid, the alternative of moving C-130 operations to Elmendorf should be reconsidered before implementing the Coast Guard's long range plans for the Kodiak base."

In January 1979, the Coast Guard responded by saying:

"While it is true that some of the criteria then used may have undergone change during the ensuing years, the political situation has not and our planning and expenditures have consistently followed the premise that C-130 aircraft would operate from Kodiak on a continuing basis."

During the first week of November 1982 the Air Force advised the Department of Transportation Inspector General that it planned to station an additional squadron of aircraft at Elmendorf and therefore will not be able to accommodate the Coast Guard's C-130 aircraft. In its final report dated November 17, 1982, the Inspector General advised the Coast Guard that, in view of the Air Force plans, it did not intend to pursue this matter further. However, the Inspector General said that the Kodiak Air Station is an expensive place to be located and suggested that the Coast Guard periodically reassess the roles and missions at Kodiak with a view toward identifying alternatives which would enhance operational and cost effectiveness.

CONCLUSIONS

Some civilian agencies are not coordinating and sharing aircraft and related services even though some agencies perform similar missions, like aerial photography and agricultural spraying, and maintain and store aircraft separately at the same location or nearby locations. Agencies have no system for determining what resources are available from other agencies or how to consolidate needs with other agencies for joint contracting of maintenance or other services.

A focal point must be established before extensive sharing and consolidation can be expected. There must be a management information system where agencies can find out which agencies have similar needs and what resources are available to fill them. Such a system also should foster better coordination between agencies' aircraft programs.

As discussed in chapter 6, OAS has established an aircraft management information system for Interior-operated aircraft. Greater economies and efficiencies could be achieved if a single coordinating activity were established which would operate a Government-wide management information system and provide aircraft services to civilian agencies. OAS could be a model for this system.

Since GSA has a significant responsibility to procure and supply services for use by executive agencies, it could be an appropriate focal point for such a system. Moreover, GSA currently has Government-wide responsibility for screening excess aircraft and disposing of them as necessary. It has established an office in San Francisco, California, for this purpose.

RECOMMENDATIONS

We recommend that the Administrator of General Services establish a single coordinating activity to provide and operate a Government-wide aircraft management information system similar to the one operated by OAS. The activity also could be given responsibility to standardize aircraft procurement policies and practices, insure compliance with OMB Circular A-76, procure aircraft, and establish aircraft standards.

AGENCY COMMENTS AND OUR EVALUATION

In our draft report, we proposed that OMB establish a single coordinating office to operate a Government-wide aircraft management information system. OMB commented that it can see the potential merit of having a single coordinating office for aircraft. However, it said that GSA already performs most of the functions of a coordinating office for the Government's automotive fleet and suggested that the recommendation be directed to GSA.

We concur with OMB and have changed our recommendation accordingly. In commenting on our draft report, GSA said that a Government-wide aircraft management information system is not necessary. GSA advised that a more efficient and prudent application of our recommendation would be to issue procedures that would preclude agencies from buying aircraft unless they were used for mission purposes and to clarify the Government-wide travel policy. GSA, however, said that if it is designated as the coordinating activity, it will make every effort to implement the recommendations.

We disagree with GSA's comment that a Government-wide aircraft management information system is not necessary. We believe that such a system is needed because presently no central data base exists to inform agencies of types of aircraft owned, their locations and availability, etc. However, we agree with GSA on the need for the actions it suggested. We believe that our recommendations in chapters 2 and 4 and the actions OMB said it is taking will incorporate GSA's suggestions. The coordinating office that we are proposing would not act as a manager of agencies' aviation resources but would provide certain management information on aircraft and related services. Also, the system would, in our opinion, be very helpful to agencies in determining the agencies that have aircraft, aircraft types and locations, aircraft availability, etc.

The activity also could be given responsibility to standardize aircraft procurement policies and practices, insure compliance with OMB Circular A-76, and competitively procure aircraft for the agencies.

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NINETY-SEVENTH CONGRESS
Congress of the United States
House of Representatives
 GOVERNMENT ACTIVITIES AND TRANSPORTATION
 SUBCOMMITTEE
 OF THE
 COMMITTEE ON GOVERNMENT OPERATIONS
 RAYBURN HOUSE OFFICE BUILDING, ROOM B-350-A-B
 WASHINGTON, D.C. 20515

April 9, 1981

Mr. Milton J. Socolar
 Acting Comptroller General of
 the United States
 Washington, D.C. 20548

Dear Mr. Socolar:

The Government Activities and Transportation Subcommittee is concerned over the apparent lack of a uniform policy regarding ownership, leasing, utilization, and management of aircraft by Federal agencies, and the resulting potential for abuse, misuse, waste and inefficiency. I am aware that on December 22, 1977, GAO issued a report entitled, "Improvements Are Needed In Managing Aircraft Used By Federal Civilian Agencies" (LCD-77-430). This report contained a number of recommendations to the Office of Management and Budget, for improving the management of Government-owned civilian aircraft.

On behalf of the subcommittee, I am requesting that GAO review the actions taken by OMB and the applicable Federal agencies to implement the recommendations made in your report. In this connection, we are interested in having a GAO evaluation of the Department of the Interior's program for centralized aircraft management through its Office of Aircraft Services to determine whether it may have developed policies and procedures which could be used Government-wide to improve aircraft management.

The subcommittee also would like GAO to update the statistical information in the report regarding number of agency aircraft, their costs, utilization, etc. More specifically, we would like your review to address the following questions:

- Do the various agencies have clear, written policies regarding when, by whom, and for what purposes agency aircraft may be used?
- How much are the aircraft being flown?
- For what purposes are they being used?
- Could commercial airlines have been used to move people more cost effectively than Government aircraft?

-2-

- Are there identifiable instances of abuse in the use of Government aircraft?
- To what extent is there intra and inter-agency use of Government aircraft and what can be done to increase such sharing; i.e., single management, pooling of aircraft, or other alternatives?
- What, if anything, did OMB's recent study on travel show regarding the use of Government aircraft?

Don Gray of our staff will be the contact for this assignment and can be reached on 225-7920. He has had preliminary discussions with Dick Helmer (PLRD/SMD) on the matters discussed in this letter.

Sincerely,



JOHN L. BURTON
Chairman

AIRCRAFT OPERATED BY CIVILIAN AGENCIESAS OF OCTOBER 1981Method of acquisition

<u>Agency</u>	<u>Out- right pur- chase</u>	<u>Lease- pur- chase</u>	<u>Sur- plus</u>	<u>Seized</u>	<u>On loan</u>	<u>Total</u>	<u>Lease with pur- chase option</u>	<u>Leased</u>	<u>Grand total</u>
Department of Agriculture:									
APHIS	8	-	10	-	-	18	-	-	18
ARS	2	-	5	-	-	7	-	-	7
FS	31	-	6	-	-	37	-	3	40
Department of the Interior:									
BLM	1	-	-	-	-	1	-	6	7
Bureau of Recla- mation	5	-	-	-	-	5	-	1	6
Fish and Wild life- Service	24	-	-	-	-	24	-	5	29
National Park Service	9	-	-	-	-	9	-	-	9
OAS:									
Lower 48 States	1	-	-	-	-	1	-	2	3
Alaska fleet	28	-	-	-	-	28	-	-	28
U.S. Geologi- cal Survey	-	-	-	-	2	2	-	-	2
Department of Justice:									
Drug Enforce- ment Adminis- tration	2	10	18	10	-	40	-	-	40
INS	28	1	-	-	8	37	-	-	37
Federal Bureau of Inves- tigation	1	-	13	-	10	24	-	17	41

Agency	Method of acquisition					Total	Lease with purchase option	Leased	Grand total
	Out-right purchase	Lease-purchase	Sur-plus	Seized	On loan				
Department of Transportation:									
FAA	40	6	5	-	3	54	6	3	63
Coast Guard	154	-	-	-	-	154	-	-	154
Department of the Treasury:									
U.S. Customs Service	7	-	18	22	12	59	5	-	64
Bureau of Alcohol, Tobacco and Firearms	-	-	-	-	-	-	-	10	10
Department of Energy	20	6	2	-	2	30	3	4	37
EPA	-	-	-	-	a/3	3	-	-	3
NASA	65	-	21	-	17	103	-	2	105
National Oceanic and Atmospheric Administration	3	-	1	-	4	7	1	3	11
National Science Foundation	8	1	2	-	7	18	-	-	18
Smithsonian Institution	-	-	1	-	-	1	-	-	1
Tennessee Valley Authority	6	-	7	-	-	13	-	-	13
Total	443	24	108	32	68	675	15	56	746

a/In commenting on our draft report EPA advised us that subsequent to October 1981, it has terminated its arrangements with other agencies to operate two of the three aircraft.

COSTS OF AIRCRAFT SERVICES BY CIVILIAN AGENCIESDURING FISCAL YEAR 1981

<u>Agency</u>	<u>Owned and borrowed aircraft</u>		<u>Lease, lease-purchase, contract, charter, and rental</u>		<u>Total</u>	
	<u>Hours flown</u>	<u>Program costs (note a)</u>	<u>Hours flown</u>	<u>Program costs (note a)</u>	<u>Hours flown</u>	<u>costs</u>
Department of Agriculture:						
APHIS	2,556	\$ 669,223	b/43,613	b/\$6,013,093	46,169	\$ 6,682,316
ASCS	-	-	N/A	1,412,109	1,412,109	1,412,109
ARS	436	288,278	194	17,154	630	305,432
FS	11,214	3,000,000	80,819	b/28,000,000	92,033	31,000,000
Department of the Interior:						
BLM	314	N/A	2,370	c/5,497,903	2,684	5,497,903
Bureau of Reclamation	2,907	1,001,063	1,263	409,408	4,170	1,410,471
Fish and Wildlife Service	10,329	700,958	18,563	2,365,596	28,892	3,066,554
National Park Service	4,520	1,037,040	N/A	407,873	4,520	1,444,913
OAS	7,091	1,231,313	84,654	31,925,942	91,745	33,157,255
U.S. Geological Survey	312	46,067	N/A	9,264,000	312	9,310,000
Department of Justice:						
Federal Bureau of Investigation	5,799	322,935	15,868	995,522	21,667	1,318,457
Drug Enforcement Administration	10,958	3,591,000	N/A	7,420	10,958	3,598,420
INS	27,117	922,755	-	-	27,117	922,755
U.S. Marshals Service	-	-	N/A	1,383,488	N/A	1,383,488
Department of Transportation:						
FAA	34,261	60,432,620	26,301	4,326,746	60,562	64,759,366
Coast Guard	84,263	d/154,213,274	-	-	84,263	154,213,274

Agency	Owned and borrowed aircraft		Lease, lease-purchase, contract, charter, and rental		Total	
	Hours flown	Program costs (note a)	Hours flown	Program costs (note a)	Hours flown	costs
Department of the Treasury:						
Customs Service	14,145 e/\$	6,333,602	-	\$ -	14,145	\$ 6,333,602
Bureau of Alcohol, Tobacco and Firearms	-	-	4,100	677,523	4,100	677,523
Department of Energy	15,162	14,194,214	3,944	4,070,748	19,106	18,264,962
EPA	509	419,278	N/A	83,639	509	502,917
NASA	27,695	52,374,000	N/A	376,000	27,695	52,750,000
National Oceanic and Atmospheric Administration	1,739	2,268,400	2,497	1,055,079	4,236	3,323,479
National Science Foundation	7,035	21,017,236	N/A	209,724	7,035	21,226,960
Smithsonian Institution	175	29,000	-	-	175	29,000
Tennessee Valley Authority	<u>3,781</u>	<u>1,813,000</u>	<u>149</u>	<u>46,350</u>	<u>3,930</u>	<u>1,859,350</u>
Total	<u>272,318</u>	<u>\$325,905,256</u>	<u>284,335</u>	<u>\$ 98,545,317</u>	<u>556,653</u>	<u>\$424,450,573</u>

a/Includes operating costs.

b/Estimates. At the time of our review, APHIS and FS did not know the hours flown and cost of operating commercial aircraft for fiscal year 1981.

c/Includes costs for one owned aircraft.

d/Includes other than aircraft operating costs (cost for air station support and search and rescue).

e/Includes data for five aircraft operated under a lease with option to purchase contract.

