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United States Senate

COMMITTEE ON
GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

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April 2, 1993

Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

I am writing to commend your efforts to better manage the federal government's civilian aircraft and to offer my assistance in this endeavor. As Chairman of the Subcommittee on General Services, Federalism and the District of Columbia, I am pleased to present you with this report, "Management of Federal Civilian Aircraft: Findings and Recommendations," based on a twenty month investigation initiated in August of 1991.

As you recall, on February 10 you directed the heads of federal agencies and departments to ensure all aircraft under their control are used only for government purposes and in keeping with OMB Circular A-126. I applaud your leadership -- and in an effort to expedite meaningful reform, my subcommittee has prepared this report outlining the problems with aircraft management and offering a blueprint for reform.

I have found that the government runs a billion-dollar aircraft operation that is substantially out of control. Federal civilian aircraft are worth over one billion dollars, and they cost well over one billion dollars each year to operate. Yet the use of these aircraft has gone essentially unscrutinized. For example:

- o At the outset of my investigation, the General Services Administration (GSA) and the Office of Management and Budget (OMB), the agencies responsible for aircraft management, did not even know how many aircraft government agencies owned, much less where they were and how they were used. An audit by the GSA Inspector General, now in progress at my request, indicates there are now 1,384 aircraft in the inventory but we still do not know how they are used.
- o There are no binding safety standards for federal civilian aircraft. Literally, air pilot licenses and routine safety and maintenance checks are not required by law. Private aircraft are subject to broad, strict, government-imposed safety regulations, but the government's own aircraft are exempt.

President Clinton
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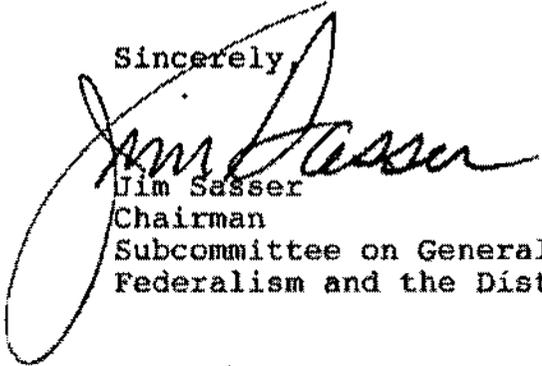
- o Agencies' inventory and usage reports required by Circular A-126 are often late, inaccurate or incomplete. Only last January aircraft managers had to request computerized submissions because past submissions were illegible. The annual inventory for fiscal year 1991 was not completed until months into fiscal year 1993.
- o Agencies appear to be flouting Circular A-126. They have contrived technical, legalistic interpretations of the circular to allow the most lenient possible standards. In an effort to avoid scrutiny, agencies have classified aircraft capable of administrative travel use as "mission" aircraft supposedly performing some special government function.
- o Over 185 aircraft owned by the government are flown less than 100 hours per year.
- o Neither OMB nor GSA have acted to enforce Circular A-126, even though they know deficiencies exist. These agencies claim not to have the authority or the duty to enforce their own policies.

The net result of these and the other abuses chronicled in my report is a loss to the taxpayers of at least \$100 million. In fact, I believe that the Inspector General's audit will reveal inefficiencies totalling half a billion dollars or more.

I have offered a number of recommendations which I believe will go a long way to ameliorate the problems with government aircraft management. I hope you will review these recommendations and implement them in the manner you deem most appropriate. Most of my recommendations can be implemented administratively -- however, I am also prepared to lead the Congressional response to the inefficient management of government aircraft by taking any legislative action necessary.

I look forward to working with you to resolve the problems outlined in my report. I plan to remain active on this issue for as long as is necessary. Thank you for assisting me in making the Executive Branch more accountable to the taxpayer in the use of its aircraft.

Sincerely,



Jim Sasser

Chairman

Subcommittee on General Services,
Federalism and the District of Columbia

SUBCOMMITTEE REPORT

Management of Federal Civilian Aircraft: Findings and Recommendations

**Senate Committee on Governmental Affairs
Subcommittee on General Services,
Federalism and the District of Columbia**

Jim Sasser, Chairman

EXECUTIVE SUMMARY

In order to assist President Clinton and the Office of Management and Budget (OMB) in their effort to improve the federal government's management of its civilian aircraft, the subcommittee on General Services, Federalism and the District of Columbia, under the direction of Chairman Sasser, has prepared this report on the problems surrounding federal civilian aircraft management and use. The subcommittee's findings, based on 20 months of investigation, are intended to provide a thorough background from which to effect meaningful and expedient reform.

