



National Security and  
International Affairs Division

B-270739

December 14, 1995

The Honorable William J. Perry  
The Secretary of Defense

Dear Mr. Secretary:

This letter is to inform you that we are terminating our review of the Army's aviation requirements for utility and cargo helicopters. However, we would like to share some observations as you consider potential actions for streamlining aviation infrastructure.

We reviewed the services' modernization plans for utility and cargo helicopters to determine whether there were opportunities for greater consolidation of helicopter assets between the Army and the other services which could result in reduced infrastructure. We found that (1) the services' modernization plans are attempting to reduce the types and number of aircraft in their helicopter fleets and (2) the Department of Defense (DOD) and the services are performing studies that address potential for streamlining aviation infrastructure by eliminating types of aircraft, reducing the number of aircraft, consolidating assets, and using commercial aircraft. More specifically,

- The Army's aviation modernization plan calls for reducing the number and types of helicopters in its inventory. Its efforts have been slowed because of reduced budgets and, therefore, its utility helicopter modernization plan has been delayed. The Army's inability to fully fund its stated utility helicopter requirement will delay plans to retire the aging Huey fleet and streamline aviation infrastructure. The Huey utility aircraft is over 20 years old, and the Army had hoped to retire it through Blackhawk acquisition.
- The Navy is planning to modernize or replace about 95 combat support helicopters and is considering various alternatives for these requirements. Navy representatives believe a Blackhawk derivative may be the preferred choice for most of its requirements and if selected, would take advantage of existing helicopter maintenance and supply systems. It is also considering leasing commercial helicopters to fill the remaining requirements.

- The Marine Corps currently plans to modernize its utility fleet by upgrading about 100 Huey helicopters; however, both DOD and the Marine Corps are re-evaluating this plan. The studies are comparing the costs and performance of the planned Huey upgrade and a Blackhawk derivative option. Preliminary results of these studies are expected to be reported to the Under Secretary of Defense for Acquisition and Technology in December, 1995. DOD and the Marine Corps plan to complete their studies and report to the Congress by March, 1996.
- The Air Force is currently reviewing its modernization strategy for its fleet of 66 Huey helicopters. According to Air Force officials, viable options include procuring a Blackhawk derivative or modernizing its existing Huey fleet.

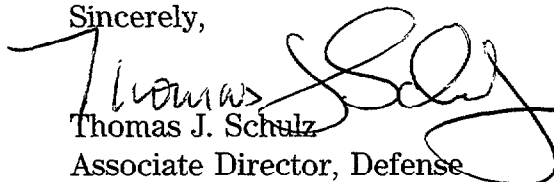
Because DOD and the services are conducting on-going studies and the results are not yet available, we are curtailing our review. Based on the decisions made by DOD and the services regarding the modernization of Marine Corps and Navy helicopters, we may need to evaluate the results of their studies. At that time, we may have to revisit the question of whether there are opportunities for greater consolidation of helicopter assets among the services.

We performed our work at the Office of the Secretary of Defense and headquarters, Departments of the Army, Navy, and Air Force and the U.S. Marine Corps, Washington, D.C., and at the U.S. Army Aviation and Troop Command, St. Louis, Missouri. At these locations, we interviewed responsible agency officials and reviewed applicable documents. We conducted our review between July and October 1995 in accordance with generally accepted auditing standards.

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We appreciate the courtesies extended to us during our review. If you or your staff have any questions concerning the observations in this letter, please contact me on (202) 512-4841.

Sincerely,

  
Thomas J. Schulz  
Associate Director, Defense  
Acquisitions Issues

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