N/A = Not available.

LOCATIONS VISITED AND NUMBERSOF AIRCRAFT REVIEWED

<u>Agency or office</u>	<u>Locations</u>	<u>Number of aircraft</u>				
		<u>Government owned</u>	<u>Leased</u>	<u>Chartered/contracted</u>	<u>Rented</u>	
Department of Agriculture: PS	Albuquerque, N. Mex.	3	-	-	-	
	Atlanta, Ga.	5	-	7	-	
	Boise, Idaho	3	-	-	-	
	Denver, Colo.	2	-	-	-	
	Juneau, Alaska	-	-	16	Numerous	
	Los Angeles, Calif.	4	-	Numerous	Numerous	
	Portland, Oreg.	3	-	-	-	
	Redding, Calif.	3	-	-	-	
Department of the Interior:	BLM					
	Boise, Idaho	1	9	-	Numerous	
	Bureau of Reclamation	Denver, Colo.	3	1	-	-
	Fish and Wild- life Service	Denver, Colo.	1	-	-	-
		Jacksonville, Fla.	1	-	-	-
		Portland, Oreg.	1	-	-	-
	National Park Service	Atlanta, Ga.	1	-	-	-
		Denver, Colo.	1	-	-	-
		Miami/Home- stead, Fla.	2	-	-	-
	OAS U.S. Geological Survey	Boise, Idaho	1	2	-	-
Denver, Colo.		2	-	-	-	
Department of Energy:	Albuquerque Operations Office	Albuquerque, N. Mex.	6	3	-	-
	Bonneville Power Adminis- tration	Vancouver, Wash.	2	2	a/619	-
	Lawrence Liver- more Labora- tory	San Francisco, Calif.	1	-	-	-

LOCATIONS VISITED AND NUMBERSOF AIRCRAFT REVIEWED

<u>Agency or office</u>	<u>Locations</u>	<u>Number of aircraft</u>			
		<u>Government owned</u>	<u>Leased</u>	<u>Chartered/contracted</u>	<u>Rented</u>
Nevada Operations Office	Las Vegas, Nev.	5	-	-	-
Western Area Power	Denver, Colo.	5	-	-	-
Department of Transportation: Coast Guard FAA	Washington, D.C.	2	-	-	294
	Anchorage, Alaska	4	-	-	933
	Atlanta, Ga.	1	-	-	-
	Honolulu, Hawaii	2	-	-	-
	Los Angeles, Calif.	2	-	-	a/1,905
	Seattle, Wash.	1	1	-	Numerous
	Washington, D.C.	4	-	-	-
NASA	Washington, D.C.	2	-	-	-
	Los Angeles, Calif.	1	-	-	-
	San Francisco, Calif.	1	-	a/355	-
National Oceanic and Atmospheric Administration	Juneau, Alaska	3	-	-	-
	Miami/Homestead, Fla.	4	-	-	-
EPA	Las Vegas, Nev.	2	-	41	-
National Science Foundation	Denver, Colo.	4	-	-	-
Tennessee Valley Authority	Muscle Shoals, Ala.	11	-	-	-
	Knoxville, Tenn.	2	-	54	-

a/Hours.

OAS AIRCRAFT COST ELEMENTS

Aircraft cost elements developed by OAS are:

Fuel and other fluids

Direct maintenance materials

Direct maintenance labor

Direct labor crew

Operations overhead

Depreciation

Insurance

Cost of capital

Federal taxes

A description of these cost elements follows.

Fuel and other fluids

Fuel includes aviation gasoline and jet fuel consumed by aircraft. Other fluids include replacement fluids other than fuel, such as engine oil, hydraulic fluids, and water-methanol.

Direct maintenance materials

Direct maintenance materials include parts and materials resulting from scheduled maintenance, unscheduled maintenance, avionics maintenance, scheduled and unscheduled rebuilding or overhaul (time-limited, life-limited, or condition-limited components), and modification of aircraft to accommodate special purpose applications.

Included are all direct maintenance parts and materials whether directly identifiable to specific aircraft or not. Maintenance work contracted out will be included in the direct maintenance cost computation.

Direct maintenance labor

Direct maintenance labor includes labor resulting from scheduled maintenance, unscheduled maintenance, avionics maintenance, and modification of aircraft to accommodate special-purpose applications.

Direct labor crew

Crew cost includes salaries and benefits for crewmembers assigned to aircraft. Such crewmembers include pilots, copilots, flight engineers, cabin attendants, and load masters, where applicable.

Operations overhead

Fixed-base operations include hangar/storage rental, utilities, and aircraft tiedown costs for non-Government facilities. Costs for Government facilities include utilities and janitorial costs, maintenance costs for buildings and grounds, depreciation on capitalized facilities and related improvements, depreciation on capitalized shop and avionics support equipment, and overhead costs.

Depreciation

Depreciation is the decrease or loss in value of an aircraft because of wear; age; or other causes, such as technological obsolescence. This loss of capital value is treated as a cost in the A-76 system and is written off over the life of the aircraft.

Depreciation cost over the life of an aircraft shall be determined by actual market values which will be reassessed annually. Annual value loss will be reassessed, and depreciation schedules will be adjusted accordingly. Value loss will be computed based upon the difference between the known or estimated capitalized value when acquired and the estimated residual value when the aircraft is scheduled for replacement. Amortization of loss will be straight line from the date of acquisition to the date of scheduled replacement. Aircraft which have depreciated to a static residual value and are still kept in inventory will not be depreciated further.

Aircraft leased from the private sector and operated by the Government will have no depreciation cost. For these aircraft, lease payments to contractors will be used in lieu of the depreciation cost category.

Insurance

Usually, the cost of insurance simply amounts to the total cost of premiums for various insurance policies. Since the Government has a policy of insuring itself, there is no cost for premiums, as such. Consequently, it is appropriate to view cash outlays and values lost as the result of accidents, incidents, ground mishaps, and other situations which cause damage as being tantamount to the premium the Government pays as a self-insured entity. Insurance cost, for the purpose of A-76, is therefore the cost of such happenings and includes the cost of repair, salvage or recovery, and writeoff costs with respect to the aircraft.

Cost of capital

If the Government liquidated its capital assets and recovered the cash they represent, the national debt could be reduced by a like amount and interest payments on the debt reduced accordingly. Therefore, the maintenance of a given level of capital assets generates a corresponding cost to the Government which may be defined as an imputed charge on the Government's investment and must be included as a cost factor for Government commercial industrial activities, such as in-house aircraft operations.

Aircraft are capital assets which generate a cost to the Government. The value of an aircraft as a capital asset for the purpose of calculating interest costs shall be the average value of the aircraft while in inventory.

Federal taxes

Government in-house commercial-industrial activities (such as aircraft operations) preclude the performance of such activities by private sector. To the extent that such activities are performed by the Government, private sector business volume is reduced accordingly. This, in turn, results in a reduced taxation base for the Federal Government. With the context of OMB Circular A-76, such reduced taxation base translates into Federal taxes forgone as the result of the Government's commercial-industrial activities and is, therefore, considered a component cost of such activities.

Federal taxes forgone as the result of the Government's conduct of in-house aircraft activities shall be estimated and considered as an in-house aircraft cost element. Since no reliable information presently exists on tax revenues associated with the industry, taxes forgone shall be estimated at 1 percent of gross revenues which would have been realized by the private sector had it performed the work accomplished by the in-house Government aircraft activities.

AGENCY AIRCRAFT TRANSPORTATION FLIGHTS
COMMERCIALY AND ECONOMICALLY ACCESSIBLE
FOR PERIOD REVIEWED

<u>Agency</u>	<u>Location</u>	<u>Type of aircraft</u>	<u>Hourly rate</u>	<u>Period covered in review</u>	<u>Number of flights economically accessible</u>	<u>Excess costs</u>
FAA	Washington, D.C.	Lockheed Jetstar	a/\$3,070	b/10/1-12/31/81	31	\$ 197,456
		Cessna 550	a/965	b/10/1-12/31/81	46	58,249
		Grumman G-159	a/959	b/10/1-12/21/81	17	18,672
		Beechcraft 200	a/615	b/10/1-12/31/81	27	19,415
	Alaska	Four owned and rental aircraft	c/\$219-780	FY 1981	d/567	833,796
	Pacific Northwest	Leased Cessna 421	401	FY 1981	1	4,300
		Cessna 500	982	FY 1981	5	25,000
	Southern	Beechcraft C90 King Air	514	FY 1981	23	53,000
	Western	Beechcraft F90	485	6/24-11/17/81	21	33,000
	Coast Guard	Washington D.C.	Gulfstream I	1,760	10/80-12/31/81	139
Gulfstream II			3,263	10/80-12/31/81	94	543,577
Gulfstream II			3,263	e/10/80-09/31/81	72	650,240
NASA	Langley, Va.	Gulfstream 159	919	10/79-09/31/81	310	254,873
	Wallops Is., Va.	Queen Air	448	10/79-09/31/81	43	<u>7,077</u>
						<u>\$2,973,735</u>

a/Includes costs of \$26 per crewmember per hour.

b/Flight information not available before Sept. 30, 1981.

c/Range.

d/Includes some flights that transported only cargo.

e/International flights.