Scope of aircraft operations. The federal government currently owns approximately 1,400 civilian aircraft worth at least \$1 billion. Operation of these aircraft costs taxpayers an estimated \$1 billion to \$1.75 billion annually. Despite these massive costs, both the central management agencies -- OMB and the General Services Administration (GSA) -- and the aircraft-owning agencies have failed to implement and enforce a management system capable of preventing waste and abuse.

The subcommittee's investigation. Chairman Sasser initiated the investigation to obtain an accurate inventory and improve management pursuant to the subcommittee's jurisdictional oversight of GSA. Central to the investigation is an audit currently being conducted by GSA Inspector General William Barton at Chairman Sasser's request. This audit will provide the first comprehensive and accurate civilian aircraft inventory -- including each aircraft's owner agency, model and manufacturer, mission, acquisition date, and hours flown while in the government's possession -- and the most comprehensive management evaluation to date. The subcommittee's independent investigations have included consultations with personnel from GSA, OMB, other agencies, and the private sector; review of past audits; evaluation of existing public and private management programs and practices; and review of statutory and executive management directives.

Inventory. An accurate and timely inventory of aircraft is absolutely essential to determine if aircraft have been used efficiently -- and thus to reform aircraft management. An OMB directive requires agencies to report information on their aircraft to GSA. Yet these reports are often inaccurate, improper in format, late, or nonexistent. In addition, GSA has not consistently provided the full support necessary for its own aircraft management office. Thus, despite computer technology which theoretically could transmit information instantaneously,

the current inventory is imprecise and inaccurate.

Evaluation of inventory, costs and usage. As the inventory problems suggest, most agencies cannot show their aircraft are used efficiently. Yet OMB requires agencies to justify all in-house aircraft operations as the more cost efficient than commercial alternatives. Data received at GSA indicate that some agencies do not even track cost and usage information for each aircraft under their control. Rather, they report average cost and usage figures, thus obscuring the actual costs and usage for any particular plane. Many other aircraft are seldom used, raising the possibility the government does not need them. Agencies must report the missions of their aircraft, and undoubtedly agencies do own aircraft which perform legitimate missions, but their reports of aircraft missions are too vague to verify their legitimacy. The resulting vulnerability to abuse is obvious.

Flight coordination. Most agencies do not centrally coordinate the flights of their aircraft to insure the fleet as a whole is operated in the most efficient way possible. Lacking even this internal coordination, comprehensive coordination among agencies is presently impossible. GSA has fostered the development of a computerized scheduling program for use at the agencies, proven effective after years of use by the Navy, which provides for the most efficient use of government aircraft and prevents the purchase of unnecessary commercial alternatives. No agency has implemented this program, even though most agencies have no centralized, automated scheduling. GSA continues to work, however, to facilitate its installation.

Aircraft safety and maintenance. There are no authoritative requirements for federal civilian aircraft safety, despite very specific statutory safety requirements for commercial aircraft. Agencies have expressed interest in developing such standards, and thus GSA's aircraft management office has been able to develop safety policies in areas such as accident reporting requirements. Nevertheless, the utility of ICAP's safety guidelines is limited because GSA perceives its role as an issuer of "guidance" and makes no effort to enforce any of its recommendations.

Statutory and executive authority. Questions of authority have clouded GSA's most substantial aircraft management missions. Though GSA and OMB have broad statutory authority to manage property, the statutes do not specifically address the minutiae of aircraft management. OMB still has sufficient authority to impose management requirements on agencies, but it assigned much

of the responsibility for aircraft management to GSA through Circular A-126. Aircraft-owning agencies have questioned GSA's authority to impose management requirements due to ambiguities in Circular A-126 and a lack of enforcement provisions. Consequently, many agencies have not followed the most substantial initiatives of GSA, which they view as an agency with limited expertise and no authority. Though OMB believes Circular A-126 provides GSA with sufficient authority, it nevertheless has not addressed the reality that its directives have not been followed, either by clearing up the ambiguities in the circular or using its management authority to enact tough enforcement mechanisms.