COSTS TO MOVE PASSENGERS ON THE
COAST GUARD GULFSTREAM I AIRCRAFT
COMPARED WITH COMMERCIAL AIRLINE COSTS
FOR THE 6 MONTHS ENDED DECEMBER 31, 1981

<u>Date</u>	<u>No. of passen- gers</u>	<u>Trip</u>		<u>Coast Guard cost</u>	<u>Air- line cost</u>	<u>Differ- ence</u>	
		<u>From</u>	<u>To</u>				
July 31	8	Washington, D.C.	Cape May N.J.	\$ 1,115	\$ 600	\$ 515	
	8	Cape May, N.J.	Washington, D.C.	1,261	600	661	
August 21	8	Washington, D.C.	Norfolk, Va.	1,349	624	725	
	8	Norfolk, Va.	Washington, D.C.	1,291	624	667	
October 13	15	Omaha, Neb.	St. Louis, Mo.	2,435	1,845	590	
	16	13	St. Louis, Mo.	Terre Haute, Ind.	1,291	988	303
	13	13	Terre Haute, Ind.	St. Louis, Mo.	1,466	988	478
	17	-	Washington, D.C.	Newport News, Va.	1,613	-	1,613
	3	Newport News, Va.	Washington, D.C.	1,115	210	905	
18	13	Washington, D.C.	St. Peters- burg, Fla.	5,984	2,730	3,254	
20	3	St. Peters- burg, Fla.	New Orleans, La.	3,080	408	2,672	
21	5	New Orleans, La.	Mobile, Ala.	821	320	501	
	5	Mobile, Ala.	New Orleans, La.	851	320	531	
	5	New Orleans, La.	Mobile, Ala.	880	320	560	
	3	Mobile, Ala.	St. Peters- burg, Fla.	<u>2,347</u>	<u>411</u>	<u>1,936</u>	
Total				<u>26,899</u>	<u>10,988</u>	<u>15,911</u>	

<u>Date</u>	<u>No. of passen- gers</u>	<u>Trip</u>		<u>Coast Guard cost</u>	<u>Air- line cost</u>	<u>Differ- ence</u>
		<u>From</u>	<u>To</u>			
October 21	5	St. Peters- burg, Fla.	Nassau, Bahamas	\$ 2,610	\$ 390	\$ 2,220
22	5	Nassua, Bahamas	St. Peters- burg, Fla.	2,435	390	2,045
23	13	St. Peters- burg, Fla.	Washington, D.C.	4,635	2,730	1,905
28	8	Washington, D.C.	Mobile, Ala.	5,485	2,064	3,421
October 28	8	Mobile, Ala.	Washington, D.C.	5,104	2,064	3,040
November 3	15	Washington, D.C.	Boston, Mass.	2,787	1,770	1,017
	12	Boston, Mass.	Washington, D.C.	2,933	1,416	1,517
4	15	Washington, D.C.	Gulfport, Miss.	5,749	3,225	2,524
5	14	Pensacola, Fla.	Washington, D.C.	4,488	3,864	624
9	12	Washington, D.C.	Little Rock, Ark.	6,101	2,724	3,377
9	9	Little Rock, Ark.	Dallas, Tex.	2,200	1,080	1,120
10	9	Dallas, Tex.	Little Rock, Ark.	2,024	1,080	944
11	11	Little Rock, Ark.	Washington, D.C.	5,280	2,497	2,783
24	4	Washington, D.C.	Montgomery, Ala.	4,483	684	3,799
	5	Montgomery, Ala.	Washington, D.C.	<u>4,522</u>	<u>855</u>	<u>3,667</u>
Total				<u>87,735</u>	<u>37,821</u>	<u>49,914</u>

<u>Date</u>	<u>No. of passen- gers</u>	<u>Trip</u>		<u>Coast Guard cost</u>	<u>Air- line cost</u>	<u>Differ- ence</u>
		<u>From</u>	<u>To</u>			
November 28	9	Washington, D.C.	New York, N.Y.	\$ 1,467	\$ 900	\$ 567
	-	New York, N.Y.	Washington, D.C.	2,464	-	2,464
December 16	1	Washington, D.C.	Opalaka, Fla.	6,043	223	5,820
18	7	Key West, Fla.	Miami, Fla.	1,085	392	693
	6	Miami, Fla.	Washington, D.C.	4,987	1,338	3,649
21	7	Washington, D.C.	Norfolk, Va.	1,701	546	1,155
	7	Norfolk, Va.	Washington, D.C.	1,408	546	862
23	1	Washington, D.C.	Newport News, Va.	3,256	70	3,186
	1	Newport News, Va.	Washington, D.C.	<u>1,760</u>	<u>70</u>	<u>1,690</u>
Total				<u>\$111,906</u>	<u>\$41,906</u>	<u>\$70,000</u>

ADDITIONAL CIVILIAN AGENCY AIRCRAFTTHAT HAD LOW USE DURING FISCAL YEAR 1981

<u>Agency</u>	<u>Aircraft</u>	<u>Hours flown</u>	
APHIS	18	a/142	
Department of Energy (note b)	Cessna L-19	15	
	Cessna Citation	39	
	Dehavilland U-6	74	
	Beechcraft A-100	160	
	Beech Twin Bonanza	227	
	Convair 580 T	242	
	Grumman Widgeon	65	
	National Park Service		
National Oceanic and Atmospheric Administration	Bell 204 Helicopter-- Aircraft No. N67RF	154	
	Bell 204 Helicopter-- Aircraft No. N58RF	187	
	Bell 204 Helicopter-- Aircraft No. N56RF	223	
	Tennessee Valley Authority	Bell 47G Helicopter-- Aircraft No. 86931	17
		Bell Utility Helicopter-- Aircraft No. 87985	18
		Aerocommander 680-- Aircraft No. 88523	54
Beaver Dehavilland U-6		70	
Bell Utility Helicopter-- Aircraft No. 87968		121	
Bell Utility Helicopter-- Aircraft No. 87525		152	
Bell 47G Helicopter-- Aircraft No 86128		167	
Bell 47G Helicopter-- Aircraft No. 86231		209	
Aerocommander 860-- Aircraft No. 88031		219	
Bell 47G Helicopter-- Aircraft No. 86349		223	

a/Represents an average for the 18 aircraft. The aircraft flew a total of 2,556 hours in fiscal year 1981. Hours flown by each aircraft were not available.

b/In February 1983, the Department of Energy advised us that one of the six aircraft was disposed of in October 1981 and that the other aircraft serve specific mission requirements.

OAS SERVICES PROVIDED TO NON-INTERIOR
AGENCIES DURING FISCAL YEAR 1981

<u>Agency</u>	<u>FY 1981 volume of service provided</u>
	(000 omitted)
U.S. Navy	\$ 6,717
U.S. Coast Guard	1,445
Department of Agriculture (mostly FS)	722
EPA	262
Department of Energy	218
Office of the Federal Inspector	174
Department of Commerce	154
U.S. Air Force	134
National Science Foundation	83
Department of Transportation	38
Federal Highway Administration	27
State of Alaska	26
State of California	21
U.S. Army	8
Department of Justice	5
National Marine Fisheries Service	2
Aleutian Region School District	2
U.S. Postal Service	<u>1</u>
Total	<u><u>\$10,029</u></u>



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 3 1983

Mr. William J. Anderson
Director, General Government Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Anderson:

Thank you for the opportunity to review and comment on the draft of a GAO report entitled, "Federal Civilian Agencies Can Save Millions by Better Managing their Aircraft and Related Services." In reviewing this report, my staff also examined the 1977 GAO report on this same topic. In general, the current report presents a much stronger case in support of its recommendations than did the 1977 report.

I agree with the need for OMB policy guidance in the management and use of Government aircraft and have directed my staff to begin drafting such guidance in cooperation with the affected agencies. We also recently published a revision to OMB Circular A-76 which addresses the concerns raised in your draft report.

Although the findings in the draft report generally appear to be well-documented, the report could be strengthened by:

- making a clear distinction throughout the report between aircraft that are configured and used primarily for mission purposes (e.g. tanker aircraft used to fight forest fires) and aircraft that are configured and often used for transporting passengers.
- summarizing the various savings opportunities noted throughout the report to justify better the claim of the report title that "millions" can be saved.
- grouping related recommendations dealing with overall policies on aircraft use and acquisition.

The remainder of my comments address the specific recommendations contained in the draft report which affect the Office of Management and Budget. I have grouped the recommendations according to subject matter rather than discuss them in the sequence presented in the draft report.

GAO note: Page references in this appendix have been changed to correspond to those in the final report.

Government-wide Responsibility for Aircraft Management

The draft report recommends that the Office of Management and Budget establish "a single coordinating office" having the following functions: (1) provide and operate a Government-wide aircraft management information system; (2) standardize aircraft procurement policies and practices; (3) ensure compliance with OMB Circular A-76; (4) procure aircraft; (5) establish aircraft standards; and (6) formulate procedures for common aircraft use.

I can see the potential merit of having a single coordinating office perform several of these functions. Since the General Services Administration already performs almost all of these functions for the Government's fleet of automotive vehicles, it would seem more appropriate to direct this recommendation to the Administrator of General Services. The Office of Management and Budget has no comparable function or expertise in such matters.

Department and Agency Responsibility for Aircraft Management

The draft report recommends that the OMB Director direct civilian departments and agencies that have substantial aircraft needs to establish central organizations that would have oversight and management responsibilities for aircraft.

I agree that agencies should establish clear accountability for aircraft management at a senior management level and this requirement is being considered for inclusion in the OMB policy guidance. The guidance, however, will not tell agencies how best to organize this activity.

Policies and Procedures for Acquisition and Disposal of Aircraft

The draft report contains several recommendations for improving aircraft acquisition and disposal practices. We believe that the instances reported in the draft report concerning aircraft services would clearly be commercial activities subject to the provisions of OMB Circular A-76. Accordingly, the proposed revision to OMB Circular A-76, published in the Federal Register January 12 for a 60-day public comment period, implements the recommendation on page 17 of the draft report. For example, the report states that NASA justified acquisition of aircraft because they were "dedicated to a particular Government function." The proposed revision to the Circular states that "Services or products in support of Governmental functions, such as those listed in Attachment A, are commercial activities and are subject to this Circular."

Attachment A lists two examples of aircraft-related services. They are "Air, water, and land transportation of people and things," and "Maintenance, overhaul, repair and testing of

aircraft and aircraft components." The former is a new category placed in the proposed revision to the Circular. The latter, which is listed in Attachment A to the current version of the Circular (effective March 29, 1979), is continued in the proposed revision.

OMB is also taking definitive action to ensure compliance with the requirements of OMB Circular A-76. In budget requests to OMB, agencies are required to report the expected results of their A-76 reviews planned for the budget year. Also, agencies must report to OMB annually on their progress in implementing the Circular. These reports are used to assess agencies' compliance with the Circular and evaluate agencies' funding requests.

I also agree with the more detailed policy and procedural recommendations on pages 24, 25 and 34 of the draft report. ^{1/}These recommendations should, however, be directed to the Administrator of General Services since they must be implemented by the agency with Government-wide aircraft management responsibilities.

Uniform Policies and Procedures for Aircraft Management

The recommendations on pages 10 and 26 of the draft report both deal with the need for uniform guidance on how, when, by whom, and for what purposes aircraft may be used. The lack of agency action to implement the 1977 recommendations, despite the general agreement with those proposals, argues persuasively for OMB action in this area.

I have directed my staff to begin drafting OMB policy guidance dealing with aircraft use and management. Because of the variety of agency missions which involve aircraft use, we will be working closely with the affected agencies in developing this guidance. I have also instructed my staff to explore opportunities for modifying the Federal travel regulations to reduce abuses in the use of agency aircraft to transport people for travel purposes.

Uniform Aircraft Program Cost Elements

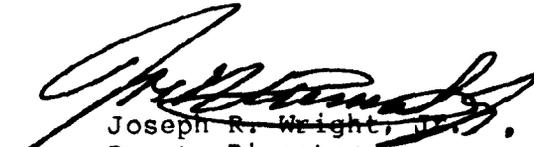
Both this draft report and the 1977 report recommended that the OMB Director develop overall criteria for a "uniform cost system that will standardize aircraft program cost elements." Since the General Accounting Office has the responsibility for setting Federal accounting system standards and criteria, it would appear that the General Accounting Office would be in a better position to implement this recommendation than the Office of Management and Budget.

^{1/}GAO note: The recommendations on pp. 24 and 25 of the draft report were dropped from the final report.

In summary, I commend the General Accounting Office for this report. We are proceeding to implement those recommendations that clearly fall within the responsibility and authority of the Office of Management and Budget. I have also suggested ways in which certain recommendations could be assigned to agencies having the requisite authority and expertise to implement them.

Thank you for the opportunity to review and comment on this draft report.

Sincerely,



Joseph R. Wright, Jr.
Deputy Director



DEPARTMENT OF AGRICULTURE
OFFICE OF ASSISTANT SECRETARY FOR ADMINISTRATION
WASHINGTON, D.C. 20250

FEB 22 1983

Mr. J. Dexter Peach
Director
Resources, Community and Economic
Development Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Peach:

This correspondence is in response to your letter dated January 13, 1983, which transmitted, for review and comment, the GAO Draft Report entitled "Federal Civilian Agencies Can Save Millions by Better Managing Their Aircraft and Related Services" (January 1983).

Enclosed are comments from the agencies to which the Office of the Inspector General transmitted the draft for review. In addition to the agency responses, I am enclosing additional comments prepared by my staff in response to those draft report comments which apply to the Department.

I wish to point out that the deadline for responding to the GAO draft has not allowed us sufficient time to investigate the full impact of the audit on the Department. In order to query the various activities which were involved in the audit, a 60 to 90-day time frame would be required. I assure you, however, that the Department does have aviation policy and guidance which conform to those standards which you intend to recommend to the Office of Management and Budget.

Sincerely,


JOHN J. FRANKE, JR.
Deputy Assistant Secretary
for Administration

Enclosures

GAO note: Page references in this appendix have been changed to correspond to those in the final report.

General Comments

- . The majority of Department of Agriculture aircraft are used for purposes of meeting emergency and disaster situations (e.g., forest fires, volcanic eruptions, crop disease, etc.). The highest priority for the use of these aircraft is response to these emergencies before they can become national disasters.
- . To our knowledge the GAO team did not meet with the appropriate Departmental officials to discuss findings and conclusions of the audit. This has led to the presentation of information which we deem inaccurate. For example: The Forest Service operates aircraft under a Working Capital Fund (WCF) which is managed under the direction of OMB. This activity is centrally managed at the Headquarters level which has the necessary detail of costs and operations of individual aircraft.
- . All aircraft acquired by the Department have been acquired in compliance with OMB Circular A-76.
- . The comments relating to the 80-85% utilization factor of the Forest Service's "lead planes" operations is misleading. We find this to be a high utilization of the aircraft acquired for the specific purpose of forest fire control. The remaining non-flight time for the aircraft means the aircraft are available for another emergency and the available time can be used for pilot proficiency and aircraft maintenance.
- . The concept of an automated centrally managed system is not deemed a viable option for this Department in that the costs to manage such a system for so few aircraft would most likely be excessively high. Your report indicates a Departmental total of 65 aircraft as of October 1981 (Appendix II, page 49). It should be noted, however, that your data shows that three of these aircraft were leased and that 21 of the remaining 62 owned aircraft were reported as "surplus" to be disposed, which means they were not in use.
- . While we do not concur in the centralized system concept, please note that Forest Service aircraft, as of October 1982, are reported and managed, operationally and fiscally, under an Equipment Management Information System (EMIS). The balance of the aircraft will be on the system within one year.
- . We believe that many of the audit findings reveal a need to tighten up on the use of government aircraft Government-wide. While this Department does not authorize the use of aircraft by non-official employees and our administrative travel in owned aircraft is nearly non-existent, it is apparent that some legislation should control abuses detailed in your audit for other Departments. This should be in the form of legislation enacted by the Congress, similar to those public laws which govern the use of government- owned and operated motor vehicles.



United States
Department of
Agriculture

Forest
Service

Washington
Office

12th & Independence SW
P.O. Box 2417
Washington, DC 20013

Reply to 1420 GAO Audit

Date FEB 2 1983

Subject GAO Draft Report "Federal Civilian Agencies Can Save Millions By Better Managing Their Aircraft and Related Services"

To Frank Gearde, Director
Office of Operations

The following are our comments on the above-referenced report. Since the report contains numerous errors, we feel it essential that this information be made available to GAO as an integral part of your letter to them. Our comments follow:

We are disappointed that the GAO report deals mostly with the management of Government-operated aircraft, essentially the same scope and coverage as the prior audit done in 1977. Since 87 percent of all Forest Service aviation services were provided from commercial sources in fiscal year 1981 (up 2 percent from the FY 1977 figure of 85 percent), it provides an unbalanced and limited view of aviation management, and its usefulness is correspondingly limited.

As the following specific comments will explain, we find that much of the data provided in the report pertaining to the Forest Service are inaccurate, incomplete or misleading. The report states that agency, or at least Departmental officials were contacted. However, the preliminary data, conclusions and findings were not discussed with cognizant FS managers at the conclusion of the audit. To illustrate, there was no discussion with the appropriate headquarters Fiscal and Accounting Management personnel to verify the findings relative to operational costs and the corresponding accounting systems utilized. Such a discussion would have prevented the major errors in the report concerning operation costs and the data available from the Forest Service WCF accounting system.

RECOMMENDATIONS FOR OFFICE OF MANAGEMENT AND BUDGET, AND DEPARTMENTS (pg. iv).

The first two recommendations to OMB seem to refer only to Government-operated aircraft. The desired policies and procedures, however, would need to cover all aircraft services. Developing such policies and procedures would be a tremendous undertaking considering the wide range of aviation missions and services encountered by the civilian agencies and the variety of means used to provide these services. The result would duplicate existing agency policies and procedures. The recommendation to develop overall criteria for a uniform cost system (beyond what is now required by OMB on Working Capital Fund operations) assumes a degree of uniformity between agencies in aviation missions, methods and management needs which simply does not exist.



Frank Gearde

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The last two recommendations to OMB (to require Departmental-level aviation organizations and a Government-wide aviation management organization) would, in our opinion, simply add more layers of management that would be insulated from on-the-ground realities, with no responsibility or accountability for using aircraft to accomplish agency and unit programs. We do not support this recommendation as we feel it would result in overall higher costs and reduce the capability for responsive and effective aviation services to line management.

DECISION ON THE NEED AND USE OF AIRCRAFT. (pp. 7-9)

The report appears to imply that an agency cannot effectively manage an aircraft program on a decentralized basis. We disagree with this, and wish to emphasize that the Forest Service is a decentralized organization with individual Regional Foresters managing their own aviation programs under detailed policy and procedural direction issued at the headquarters level. We also have a standard aircraft accounting system and each Regional Office aggregates uniform cost data for Government-owned aircraft. As previously stated, the majority of FS aviation services are obtained by Regions and their respective Forests from commercial sources (87 percent in FY 1981). Aviation services (just like bulldozers, telephones, and ADP equipment) are tools the units use to accomplish their objectives. The use of aircraft, and associated costs are planned and managed at those levels subject to unit fund allocations. Each unit does have the necessary cost and other data for planning and management purposes. We believe that such decentralized management is highly appropriate for the wide range of aviation activities undertaken at various FS Regions and Forests, and that it is responsive to the needs of accountable managers in a cost effective manner.

The statement on page 9 of the report that, ". . . 37 owned aircraft flew about 12,000 hours at an estimated cost of \$25 million . . ." is inaccurate. The correct information is that 36 of the aircraft (operated according to OMB direction regarding Working Capital Funds,) flew 11,214 hours at a total cost of ownership and operation (including depreciation and program management) of \$2,963,246 in FY 1981. The 37th aircraft, a platform for periodic fire retardant tank research and development, was not operated in FY 1981. The above costs of ownership included about \$300,000 (5 percent of acquisition costs) collected and retained for depreciation. These funds will be used for aircraft replacement, refurbishment and updating.

The comments on page 9 clearly indicate that the auditors did not obtain complete information on the Forest Service accounting system. We do maintain cost data for all owned aircraft, regardless of type of use. The costs are all-inclusive and do contain such items as depreciation, pilots' salary, hangar costs, and administrative personnel costs. We also wish to point out that the Forest Service's Working Capital Fund (WCF) accounting system has always identified maintenance cost by individual aircraft and also has the capability of identifying operation costs. Recently, the WCF accounting system has been centralized which will make individual aircraft cost identification even more feasible.

Frank Gearde

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Currently, costs are accumulated by aircraft type in each Region to establish WCF use and ownership rates to charge users. However, relative cost effectiveness of individual aircraft within each type cannot be measured or compared realistically because of the nature of FS in-house aviation activities. For example, if a Region operating two Beech Baron leadplanes finds that local differences in number of fires and severity in one year caused less utilization of one Baron, and during that year the same Baron suffered an unanticipated severe mechanical breakdown, the annual cost of the Baron, spread over fewer hours would be significantly higher than the other. But that is irrelevant. For management purposes, the overall cost of operating the two Barons, over several years, is the important information. In addition, the reference in the same paragraph to a new system being developed is also misleading. The system referred to is an automated aircraft use reporting system, covering all aircraft, including contracted and leased. It will not provide comprehensive aircraft cost data. Such cost data always has and will be obtained through the required WCF accounting system for owned aircraft, and can be obtained for contract or leased aircraft but only with a substantial investment of time and money.

FOREST SERVICE LEADPLANE AIRCRAFT ACQUISITIONS. (pp. 15-16)

The report states that five of the FS aircraft purchased as leadplanes only flew about one-third of their FY 1981 hours in the leadplane role, with the remainder of their hours mostly for transportation. The implication is apparently that the leadplane purchase program, begun in 1977 in conformance with existing OMB A-76 direction, should not have been undertaken and that, presumably, suitable leadplanes were available commercially. This is not a valid conclusion for the following reasons.

Leadplanes are provided as platforms for FS airtanker supervisors to direct contract airtankers cascading retardant chemicals on wildfires. The leadplane pilots select the targets, fly the same passes ahead of the airtankers to insure that the airtankers can drop successfully, evaluate the drops and coordinate multiple airtankers working the same fire. The work is done at low altitudes in mountainous terrain; in smoke, turbulence, and heavy air traffic conditions. Consequently, it is extremely hazardous. Leadplane pilots must be so familiar with their aircraft that they can devote much of their attention outside the cockpit. In addition, leadplane pilots must fly different airplanes for different units as the fire situation and pilot availability dictate. It was and is essential that all leadplanes be the same make and model and that all cockpit controls be configured identically to insure pilot familiarity. It is therefore not feasible to rely on commercial sources to obtain leadplane aircraft. However, it is good management and it is cost effective to use these owned aircraft for other missions when they are not needed for leadplane duty.