Recommendations. The subcommittee offers a blueprint for the President and executive agencies to reform the management of government aircraft. Further, the subcommittee offers its continued assistance to improve aircraft operations, including possible legislative action. Subcommittee recommendations include the following:

- o Agencies must cooperate with the GSA Inspector General's audit of federal civilian aircraft as it proceeds. The process of providing information for the Inspector General should be taken as an opportunity to improve agencies' information collection procedures.
- o GSA must provide sufficient resources and clout to its own aircraft management office.
- o To improve the aircraft inventory, information reporting requirements must be clarified and observed.
- o To improve the evaluation of aircraft activities and flight coordination, automated management programs should be required unless agencies are exempt from compliance by OMB.
- o To continue progress in the area of safety standards, GSA must maintain safety as a priority and monitor agencies' implementation of safety guidelines. Based on ICAP's recommendations, Congress should consider eliminating federal aircraft's exemption from commercial safety standards.
- o OMB must more actively seek to improve aircraft management and the enforcement of its circulars. This may entail revising its aircraft directives or using the budget process as an enforcement mechanism.

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INTRODUCTION: SCOPE OF AIRCRAFT OPERATIONS

The federal government currently owns and operates a multi-purpose, billion dollar fleet of aircraft. The government's aircraft, numbering just under 1,400, range from tiny two-seat Piper Cubs to larger and more costly Boeing 727's, Lockheed P-3's and Cessna Citations. Some of these aircraft perform such specialized tasks as atmospheric research and forest fire control, while others are simply administrative aircraft used to transport government employees from place to place. The total value of all these aircraft is \$1 billion or more.

Aircraft operations expenses cost taxpayers an estimated \$1 billion to \$1.75 billion each year. Total annual aircraft transactions may approach \$2 billion after accounting for aircraft acquisitions and disposals. During fiscal years 1991 and 1992, agencies reported acquisitions of 130 aircraft worth \$370 million and another 53 aircraft of which the value was either unknown or negligible. During the same period the government disposed of 65 aircraft valued at over \$110 million and another 21 aircraft of unknown or negligible value.

Despite such enormous costs, however, the management of these expensive assets is neglectful in some areas and nonexistent in others. There is good reason to believe that many of the government's aircraft are underutilized and superfluous, and even justifiably owned aircraft are mismanaged. The subcommittee estimates that the total unnecessary cost to taxpayers exceeds \$100 million each year.

Two agencies, the Office of Management and Budget (OMB) and the General Services Administration (GSA), are responsible for the oversight of federal civilian aircraft. The individual airplane-owning agencies also have a duty to ensure that their aircraft are used safely and efficiently. Unfortunately, neither the oversight agencies nor the aircraft-owning agencies have been able to prevent waste and abuse.

This report explores the factors behind the shortcomings in the government's management of its aircraft. First is a summary of the activities of the subcommittee which have led to our findings. Second is a description of the specific problems in the management of civilian aircraft. Third is an overview of the statutory and regulatory scheme which has allowed the uncoordinated and inefficient use of government aircraft to continue unimpeded. Fourth are the subcommittee's recommendations to reform the government's management of its aircraft.

THE SUBCOMMITTEE'S INVESTIGATION

Chairman Sasser and subcommittee staff have examined in detail the government's aircraft management practices. The investigation has included communications and consultations with officials at GSA, OMB, aircraft-owning civilian agencies, the Navy, the Army, private sector logistics experts and the General Accounting Office (GAO); attendance at meetings of the Interagency Committee for Aviation Policy (ICAP), an office

within GSA; one public hearing of the subcommittee; review of reports by auditors and investigators such as GAO and various agencies' Inspectors General; evaluation of existing public and private management programs and practices; and review of the statutory and regulatory framework for aircraft management.

The subcommittee's investigation began in the summer of 1991 amid numerous press accounts of top government officials using aircraft for personal or political reasons. In the latter half of President Bush's term in office, upper level abuse of flight privileges became a widely cited example of the arrogance of many in government and their isolation from the people they serve. The subcommittee sensed, however, that the problem was deeper and more pervasive than simple abuse of perks or benefits. Subsequent investigation has confirmed that misuse of government aircraft exists at all levels of government that use aircraft.

The subcommittee oversees the operations of GSA, which controls much of the government's acquisition, management and disposal of property. OMB assigned a substantial role in civilian aircraft management to GSA through OMB Circular A-126.¹ This circular directed the Administrator of GSA to coordinate "policy recommendations" and "guidance" for the "procurement, operation, safety, and disposal of civilian agency aircraft." GSA was also to establish a "government-wide aircraft management information system" and provide advice and assistance

¹ 57 Fed. Reg. 22150 (1992). OMB Circular A-126 is discussed in greater detail in this section and under the heading "Statutory and Executive Requirements" below.

to OMB and the aircraft-owning agencies. The circular directed GSA to form an "interagency aviation policy working group" to help carry out the requirements of the circular.

Pursuant to this last requirement, GSA established ICAP in 1989. As of 1991, however, it was apparent to the subcommittee that the requirements of Circular A-126 had not been fulfilled. Most notably, the computer program ICAP set up as the "government-wide aircraft management information system" required by the circular was so riddled by incomplete and inaccurate information as to be useless as a tool to evaluate and reform aircraft use. Thus there was no centrally kept, accurate inventory of the federal government's aircraft. Without even an inventory, establishing and implementing management goals and decisions would be a fruitless exercise. It seemed obvious that if ICAP could not say how many aircraft the government owned, evaluation of how those aircraft were used and how much they cost was beyond reasonable speculation. Yet the subcommittee takes the view that basic inventory information should be accurate and readily available. Aircraft are simply too valuable not to maintain this minimal level of oversight.

Recognizing the need for accurate and complete information, Chairman Sasser requested Inspector General William Barton of GSA to conduct the first comprehensive audit of all federal civilian aircraft on November 15, 1991. The audit request² included "an

² Appendix II contains a complete summary of the audit request.

accurate count of the number of civilian government aircraft assigned to each agency, the model and manufacturer of each aircraft, a description of the mission of each aircraft, the date each aircraft was acquired by the government and the hours logged on each aircraft while in the possession of the government."

Chairman Sasser also requested an evaluation of ICAP's role in managing civilian aircraft.

The Inspector General's audit is still in progress at this time. The Inspector General has kept the subcommittee informed of his findings through one public hearing³ and a number of staff briefings.

The subcommittee has observed that substantial savings are possible through improved automation which not only tracks inventory-related information but which also coordinates flights. Subcommittee staff has observed the management systems of the Navy and the Army on site. These systems help the Navy and Army avoid costs by eliminating duplicate flights of military-owned aircraft and unnecessary purchases of commercial alternatives. In recent years, the Navy has calculated savings between \$69 million and \$111 million⁴ while the Army has saved between \$16

³ Management of Federal Civilian Aircraft: Hearing Before the Subcomm. on General Services, Federalism and the District of Columbia of the Senate Comm. on Governmental Affairs, 102d Cong., 2d Sess. (1992) [hereinafter "Civilian Aircraft Hearing"].

⁴ See Staff of the Subcomm. on General Services, Federalism and the District of Columbia of the Senate Comm. on Governmental Affairs, Report to the Chairman, The Navy Air Logistics Information System: An Overview, Civilian Aircraft Hearing, supra note 1, at 67.

million and \$24 million annually. ICAP maintains a clone of the program used by the Navy and the Army known as the Demand Logistics Management System (DLMS). DLMS is available for use by aircraft-owning agencies, but as yet no civilian agency has implemented the program.

Similarly, the subcommittee has observed a system used by the Customs Service which tracks aircraft usage and costs with particular emphasis on cost accounting. The Customs Service has used automated management programs since the late 1970's. Their current system, the product of a decade of evolutionary improvements to their management programs, has been in place since 1988. The U.S. Customs Service Software System, a set of five computer programs, tracks the usage of aircraft, monitors the inventory of parts and assists in the scheduling of routine maintenance. Furthermore, it monitors the costs of operations, parts, maintenance and salaries. Funds are centrally monitored from the time Congress provides them until the Customs Service uses them. The software may be customized to facilitate the unique reporting requirements that may be imposed on a federal agency such as the requirements of the Chief Financial Officers Act of 1990.

ICAP has informed the various federal agencies of this software, and the subcommittee has requested ICAP and the private sector contractor which runs the Customs Service system to look into making it available for other federal agencies. It is to ICAP's credit that other agencies have become aware of such

innovative programs at all. Nevertheless, it is unfortunate that agencies have not taken advantage of a system which has served the Customs Service so well for five years.