Frank Gearde

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POTENTIAL EXISTS TO SHARE AIRCRAFT AND CONSOLIDATE OR JOINTLY PERFORM CERTAIN AIRCRAFT MISSIONS. (pp. 42-44)

The majority of aerial photography needed by the FS for resource management is acquired through ASCS which contracts for all large (100 Sq. mile plus) projects for the Department. These costs were \$774,681 in FY 1981. Several FS aircraft are used to supplement this contract photography in situations where contractors cannot meet time requirements or technical needs. Some examples are flights associated with forest insect and disease control surveys, large-scale, limited area photography for project planning or damage surveys, etc. This limited in-house photography capability has been reviewed and justified under OMB A-76 procedures, by the several Regions requiring the capability.

APPENDIX III

The FS data for "Owned and Borrowed Aircraft," as previously noted, is incorrect.

We appreciate the opportunity to review this draft before it is finalized, and trust that the above clarification will result in a more factual and useful report.



A. M. L. Stearns



United States
Department of
Agriculture

Agricultural
Stabilization and
Conservation Service

P.O. Box 2415
Washington, D.C.
20013

January 26, 1983

SUBJECT: GAO Draft Report Entitled, "Federal Civilian Agencies Can Save Millions by Better Managing Their Aircraft and Related Services", dated January 1983 1540 (83-28)

TO : Mr. Frank Gearde
Director
Office of Operations

This is in further confirmation of advice to Ms. JoAnn Garrison, a member of your staff that ASCS has no comment on the subject report.

George E. Rippel
ASCS Liaison Officer
to GAO

cc: Roger Bottrell, Assistant DAM 3095-S
Libby Kochendorfer, OIG
JoAnn Garrison, Personal Property, OO 1522-S
George E. Rippel, ADS 5714-S

ASCS:DAPPD:ADS:GERippel:jch:5714-S:447-4785:1-26-83





United States
Department of
Agriculture

Animal and
Plant Health
Inspection Service

Subject: GAO Draft Report Entitled "Federal Civilian Agencies
Can Save Millions By Better Managing Their Aircraft
and Related Services"
Attn of: 1540 (83-28)

Date: February 4, 1983

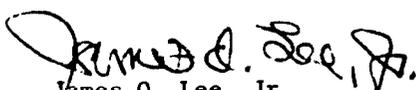
To: Frank Gearde, Jr.
Director
Office of Operations

We appreciate the opportunity to review the subject draft report. Unfortunately, the short deadline for response did not allow us adequate time to thoroughly analyze the possible impact of the GAO recommendations on the Animal and Plant Health Inspection Service (APHIS) aviation activities.

For the most part, the recommendations addressed to the Director, Office of Management and Budget (OMB), are beneficial in that they would establish uniform policy throughout the Government and help to limit some of the abuses which the report highlights. However, we are very concerned with the recommendations that would require agencies to identify their aircraft requirements to a departmentwide and Government-wide procuring authority for acquisition. While APHIS has no plans at the moment to increase its fleet of aircraft (in fact the fleet has been considerably reduced and will be reduced even more), the nature of our programs is such that the need for flexibility in rapidly acquiring aviation support through lease contract is critical. We can anticipate that, if required to go to a departmentwide or Government-wide system to obtain this support, our field programs would be severely hampered. 1/

Agency responses to the 1977 GAO report entitled "Improvements are Needed in Managing Aircraft Used by Federal Civilian Agencies" indicated that there was recognition of a need for some central policy guidance on how and by whom aircraft were to be used. The responses also strongly suggested that a clear distinction be drawn between "administrative" and "mission" aircraft use. The idea that "mission" type aircraft support should be acquired and managed through a central authority was unacceptable to most agencies in 1977 and should be today. The cost of establishing and operating such a centralized system would be considerable and the loss of responsiveness to program needs would be a certain result.

The recommendations addressed to Department and Agency heads appear to be aimed primarily at those organizations which have used Government-owned aircraft for purely administrative purposes and to transport nonofficial travelers. APHIS aircraft have historically been used for administrative travel only in extremely rare instances and APHIS policy prohibits nonofficial travelers from being transported in APHIS-owned aircraft. In view of our established practice in this regard, we see no problem in complying with these recommendations.


James O. Lee, Jr.
Acting Administrator

1/GAO note: Discussion on this matter was dropped from the final report.



United States
Department of
Agriculture

Agricultural
Research
Service

Office of the
Administrator

Washington, D.C.
20250

FEB 4 1983

SUBJECT: Aircraft Management

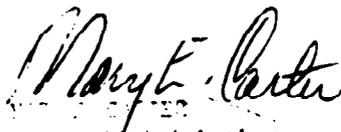
TO: Frank Gearde, Jr.
Director
Office of Operations

We have reviewed the General Accounting Office's draft report on aircraft management.

The report recommends certain needed improvements in the management of aircraft, especially for those agencies with sizable aircraft units.

The Agricultural Research Service has only seven aircraft. They are specifically designed or modified for agricultural research. Centralized management could seriously interrupt our research objectives.

We appreciate the opportunity given us to express our concerns.


Mary E. Carter
Assistant Administrator

Enclosures



Department of Energy
Washington, D.C. 20585

FEB 18 1983

Mr. J. Dexter Peach
Director, Resources, Community and
Economic Development Division
U.S. General Accounting Office
Washington, D.C.

Dear Mr. Peach:

The Department of Energy (DOE) appreciates the opportunity to review and comment on the General Accounting Office (GAO) draft report entitled "Federal Civilian Agencies Can Save Millions By Better Managing Their Aircraft And Related Services."

DOE agrees that Government-wide guidance on the acquisition, use and management of aircraft is needed and that appropriate controls over the management and use of administrative aircraft should be imposed. However, some of the controls recommended in the draft report could result in a negative impact to programmatic objectives if imposed on mission-type aircraft. For example, an aircraft equipped for radiation detection may not be used many hours per year, but when used, it is critical to DOE's mission success, and there is no meaningful alternative. Therefore, any guidance developed should address and reflect consideration of the operational requirements of both categories of aircraft.

DOE disagrees that there is a lack of policy guidance and poor cost data within DOE. DOE's Procurement and Assistance Management Directorate is the focal point for DOE's management of the aircraft fleet and has issued aircraft policy guidance. In addition, DOE's reporting system for the inventory, costs and utilization data that was under development at the time of GAO's review is now operational. Therefore, we believe the reference to DOE on these matters should be deleted.

DOE's detailed comments on the matters discussed in this letter and other matters of concern included in the report are enclosed with, and should be considered a part of, this letter. GAO statements and DOE's related comments are presented in page number sequence of GAO's draft report.

DOE trusts that GAO will consider our comments when preparing the final report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Martha O. Hesse".

Martha O. Hesse
Assistant Secretary for
Management and Administration

Enclosure

Enclosure

1. Page 6. "We analyzed available data for all flights made in fiscal year 1981 and compared the cost of transportation flights with the most reasonable alternative, which in most instances was commercial airline service."

Comment - This methodology does not appear to take into consideration certain important factors for using Government aircraft, such as, the timeliness in meeting emergency and special purpose requirements and the limited seating available on small airlines servicing remote locations.

2. Page 8. "The lack of aircraft policy guidance and poor cost data was noted at the: - - Department of Energy."

Comment - Aircraft policy guidance is exhibited in two Department of Energy (DOE) documents, the Property Management Regulations (41 CFR 109) and DOE Order 5480.1A. This DOE Order has a proposed change in progress which includes several additional controls regarding aircraft operations principally for the purpose of enhancing safety, but they also provide for better documentation of aircraft passenger movement.

Additionally, in 1981, the Department developed an Aircraft Cost and Operation Report (DOE F-4450.1) which was implemented in fiscal year 1982. Inventory, costs and utilization data is now being collected annually for each aircraft owned, leased or borrowed by the Department. GAO was informed that this system of reporting was under development at the time of their review. Now that the DOE reporting system is operational, the reference to DOE should be eliminated.

3. Page 9. "Civilian agencies still ineffectively manage aircraft on a decentralized basis, with no overall Government-wide guidance and little, if any, Department guidance."

Comment - The development of Government-wide policies and procedures for aircraft management, including guidance on how, when, by whom and for what purpose aircraft may be used, would be beneficial so long as they are issued as general guidelines. The individual agencies could then apply these general guidelines in making decisions regarding specific aircraft use, based on their own unique requirements.

Enclosure

4. Page 24. "We believe that cost savings can be realized if aircraft are obtained on a Department-wide basis by consolidating procurements and by using the most cost effective methods of acquisition for all agencies."

Comment - The report identifies no basis for assuming that the consolidated purchases of aircraft will result in cost savings to the Government. Normally the Department purchases only one or two aircraft each year, and these are primarily mission-type aircraft which require unique equipment and capabilities best known by the users. Even a Government-wide consolidated purchase would not result in a more effective or efficient method of procuring specific mission-type aircraft. Some benefit may be derived from the consolidated procurement of those administrative aircraft which do not require unique equipment or capabilities. 1/

5. Page 26."Require individuals responsible for the management of aircraft to perform full cost comparisons of transporting passengers by commercial airlines to the cost of operating Government aircraft."

Comment - This recommendation should be clarified to specifically apply to flights by administrative aircraft only. A full cost comparison of flights by mission aircraft would create an unnecessary administrative burden which would produce no benefit.

6. Page 26."Prohibit or more severely limit the transporting of spouses, dependents and other nonofficial travelers on Government aircraft, except when such individuals' travel is for official Government business."

Comment - The requirement for use of DOE aircraft only for official purpose is stated in 41 CFR 109-38.54. Only official travel is conducted in DOE aircraft. We would not object to reinforcing this policy by specific reference in the Federal Travel Regulations.

7. Page 33."Appendix IX identifies additional civilian agency aircraft that had low use during fiscal year 1981."

Comment - This appendix identifies six DOE aircraft including one that was disposed of on October 19, 1981. The five other aircraft serve specific mission requirements which require their availability for test support and for the provision of public safety during the conduct of DOE business.

1/GAO note: Discussion on this matter was dropped from the final report.

Enclosure

8. Page 34. "To provide greater assurance that civilian agency aircraft are operated economically and effectively we recommend that the Director, OMB establish aircraft utilization standards to insure that Government-owned and leased aircraft are justified based on their use for official business."

Comment - Care must be exercised in the development of utilization criteria by OMB for special purpose aircraft that required unique capabilities. For example, an aircraft equipped for radiation detection may not be used many hours per year, but when used, it is critical to the mission success of the agency, and there is no meaningful alternative. For this reason, realistic utilization standards for special purpose aircraft would have to include other variables beside the number of hours flown.

9. Page 40. "Civilian departments and agencies having multiple organizations requiring substantial aircraft services need an aircraft office to serve as a focal point for overall aircraft management matters throughout the agency."

Comment - The Department's Procurement and Assistance Management Directorate is the focal point for DOE's management of the aircraft fleet. Additionally, the DOE Office of Operational Safety provides guidance and assistance on aircraft safety issues.