One cause of poor aircraft management has been the lack of specific requirements to document all uses of government aircraft in Circular A-126. Chairman Sasser helped strengthen Circular A-126 through the public comment process when the circular was revised in May 1992. In response to comments submitted by Chairman Sasser, OMB added a new section to the circular entitled "Documenting the Use of Government Aircraft." This section required agencies to document their use of all aircraft to an unprecedented level of detail. Circular A-126 now requires agencies to document each use of government aircraft including the tail number of the plane, the date used, the identities of the flight crew and passengers, the route flown, and the purpose of the flight.⁵

It appears that the public scrutiny sparked by the subcommittee's investigation has spurred limited progress in the management of government aircraft. All involved federal agencies now seem to take a greater interest in improving aircraft management. Without question, information which was previously unavailable has become available after requests by Chairman Sasser and GSA's Inspector General. Clearly, however, there is still room for a great deal of improvement.

⁵ Other problems involving ambiguities in other areas of the circular are discussed under the heading "Statutory and Executive Requirements" below.

The subcommittee investigation is now focused on three main goals: the continued acquisition of basic information regarding aircraft and aircraft management; better compliance by all actors with the existing laws, rules and regulations; and possible improvements with the laws, rules and regulations themselves.

DEFICIENCIES IN THE MANAGEMENT OF FEDERAL CIVILIAN AIRCRAFT

The major deficiencies of aircraft management may be divided into four broad areas. First, central inventory records are incomplete and laggardly kept. This leads to the second problem, that any meaningful evaluation of the use of aircraft is currently impossible. Third, there is no apparent coordination of flights to ensure a rational use of the fleet as a whole. Finally, there are no binding standards for federal civilian aircraft to ensure proper aircraft safety and maintenance.

Inventory

The inventory of aircraft maintained by ICAP is neither current nor accurate. The full inventory for fiscal year 1991 was not completed until December 1992 -- months into fiscal year 1993. Yet theoretically, in an age of computer technology, there is nothing to prevent the establishment and maintenance of an instantaneous, on-line inventory system.

ICAP's information system installed to comply with Circular A-126 is known as the Federal Aviation Management Information System (FAMIS). Though FAMIS is the federal government's only centrally maintained inventory of civilian aircraft, it is

impossible to obtain a current and accurate count of federal aircraft from FAMIS as it is maintained today. Because it is imprecise and inaccurate, FAMIS is useless as a tool to examine and improve the efficiency of aircraft operations.

There are essentially two reasons for the deficiencies of FAMIS, each of which is discussed in turn. First, the agencies report information slowly and in some cases inaccurately or incompletely. Second, ICAP itself is not poised to assess and compile this information instantaneously, nor does ICAP take the necessary action to encourage delinquent agencies to improve their reporting.

(1) Agency Reporting. In many cases, federal agencies do not report information about aircraft under their control accurately and promptly. Judging from the quality and lateness of agency reports received by ICAP, it appears that most agencies do not maintain information in any central location and in good enough order to allow verification of their compliance with Circular A-126.

ICAP only requests inventory information once a year. That is, FAMIS is not on-line and instantaneous, but rather it is an annual statement which reflects the agencies' inventory at the end of each fiscal year. Even though agencies must submit inventory information only once a year, agency submissions often arrive late and contain inaccurate information. Moreover, information submitted to ICAP does not conform to the standards or format of FAMIS. ICAP staff must therefore spend time and

effort adapting submissions for entry into FAMIS. Furthermore, management practices and accounting standards vary from agency to agency, making cost comparisons across agencies difficult if not impossible. This uncoordinated process contributes to the problems of maintaining accurate information at ICAP.

ICAP has experienced problems in the past receiving information that is not even legible. In January 1993 ICAP staff requested aircraft-owning agencies to submit information on computer diskettes or at least type or print clearly. The reason given for this request was that in the past ICAP had received handwritten information or photocopies of handwritten information illegible to ICAP staff.

Some information is not reported to ICAP at all. For example, some agencies have not reported information regarding aircraft kept in storage. Since these aircraft are not in the "active inventory," the agency sees no reason to report them to ICAP.

As another example, the Inspector General of the Department of Agriculture reported that the U.S. Forest Service obtained dozens of C-130 and P-3 aircraft from the Department of Defense.⁶ Twenty-eight aircraft were then transferred to private sector contractors without the authorization of GSA, despite legal requirement that GSA approve a property disposal of this kind. Although GSA knew of the Forest Service's desire to transfer

⁶ See Forest Service Historic Exchange Program, Audit Report No. 08097-2-At, United States Department of Agriculture Office of Inspector General (1992).

ownership to private contractors for fire-fighting purposes, GSA never formally approved such a transaction. GSA claims it was not even informed of the transaction before it happened; the Forest Service disputes this claim. In any event, none of the aircraft appeared in FAMIS while the Forest Service had possession of them.

Later, the Forest Service wanted to transfer seven more aircraft to private parties and thus sought the approval of GSA's General Counsel as required by law. GSA denied the request, but the Forest Service allowed the contractors to take possession of the aircraft and use them for personal gain anyway. These aircraft now appear in the FAMIS inventory, but most have already been extensively raided for parts by the private parties and are incapable of flight. In cases such as these transfers of aircraft by the Forest Service, FAMIS did not help prevent or scrutinize a highly questionable aircraft transaction. Yet FAMIS or a similar system, if maintained accurately and on-line, could help the government evaluate the reasonableness of aircraft acquisitions and disposals as they occur instead of after the fact.

It is currently impossible to say how common or widespread the problems of inadequate agency reporting of aircraft information really are, because agency practices have never come under serious scrutiny. The quality of agency reporting is one of the subjects the Inspector General of GSA is currently attempting to assess. Some agencies have made genuine efforts to

improve their reporting of information, and others might complain that they receive inadequate guidance on how to fulfill reporting requirements. For whatever reason, the level of coordination and cooperation between agencies and ICAP is not what it should be.

(2) ICAP Operations. ICAP itself is in need of improvement. Problems at ICAP include its relationship with other corners of GSA as well as internal difficulties within ICAP.

Like many governmental operations, ICAP has been constrained by the bureaucracy which surrounds it. From its inception, ICAP has fallen under the Federal Supply Service (FSS), GSA's primary supplier of property other than real property. However, ICAP is unusual within FSS in that ICAP oversees other agencies' property without responsibility for supplying it, and ICAP activities have no specific statutory authority behind them. Most FSS activities involve acquiring supplies and providing them to other agencies for a price, thus bringing in revenue for GSA. ICAP, on the other hand, merely seeks to manage aircraft already procured by the agencies themselves. Thus compared to many other FSS operations, ICAP is a revenue loser and in that sense a burden on FSS. Other FSS activities which do not raise substantial revenues, such as regulation and management of government travel and transportation, are backed by firm statutory authority. Perhaps for these reasons, policymakers at GSA did not appear to concentrate on ICAP activities until public attention on government aircraft intensified.

Participation of higher-ranking GSA officials at ICAP has increased. In fact, GSA recently created an Aircraft Management Division as well as a Federal Aviation Plan to address aircraft safety, acquisition, use and disposal, computer systems and regulatory policy. This appears to be a step in the right direction. However, this classic bureaucratic approach to problem-solving -- the creation of a new office and agenda -- must be followed by qualitative efforts to improve aircraft operations. Organizational or procedural changes may be helpful, but they cannot by themselves produce qualitative improvements.

It does not appear that ICAP has consistently maintained through the course of its existence a level of operation capable of keeping FAMIS current and error free. At times, ICAP has not appeared to be adequately staffed to do its job. In other cases, private sector computer experts relied on by ICAP have been relieved temporarily or permanently due to contracting problems, slowing the development of new systems.

Furthermore, ICAP has not taken adequate steps to correct the deficiencies in other agencies' reports. In other words, ICAP is reluctant to criticize agency practices -- such as the inadequate reporting of information -- even though criticism may sometimes be warranted. The subcommittee has observed that ICAP perceives itself as an advisor to agencies and a coordinator of policy but not as an enforcer of aircraft management requirements. Agencies, on the other hand, seem to have no clear

idea of what their reporting duties and obligations really are.⁷

Evaluation of Inventory, Costs and Usage

As the preceding section suggests, agencies do not currently justify all their aircraft operations as cost efficient, despite the clear requirement of Circular A-126 that they do so. In fact, records maintained in FAMIS indicate that at least some agencies have no clear idea what it costs to operate any given aircraft under their control, much less whether any particular use of that aircraft is the most cost-effective alternative under the circumstances.

One of the requirements of Circular A-126 is justification of aircraft usage as cost-effective in comparison to private sector alternatives. Agencies are required to do cost-efficiency analyses under another OMB circular, Circular A-76, which forbids the use of government resources to perform a task when private sector alternatives are available more cheaply. Agencies profess to be uncertain as to what precisely it means to justify aircraft operations as cost-effective -- whether it applies to the flight needs of specific individuals, or the specific flights of an aircraft, or the total number of flights of an aircraft over a period of time, or simply the ownership of the aircraft.