10. Page 42. "The following agencies use their own aircraft for aerial photography. Department of Energy-Nevada Operations Office."

Comment - This statement does not reflect the fact that these aircraft are also equipped for supporting the Remote Sensing Laboratory and perform other work in conjunction with aerial photography. Additionally, these aircraft also support the Nuclear Regulatory Commission and the Environmental Protection Agency in associated missions, thus eliminating the need for these agencies to acquire and operate separate aircraft for remote sensing efforts.

11. Page 45. "Civilian agencies are not coordinating and sharing aircraft and related services even though some agencies perform similar missions like aerial photography and agricultural spraying, and maintain and store aircraft separately at the same location."

Comment - See comment number 10, above, regarding support to other agencies. Additionally, the concept of sharing aircraft may only be feasible when the agencies are in the same or nearby locations. The cost of ferrying the aircraft back and forth to another user in a different geographic location may be prohibitive.



General
Services
Administration

Washington, DC 20405

FEB 15 1983

Honorable Charles A. Bowsher
Comptroller General of the United States
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Bowsher:

Thank you for the opportunity to comment on the draft General Accounting Office (GAO) report, "Federal Civilian Agencies Can Save Millions By Better Managing Their Aircraft and Related Services." Your report recommends that OMB establish a single coordinating activity to provide and operate a Government-wide aircraft management information system. Because GSA could be the focal point for maintaining such a system, you requested our comments.

We do not believe that this action is necessary. A more effective and prudent application of the GAO recommendation would be to issue procedures that would preclude agencies from buying aircraft unless used for mission oriented purposes and provide clarification of the Government's travel policy and regulations. Those agencies maintaining aircraft would then have the guidelines necessary to ensure that the aircraft are used efficiently and economically. However, please be assured that if GSA is designated as the coordinating activity, we will make every effort to implement the report recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fay Kline', written over a large, stylized initial 'F'.

Fay Kline
Deputy Administrator



U.S. Department of Justice

March 10, 1983

Washington, D.C. 20530

Mr. William J. Anderson
Director
General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Anderson:

This letter is in response to your request to the Attorney General for the comments of the Department of Justice (Department) on your draft report entitled "Federal Civilian Agencies Can Save Millions by Better Managing Their Aircraft and Related Services."

This General Accounting Office (GAO) draft report covers many of the same areas as the 1977 report entitled "Improvements Are Needed in Managing Aircraft Used by Federal Civilian Agencies," (LCD-77-430). We agree with GAO's concept that a uniform aircraft information system be developed that will identify types of aircraft by agency and location, as well as indicate availability and types of services which could be shared. We also believe, as the report suggests, that there is a need for increased standardization of such functions as aircraft acquisition, maintenance, safety, storage and accounting for operating costs.

Aircraft operating standards, on the other hand, depend to a large extent upon the particular mission assigned to the agency in question and do not lend themselves to strict standardization. Because of the wide spectrum and diversity of assigned missions among the agencies, we do not agree that the best route to improvement in this area is to centralize the management of aircraft services under a single organization.

In the main, the report appears to be directed to the use of aircraft for routine transportation of personnel and/or cargo rather than aircraft utilized almost exclusively for mission-oriented purposes. The use of aircraft in the Department by the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), and Immigration and Naturalization Service (INS) is devoted to criminal investigations and law enforcement missions, which only collaterally and occasionally involve transportation per se. The Department's use of aircraft in criminal matters and law enforcement missions involves such assignments as maintaining surveillance of suspects, covering agent and suspect meetings, searching for vessels, patrolling the border, conducting aerial photography, and surveying remote mountain locations for clandestine landing strips, airfields and remotely grown poppy fields. A more recent mission support use of aircraft involves the transportation of prisoners. The Bureau of Prisons and U.S. Marshals Service have worked together to develop and operate the National Transportation System, an extensive network of charter aircraft and ground transport which has significantly

GAO note: Page and chapter references in this appendix have been changed to correspond to those in the final report.

-2-

reduced manpower and transportation costs associated with prisoner movement. None of the aforementioned activities is normally considered to be transportation, and, as stated previously, standardization of such diverse activities would be difficult, if not impossible.

The Department's major problem with the draft report is its failure to specify those agencies to which the comments apply. Except for a few examples of agency problems, the report consists of sweeping generalizations that indict all civil air programs reviewed when only some agencies have a particular problem. Although GAO criticizes the Department for lack of policy guidance and poor cost data, its review of FBI, DEA and INS aircraft operations were only cursory, resulting in misleading conclusions that are not agency-specific, and recommendations that do not clearly state which agencies need improvement. This major defect greatly diminishes the value of the report. Because the findings are not agency-specific, each of the three agencies in the Department utilizing aircraft has considered it necessary to provide comments covering a broad spectrum of their aircraft program. Their comments follow:

Federal Bureau of Investigation

The FBI is not specifically mentioned in the draft report except to state the number of aircraft operated, which information was correct when the data were compiled. Without the benefit of agency-specific findings the FBI's comments are restricted to areas of substantial agreement or disagreement.

Chapter 2: FBI aircraft are managed on a centralized basis at FBI Headquarters, where policy is formulated and enforced. Detailed information on each flight is maintained and correlated in the form of daily, monthly, quarterly, annual, and special reports. The collection of additional data would be counterproductive.

Chapter 3: A preponderance of FBI aircraft operations involve law enforcement and foreign counterintelligence surveillance flights for which private sector resources are inadequate and totally inappropriate. The applicability of Office of Management and Budget (OMB) Circular A-76 to FBI aviation operations is practically nonexistent. Each flight operation is carefully studied to determine whether rental, lease, lease/purchase, surplus, or purchased aircraft would be most appropriate and cost-effective. In each instance, the most economical method is employed when that method is available.

Chapter 4: Extensive studies conducted by FBI aviation supervisory personnel have shown beyond a doubt that when a full-time aircraft is required, an outright purchase is most economical over the long term when funds are available. When purchase funds are not available, which is usually the case, the lease/purchase arrangement is the second most economical method, assuming that projected usage is high. The FBI requires 50 hours usage per month, but a lesser usage could be cost-effective. When projected usage is 25 to 40 hours per month, a lease arrangement is usually more economical than a lease/purchase, but less economical than a purchase. Below 25 hours per month, leasing has proved impractical and rental aircraft are utilized on an as needed basis.

Due to mission considerations, special equipment is required on all FBI aircraft. Portable equipment for rental and leased aircraft has not been as

effective as permanent installations. The mission of FBI aircraft is so specialized, it is doubtful that appropriately equipped aircraft could be more economically obtained by consolidating procurements with other agencies. 1/

Chapter 4: FBI aircraft are not used for transportation flights unless a clear savings can be shown or other considerations such as security, expediency, training, etc., are present. The FBI agrees that Government aircraft should not be utilized for routine transportation.

Chapter 5: Aircraft are costly to operate, but the FBI has found that when properly utilized, aircraft use can result in substantial savings over more inefficient methods. Aircraft are often the only vehicles which will accomplish a required mission. In order to insure that a suitable aircraft is available when and where absolutely required, it may at times be necessary to maintain aircraft in a state of readiness without full utilization.

Chapter 6: Each agency has a different mission with varying management requirements and information needs. To suggest that all agencies should utilize a management program that has proved successful for one agency is not practical or realistic.

Chapter 7: The FBI shares, to the extent possible, aircraft with DEA, which has a similar, but not identical, mission. Mission equipment requirements are unique to each agency and are not interchangeable, making full consolidation of assets impractical. Also, the FBI shares storage facilities with the military and other civilian agencies whenever possible. Being a tenant of another agency, however, has not always proved to be a satisfactory arrangement, as FBI aircraft have routinely been moved about or displaced at the convenience of the host agency, often on short notice. This does not allow for proper planning or suitable budget submissions.

Conclusion: The central theme of this report argues that Federal civilian agencies could, and should, consolidate management and acquisition of aircraft. While improvements can certainly be made, we do not believe that the creation of the required additional bureaucracy would be cost-effective or desirable. The selection and reporting of "worst-case" instances from several agencies does not lend credence to this report, and tends to obfuscate the central issue.

Drug Enforcement Administration

When addressing law enforcement aircraft operations, generally, and the DEA aircraft program, specifically, the Department strongly objects to most of GAO's conclusions and recommendations which are leveled on all civilian aircraft programs. Requiring dissimilar agencies with aircraft programs to establish a centralized coordinating office and consolidate procurement, 2/ for example, clearly fails to understand the specialized nature of law enforcement and would probably save minimal amounts of money, while hindering program objectives.

Specific comments offered by DEA on the draft report are keyed to the pages to which the comments relate.

- GAO notes:
1. Discussion on this matter was dropped from the final report.
 2. Recommendation on consolidated procurement was dropped from the final report.

Page 2. The report discusses mission aircraft (aircraft with special equipment used primarily to support special programs such as law enforcement) and administrative aircraft (aircraft used primarily to transport personnel and cargo). DEA has no administrative aircraft. Each aircraft is specially equipped for enforcement missions. Although the DEA Aviation Operational Handbook states that DEA aircraft are authorized to accommodate administrative needs (transporting people, equipment and evidence if determined to be in the best interest of the Government), it designates that only Federal and State police officers may be transported.

Page 7. GAO states that since issuance of its 1977 report, very little has changed in the way civilian agencies manage aircraft programs. GAO alleges that aircraft management is still delegated to field locations without departmental or agency policy guidance. The matter of fact is that DEA has a well-developed agency-wide system for meeting aircraft requirements and maximizing efficient aircraft utilization. Aircraft management policy is already delineated in the DEA Aviation Operational Handbook.

Page 7. GAO states that: "It is difficult to ascertain by Department or agency, how many aircraft are owned or operated, the commercial aircraft services procured, and the related costs. Accordingly, agencies do not have the information they need when making important management decisions regarding the various alternatives to satisfy their aircraft requirements." GAO's statements are very misleading. DEA provided all of the information that GAO had requested, including data on the number of aircraft owned or operated, the commercial aircraft services used, and the related costs. For GAO to assert that agencies do not have information needed to make management decisions is a misrepresentation of the facts.

Page 8. GAO cites a lack of aircraft policy guidance and poor cost data at several agencies, including the Department. The Department does provide policy guidance for important aspects of aircraft programs, such as procurement of new planes. Furthermore, DEA has in place a system which tracks cost data, not only for the entire program but also for individual aircraft. GAO was apprised of this but failed to recognize it in the report.

Page 10. GAO's recommendations that OMB develop policy guidelines and overall criteria for cost systems may not be appropriate or needed for all agencies. Because of law enforcement's specialized needs, development of uniform policies could hinder DEA's ability to successfully provide aircraft support services. Additionally, some agencies, and DEA is one, presently have existing policies that establish procedures for aircraft use and cost systems to insure accountability.