However, if any one of these activities must be justified as cost-effective, each of the others must also be considered. Whether ownership of an aircraft is justified cannot be

⁷ Problems of authority under the current framework are discussed under the heading "Statutory and Executive Requirements" below.

determined without looking at how it is used over a period of time, and whether individual uses of aircraft are justified cannot be determined without examining the flight needs of the passengers and cargo as well as the available commercial alternatives.

Most agencies have not justified their aircraft usage under Circular A-76. In fact, it is unclear if some agencies really know precisely how any given aircraft is actually used. Some information on specific matters of cost and usage is not reported at all, and in other cases the reported figures are meaningless. For example, some agency reports for matters such as hours flown or variable crew costs show rows of identical numbers for many different planes. Obviously, the agencies took a sum figure of total costs or usage and divided it by the number of planes. Thus it would appear that some agencies either do not record information regarding specific flights of its aircraft or they withhold such records to avoid scrutiny. Such practices defeat the point of requiring documentation of aircraft usage, because there is no way to determine if a given aircraft may be underutilized or otherwise misused without examining the particular usage and costs for that aircraft.

In spite of such vague reporting, it is nonetheless possible to determine that some aircraft owned by the government are flown very little and may be unnecessary. Out of 1,384 aircraft currently believed to be in the inventory as of fiscal year 1992, it appears that over 185 are flown less than 100 hours per year.

It is possible that some of these aircraft may have legitimate uses. For example, NASA maintains two aircraft to do nothing but launch the space shuttles; even if that calls for less than 100 hours of flight time per year, the ownership of the aircraft can be justified because of the unique requirements of such a craft. It is difficult to conceive, however, that all 185 aircraft which fly less than 100 hours per year are necessary to the government's operations.

Whether the stated mission of an aircraft is accurate and whether the government really needs aircraft for any given purpose are currently impossible to determine based on information submitted to ICAP. Though agencies report the mission or purpose of each aircraft to ICAP, ICAP does not have the ability to verify that the aircraft is actually used for the stated purpose. Sensing that so-called "mission" aircraft, because of their specialized purposes, will come under less scrutiny than "administrative" aircraft, the only purpose of which is to transport people and things, some agencies have attempted to classify as many of their aircraft as possible as mission aircraft. The audit of GSA's Inspector General now in progress is the first comprehensive attempt to verify that aircraft are used for their stated purpose.

It is likely that some aircraft classified as mission aircraft are actually administrative aircraft, and it is certain that some aircraft with a legitimate mission are configured in a manner that would allow administrative use. For example, the

Department of Justice owns 267 aircraft. Without exception, every single one of these aircraft is reported as a mission aircraft whose mission is law enforcement. The Department of Justice may very well need aircraft for the sensitive and often urgent missions it performs, but it strains credibility to assert that every single one of these aircraft has an identical mission and that no aircraft is used primarily for administrative travel. In fact, recent press accounts indicate that some of the Justice Department's aircraft have served the "mission" of transporting the Director of the Federal Bureau of Investigations on personal business. This example illustrates how vague reports of the mission of aircraft only serve to obscure the nature of their actual use.

A number of other aircraft in various agencies are reported as having missions such as "program support," "training," or "program management." No doubt many of these aircraft do indeed have legitimate missions -- but there is no way to know from such a vague statement of purpose. The vulnerability to abuse is obvious.

Flight Coordination

Most agencies now have no apparent means to assure their fleets as a whole are used in the smartest possible way. That is, there is no evidence at most agencies that the flights of different aircraft are coordinated to transport people and things efficiently. With no central, automated scheduling office, there is a strong likelihood that a number of flights on separate

aircraft might occur when a few aircraft or a single plane could have delivered all passengers with minimal inconvenience. Given this lack of coordination within any given agency, comprehensive coordination among agencies is presently impossible.

As a simple example, consider the possibility that a number of federal officials must travel from three different cities to Washington for a meeting. Minimal coordination among these officials could allow one plane and one crew to stop at each city and take them to the meeting. However, without coordination, three separate planes with three crews might fly from each city to Washington at the same time, incurring unnecessary expenses. Few if any agencies currently have the centralized scheduling operations necessary to prevent such needless duplication of effort.