Page 13. In Chapter 3, GAO notes that agencies have spent millions to acquire aircraft without complying with OMB Circular A-76 (to determine if needed aircraft services could have been provided more economically by the private sector). While economies may be realized by other agencies with civilian aircraft programs, it is not realistic to expect drug law enforcement aircraft services to be provided by the private sector. Law enforcement's needs are specialized and need to be available on demand. Even among law enforcement agencies, there are sharp differences as to the various enforcement aircraft services needed. For example, DEA's needs are quite different from those

needed to carry out U.S. Customs Service or INS functions, which are principally in support of patrol missions. Because of the uniqueness of law enforcement aircraft services, its management policies must be kept separate from other civilian air programs.

Page 35. GAO's recommendations that OMB establish utilization standards and dispose of aircraft that cannot be justified should not be applied to law enforcement agencies. The problem with utilization standards, as applied to drug law enforcement air programs, is that the total number of hours flown (which is the measure GAO used) is not significant when evaluating DEA's aircraft operations. Law enforcement standards, to aid in decisions to keep or dispose of aircraft, must be considered separately. Drug law enforcement, unlike even other enforcement operations that patrol certain areas (i.e., Customs, and INS) often log few hours while awaiting the development of a case.

Page 51. In Appendix III, GAO reports DEA operating costs as \$3,598,420 in fiscal year 1981. DEA's operating costs in fiscal year 1981 were actually \$1,421,400.

A point which GAO apparently overlooked with respect to aircraft acquisitions is the savings to the Government of seized aircraft that are placed in service. Approximately one-fourth of DEA's present aircraft were acquired through seizures, at virtually no cost to the Government.

In summary DEA agrees with GAO's position that funds can be saved by better management of aircraft. Positive actions have been taken and are continuing to be taken by DEA in the area of aircraft management. DEA's automated data processing enhancements to its existing aircraft management system is a most recent example. However, because of specific mission requirements, law enforcement agencies should not be included in any central organization established to have oversight and management responsibilities for aircraft.

Immigration and Naturalization Service

In Chapter 5 of the draft report, GAO singled out INS as an example of an agency with poor utilization of aircraft. The data shown on pages 44 and 45 are extremely misleading because the figures are shown without explanation. ^{1/} The presentation should have included the reasons why three aircraft, out of 37 in the fleet, flew so few hours. An explanation of the circumstances surrounding the three aircraft follows:

Page 45 of the report lists a Hughes OH-6A aircraft which flew 29 hours at an hourly cost of \$926; another OH-6A which flew five hours at an hourly cost of \$3,726; and last, a Cessna 182 which flew five hours at an hourly cost of \$5,004. INS records for fiscal year 1981 indicate that these aircraft, in their respective order, are: (1) N37929, an OH-6A assigned at Chula Vista which flew 29 hours at an average cost of \$916.50; (2) N3793A, an OH-6A assigned at Chula Vista which flew 4.6 hours at an average cost of \$4,050.41; and (3) N8525G, another OH-6A assigned at Chula Vista which flew 4.5 hours at an average cost of \$5,559.90. In the latter case, the aircraft is incorrectly listed in the draft report as a Cessna 182. Records for fiscal year 1981 indicate that the costs for all Cessna 182 aircraft operated by INS ranged from a low of \$27.25 to a high of \$38.74 per flight hour.

^{1/}GAO note: Discussion on this matter was dropped from the final report.

When presented in a report in purely statistical form, the foregoing hourly operating costs for three aircraft are indeed prohibitive, but significant factors influenced these average hourly costs. The first two aircraft listed were acquired by INS from the United States Army on a loan basis in June 1980. The third aircraft was one of four additional aircraft received on a loan basis from the Army in September 1980, shortly before fiscal year 1981 began. INS had not anticipated receipt of these aircraft on a loan basis, therefore, the operating costs for these helicopters had not been requested in either the fiscal year 1981 or 1982 budgets. Since the aircraft would not be available to INS unless delivery was accepted when offered, INS accepted the equipment and then sought funding.

When the aircraft arrived in the Western Region, INS began to configure the aircraft to meet INS requirements using available funding, which totaled approximately \$25,000 per aircraft. During the configuration period, the aircraft were flown only for test and evaluation purposes to verify the operation of the equipment installed.

The large outlays made while logging very few flight hours during fiscal year 1981 resulted in the exorbitant cost per flight hour shown in the draft report. After adequate funding was obtained in late fiscal year 1982, aircraft N37929 flew 532.2 hours at an average cost of \$73.77 per hour, N3793A flew 390.4 hours at an average cost of \$125.25 per hour, and N8525G flew 411.0 hours at an average cost of \$111.25 per hour. The cost summary records for the aircraft indicated that the wide spread in costs between the first aircraft at \$73.77 per hour and the other two was caused by the required replacement of certain components because of age. The first aircraft had little in the way of component replacement expenses in fiscal year 1982, but will most likely have a substantial increase in fiscal year 1983.

Considering the above facts, we do not believe that GAO's findings regarding underutilization of aircraft applies to INS. Additionally, the presentation on pages 44 and 45 showed a lack of objectivity on GAO's part. A more objective presentation would have shown that 37 aircraft in the fleet flew 27,117 hours at a cost of \$922,755 or an average cost of \$34 per hour. 1/

In chapter 2 of the draft report, GAO states that very little has changed since issuance of their 1977 report regarding how agencies manage their aircraft. Although INS is not specifically mentioned in this chapter, we disagree with GAO's broad language and very general assessment. INS has taken significant steps to improve the management of its aircraft. The most significant action taken to improve the internal management of its air operation program, which also resulted in implementation of some of the GAO recommendations from the 1977 report, was the establishment of the Central Office's Air Operations Center to coordinate the entire program. As a result of the centralization in February 1981, INS has progressed dramatically in correcting many of its shortcomings, which were similar to some of those listed in the 1977 GAO report.

INS pilot proficiency standards and aircraft inspection procedures have been strengthened to eliminate hazards before they result in accidents. The G-719, Monthly Air Operations Report, was redesigned to provide more meaningful information to Central Office and regional and sector managers. As a result

1/GAO note: Discussion on this matter was dropped from the final report.

of the increased data made available, comprehensive statistical summaries of aircraft operations were provided managers on an agency-wide basis in fiscal year 1982. During fiscal year 1983, INS plans to computerize and expand on the meaningful data collected, thereby making better information available for management review on a more timely basis.

The computerized data will be available for fiscal year 1983, and future years, as a result of INS' decision during fiscal year 1982 to automate operations at the Air Operations Center at El Paso. We should point out that the data which GAO lists as being collected by the Office of Aircraft Services (OAS) is the same data INS gathers and reports on its Form G-719. Unlike OAS, INS does not figure the cost of pilot services or depreciation of the aircraft for reasons considered valid when applied to law enforcement work. Such would not be the case if INS were providing a purely transportation service with its aircraft. Since INS pilots must be qualified Border Patrol Agents prior to engaging in flight activity, the function of the pilot position is merely an extension of the duties and authorities of the basic Border Patrol Agent position. As for depreciation of the aircraft, INS opposes making any adjustment to its cost summaries until the aircraft have been disposed of, since, in the majority of cases, the value of the aircraft is higher at the time of disposal than at the time of acquisition.

Another management improvement INS has made in the last 2 years involves the establishment of a project code to fund and track all air operations expenses. After having been successfully implemented in the last half of fiscal year 1982 for helicopter expenses and operations, the project code was expanded in fiscal year 1983 to include all aircraft. Also, INS has started a system of bulk fuel installations in various sectors to acquire fuel, wherever feasible, at substantially lower prices. A recent installation at Marfa, Texas, has resulted in a saving of 66 cents per gallon for a projected annual saving in excess of \$17,000. The tank, which cost \$8,000, will be paid for in less than a year, and all future savings can be effectively used to expand operations or increase operational effectiveness.

INS has established guidelines concerning the use of aircraft and, since all aircraft are mission-related (law enforcement), aircraft usage has been closely monitored and improper use has not been a problem. In addition, a long-standing directive issued approximately 18 years ago discourages the use of INS aircraft for purely transportation needs. Definite aircraft instructions provide policy in terms of authorized operators, permissible uses, preventive maintenance, and safety-of-flight precautionary measures involved in low flight and mountainous operations.

The most significant and cost effective measure implemented during the recent past was the supply support system at the Air Operations Center. By centrally procuring and stocking helicopter and limited fixed-wing parts, INS is operating its aircraft at costs which are greatly reduced from comparable aircraft in the private sector. Based on extensive experience, and after consultation with manufacturers and Federal Aviation Administration representatives, INS has recently extended time between overhaul on the Lycoming engines. This will reduce operating costs by providing 200 additional hours of flight time per engine for the same replacement cost.

At various points throughout the report, GAO mentions the possibility of renting or leasing aircraft from the private sector as opposed to outright Government ownership.¹ The report also mentions lease/purchase arrangements. We believe the current INS method of procuring aircraft, which parallels GAO's lease/purchase suggestion, is the best solution to assure that INS needs are met. In one instance, because of INS' uncertainty about operating helicopters in a nighttime environment over rough and mountainous terrain using a searchlight to locate aliens, two helicopters were lease/purchased to evaluate their effectiveness. Subsequently the operation was considered successful and the aircraft were purchased.

A comparison of INS' most recent cost figures with those currently offered in the private sector shows INS' current cost of operation for the Piper aircraft to be \$20 per hour, whereas the hourly charge is \$30 in the private sector. Equipped to INS standards, that private sector hourly figure would most likely increase to \$35-\$37 per hour. INS-wide, Cessna 182 aircraft are currently costing \$41 per hour while the private sector average for such an aircraft is \$54 per hour. Here again, equipped to INS standards, this charge would most likely increase to the \$66-\$68 range per hour. At INS, fiscal year 1982 cost of operation for the Hughes 500C was \$186 per hour, while Hughes operators in the private sector will rent such an aircraft for approximately \$475-\$525 per hour. No private sector comparison is available for the OH-6A helicopters, but INS' fiscal year 1982 costs were \$105 per hour, which was inflated because of major startup expenses. Representatives of the United States Army at St. Louis, Missouri, told us, however, that the military cost of operation for the same aircraft is much higher. When OH-6As were used on a reimbursable basis from the Army, the standard user charge for fiscal year 1982 was \$515 per hour.

Generally, aircraft maintenance is procured from the private sector through either open market procedures or annual contracts. Although the acquisition of aircraft maintenance from the private sector in local areas is generally the most cost efficient method, the Chula Vista Sector has been identified as one location where INS-employed mechanics would reduce the cost of operation drastically. When that sector becomes fully staffed with pilots, the number of flight hours at that location should allow INS to save over \$120,000 per year in labor costs by hiring its own mechanics. At other sectors, INS is not planning to hire mechanics because the number of flight hours is smaller. On a monthly basis, various cost elements are reviewed carefully to observe any trends that may result in the implementation of additional cost effective procedures.

During fiscal year 1982, INS issued instructions pertaining to the uniform reporting of aircraft seizures so that maximum use can be made of aircraft that become available through the seizure program (Section 274 of the Immigration and Nationality Act). INS is also attempting to establish a cooperative effort with the United States Army to assist them in acquiring seized aircraft which are not suitable for inclusion in INS' fleet.

Since the issuance of GAO's 1977 report, INS has made substantial progress in the overall system of managing its aircraft and in establishing improved cost reporting systems. Therefore, we do not believe the findings contained in Chapter 2 of GAO's draft report accurately represent INS' present aircraft management situation.

¹/GAO note: Discussion on this matter was dropped from the final report.

In general, INS agrees with the intent of the recommendations contained on pages iv and 25 of the draft report. While we do not object to the first recommendation on page vii regarding the development of Government-wide uniform policies for aircraft management, INS presently has an effective aircraft management program. The next recommendation on page vii, concerning the development of overall criteria for a uniform cost system to standardize program cost elements is certainly valid, however, such criteria should take into account the unique considerations of the individual agencies.

Page viii contains a recommendation that departments and agencies identify their aircraft requirements so that aircraft can be obtained either on a department-wide or Government-wide basis by consolidating procurements and by using the most cost-effective acquisition methods. In the area of joint acquisition of aircraft for law enforcement purposes, one of the major drawbacks is that generally the only thing common to multiple-agency requirements is the basic airframe. The avionics and special mission equipment required aboard the aircraft varies to such a large degree, from agency to agency, that consolidated procurement actions would hardly seem feasible, especially since the cost of the avionics and special equipment can equal or exceed the basic cost of the airplane. Nevertheless, even if procurement was possible based on the type of aircraft to be purchased, the budget process in the various agencies would probably hinder such a consolidation, primarily because one agency may not be funded to procure its aircraft at the same time as another agency. If a central contracting agency could make the aircraft available to agencies direct from the manufacturers at any time of the year, the concept may have merit. 1/

Currently, INS' Central Office Contract and Procurement Branch contracts for all required aircraft on the basis of specifications and conditions established by the Air Operations Office. After review and award of the bid, the Air Operations Office generally conducts all dealings with the vendor, other than the commitment of funds. This practice has worked extremely well in resolving problems that have arisen during the procurement process. Since the practice has worked so well, INS has nothing to gain by going through a central contracting agency.

The recommendation on page iv calling for the development of Government-wide policy guidance relative to aircraft use may be justifiable. However, at INS, aircraft are used strictly for law enforcement activities, thus their uses are closely controlled and monitored in accordance with aircraft use guidelines and instructions.

We do not agree with the recommendation on page iv that OMB direct civilian departments and agencies having substantial aircraft needs to establish a central organization that would have oversight and management responsibilities. Rather than creating another level of management, we believe clear guidelines could be established Government-wide to regulate the agencies' aircraft management programs. Sufficient regulatory authority already exists within the various departments and OMB to ensure the cooperation and compliance of the agencies.

* * * * *

1/GAO note: Discussion on these matters was dropped from the final report.

-10-

In preparing this draft report, GAO recognizes a distinction between administrative aircraft and mission aircraft. Beyond this point, however, GAO discusses such aspects of consolidation as procurement, utilization and centralized aircraft management without regard to this basic distinction. In so doing, the impression is given that GAO's recommendations extend across the entire fleet of civil agency aircraft. We believe that the opportunities for improvement cited by GAO in this report are extremely limited in the case of mission-oriented aircraft. The principal criterion for improving aircraft management should be responsiveness to agency mission needs rather than the theoretical advantages of standardization, uniformity and central control of these activities.

We appreciate the opportunity to comment on the report. Should you desire any additional information, please feel free to contact me.

Sincerely,


Kevin D. Rooney
Assistant Attorney General
for Administration



National Aeronautics and
Space Administration

Washington, D.C.
20546

FEB 10 1983

Reply to Attn of NSM-23

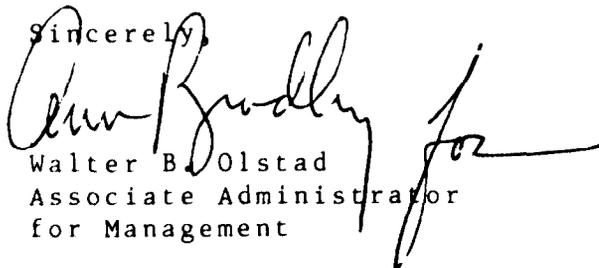
Mr. W. H. Sheley, Jr.
Director
Mission Analysis and Systems
Acquisition Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Sheley:

Thank you for the opportunity to review the draft report
"Federal Civilian Agencies Can Save Millions by Better
Managing Their Aircraft and Related Services."

NASA has some reservations about the conclusions reached
in the draft study. Detailed comments are provided in the
enclosure to this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Walter B. Olstad".

Walter B. Olstad
Associate Administrator
for Management

Enclosure

GAO note: Page and chapter references in this appendix
have been changed to correspond to those in
the final report.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
COMMENTS ON THE GAO DRAFT REPORT
ENTITLED: FEDERAL CIVILIAN AGENCIES CAN SAVE MILLIONS
BY BETTER MANAGING THEIR AIRCRAFT AND RELATED SERVICES

General Comments:

The GAO draft report does not provide any additional data or rationale that would justify a change in the general comments NASA provided to the GAO on their 1977 report on managing aircraft use by Federal civilian agencies:

"NASA would interpose no objection to a workable plan wherein one Federal agency would be responsible for national policy guidelines that would improve efficiency and reduce costs, provided that such guidelines are developed with full awareness of the specialized requirements for advanced aeronautical and space flight research, all weather air transportation, etc. NASA recognizes the possibility of Government-wide benefits from commonality and uniform control in certain areas, i.e., the transportation of passengers aboard government aircraft. However, NASA would strongly object to single management of the operational aspects, because of the various types of flight operations involved and the inherent needs for flexibility in this area. Within that context, NASA believes that the GAO has oversimplified today's overall federal civilian aircraft activity by failing to identify the vast differences in agency requirements, the lack of commonality within the federal aircraft inventory and underestimating the magnitude of the airworthiness requirements and other technical aspects of such a proposal.

The airworthiness standards alone are so varied in complexity that only a very few general maintenance practices or procedures would apply across the federal aircraft inventory.

The pilot qualifications and training requirements vary to the same degree as the specialized maintenance programs, e.g., advanced research test pilots must have background and experience in the various sciences, in addition to flight experience in many different types of aircraft.

Aircrew personnel involved in the operation of transport type aircraft must have qualifications experience, and specialized training similar to the commercial airlines if they are to operate effectively in the same environment. By the same token, the aircrew qualifications for the safe operation of small unsophisticated single-engine aircraft in good weather conditions need not be as high as for the more complex operations.

In summary, the aircraft operating requirements within the Federal civilian agencies are vastly different and any plan to standardize these activities or bring them under single-point management should be viewed in the light of these differences and the general mix of the overall aircraft inventory. We feel that a more in-depth study and analysis is needed before any conclusion can be drawn or recommendation made."

NASA Administrative Aircraft Acquisition - Ch. 3, page 14-15

In 1978, when the plan to replace three aging Queen Air aircraft was initiated, NASA did not feel at the time that OMB Circular A-76 applied. However, if it is determined by NASA that the revised A-76 does apply to any future aircraft acquisitions, it would be followed. NASA has no approved plan for the replacement of any of the remaining Gulfstream I administrative aircraft in fiscal year 1984, although studies continue.

When the Queen Air replacement plan was initiated, alternatives were evaluated, including the leasing of aircraft as well as utilizing full-time charter. For some reason, apparently the GAO auditors were not aware of these activities. The specifications for the aircraft to replace the Wallops Queen Air, which was a limited range 5-passenger aircraft (or 4 passengers with baggage), were established and justified by operational as well as economic considerations. Selection of a 9-passenger King Air as the replacement aircraft was the result of a competitive procurement process. Since the King Air was put in service, it has eliminated the need for double trips the Wallops Queen Air had to make when the passenger load exceeded four and has provided, as was anticipated, backup to the 12-passenger Headquarters aircraft, NASA-1, increasing overall utilization.

Flights to Locations Served More Economically by Commercial Airlines -

Ch. 4, page 21 and app. VI . Suggest second sentence be rewritten - "For only limited periods, we determined that using certain aircraft for such flights had cost the FAA and Coast Guard about \$2.7 million and NASA about \$0.26 million more than available commercial transportation (see app. VI)."

Flights Made to Locations Not Directly Served by Commercial Service -

Ch. 4, page 21. Before we could offer constructive comments on this section, it would be helpful if GAO would identify how many of the 200 flights and how much of the \$353,000 were attributed to the NASA aircraft. Also the rationale for selecting a 50 mile radius should be stated.

Transportation Flights Carry Few Passengers - Ch. 4, page 21-22. The justification for the use of NASA administrative aircraft includes the consideration of using commercial service first, then the other factors are evaluated (e.g., total travel time, commitments, meetings enroute, flexibility of schedules, etc.). Although we try to minimize the deadheading or positioning flights, NASA has found that in the operation of executive aircraft a limited amount of this activity is necessary in order to obtain effective utilization. For the operating environment of the two NASA aircraft that the GAO examined, we don't consider the number of no-passenger flights to be excessive.

NASA Langley Aircraft Could Colocate with FAA to Achieve Possible Savings -
Ch. 7, page . The NASA-1 Gulfstream administrative aircraft has been stationed at the Langley Research Center since it was purchased in 1963. This aircraft also provides service to Langley as well as NASA Headquarters, therefore, stationing the aircraft in the Washington, D.C. area would not have eliminated all the no-passenger flights between these two locations. For several years, we have been discussing with the FAA the possibility of using their facilities at National Airport. Only recently have they agreed to let us have limited use of their hangar, i.e., we can get in and out during their regular weekday working hours 7:00 a.m. to 5:30 p.m., but most of our activity occurs outside these hours.

L. W. Vogel
L. W. Vogel
Director, Logistics Management
and Information Programs Division

2-7-83

Date

CIVILIAN DEPARTMENTS AND AGENCIES INCLUDED

IN GAO'S REVIEW AND COMMENTS RECEIVED

<u>Civilian departments and agencies</u>	<u>Department or agency written comments</u>			
	<u>Requested</u>	<u>Received</u>	<u>Included in report</u>	
			<u>Yes</u>	<u>No (note a)</u>
Department of Agriculture	X	X	X	
Agricultural Research Service	X	X	X	
Agricultural Stabilization and Conservation Service	X	X	X	
Animal and Plant Health Inspection Service	X	X	X	
Forest Service	X	X	X	
Department of Commerce	X	X		X
National Oceanic and Atmos- pheric Administration	X	X		X
Department of Energy	X	X	X	
Environmental Protection Agency	X	X		X
General Services Administration	X	X	X	
Department of the Interior	X	X		X
Department of Justice	X	X	X	
Drug Enforcement Agency	X	X	X	
Federal Bureau of Inves- tigation	X	X	X	
Immigration and Naturaliza- tion Service	X	X	X	
National Aeronautics and Space Administration	X	X	X	
National Science Foundation	X	X		X
Office of Management and Budget	X	X	X	
Smithsonian Institution	X	X		X
Tennessee Valley Authority	X			X
Department of Transportation	X			X
Coast Guard	X			X
Federal Aviation Administra- tion	X			X
Department of the Treasury	X	X		X
Customs Service	X	X		X

a/The written comments received from eight departments or agencies were not included as appendixes since they generally concurred with the report.





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