Comprehensive flight coordination is the only way to assure the efficient use of aircraft contemporaneously -- that is, as the planes are used. Circular A-76 cost-effectiveness studies described in the previous section are burdensome to do manually, and audit-oriented oversight such as the current audit of the GSA Inspector General can only address impropriety after it occurs. Computer software currently exists within the government which can assess all flight requests according to priority, take into account the existing fleet of aircraft including seating capacity and location, and produce the most efficient possible schedule for the fleet as a whole. The computer software can be customized to meet the particular needs of the user agency.

As noted previously in this report, the Navy uses a flight coordination system. Before 1986, the Navy scheduled domestic administrative flights, which for the Navy includes both personnel and cargo transport, centrally but without automation. Schedulers coordinated the Navy's administrative aircraft by sketching individual flights with grease pencils on maps. In 1986, the Navy Air Logistics Information System (NALIS) was installed. The Navy maintains a central, around-the-clock scheduling center in New Orleans with a support staff of about 30 people. This center receives all flight requests by Navy personnel in the continental United States, evaluates the location and type of each of its approximately eighty aircraft, and creates a comprehensive schedule ensuring the fleet meets demand as fully and efficiently as possible. By avoiding duplicate flights and unnecessary purchases of commercial alternatives, the Navy has documented annual savings between \$69 million and \$100 million in recent years.

Recognizing the benefits of NALIS, ICAP obtained the program from the Navy and modified it for use with civilian agencies. The resulting program, the Demand Logistics Management System (DLMS), is available at ICAP for use by agencies. Installation costs currently run at an estimated \$100,000, which must be paid by the user agency. These costs are attributable primarily to the expensive, specialized hardware necessary to run DLMS; ICAP will provide the software for free.

Despite the benefits of flight coordination, no agency has

attempted to install DLMS. The agencies' reason for not installing the program is that they own mostly mission aircraft which do not lend themselves to this kind of scheduling, and there are not enough purely administrative aircraft to justify installation costs. This may be so at some agencies, and commendably, ICAP is currently working with the Navy's scheduling experts to develop DLMS for ordinary personal computers to make its installation easier and less costly. In any case, the preliminary findings of the GSA Inspector General's audit indicate that there are hundreds of administrative aircraft servicing federal civilian agencies. A flight coordination program would undoubtedly be a worthwhile investment for a fleet of this magnitude.

The lack of flight coordination is more likely explained by the resistance of a bureaucratic organization to change, compounded by agency resentment of external management initiatives. ICAP's activities impose on domain previously held exclusively by the agencies. The agencies may view this as an impingement on their authority, and they may resent the implication that their operations are in need of improvement. Moreover, any agency action of any kind, particularly something calling for expenditures of \$100,000, may call for the approval of higher-level officials who do not directly participate in ICAP's activities; thus the lower-level aircraft manager must be convinced not only that DLMS is a good program but that it can be "sold" to his or her superiors. Every agency involved with

aircraft management has its own multiple levels of bureaucracy that make quick or decisive action impossible. Measures requiring coordination between or among agencies face even more red tape.

Aircraft Safety and Maintenance

Currently there are no authoritative requirements for federal civilian aircraft safety. An extensive body of aircraft safety requirements is found in the United States Code,⁸ but these requirements apply mainly to commercial aircraft. The lack of statutory guidance for government aircraft is discussed below.

Although agencies generally appear reluctant to allow external forces to dictate how aircraft are used, they have repeatedly expressed interest in developing safety standards for government aircraft. With the cooperation and participation of aircraft-owning agencies, ICAP has achieved limited success in developing standards for safety policies, though real progress has been limited to issuing guidelines on the reporting of accidents to the National Transportation Safety Board (NTSB). Because of the agencies' support, safety guidelines have remained among ICAP's top priorities.

However, the utility of ICAP guidelines is limited. ICAP sees itself as having the authority to issue "guidance" but not binding requirements or regulations. It apparently makes no effort to enforce any of its recommendations. Presently the only operative aircraft safety and maintenance controls are those

⁸ 49 U.S.C.A. Sections 1301-1557 (West 1976 & App. 1992).

implemented by agencies at their own initiative. The effectiveness of these controls will be addressed by the audit of GSA Inspector General now in progress.

STATUTORY AND EXECUTIVE REQUIREMENTS

Statutes

There is no statutory authority specifically providing for ICAP to exist or perform its functions. This in combination with needlessly ambiguous executive branch directives, discussed below, has repeatedly proven to impede ICAP's operation.

GSA and OMB have broad statutory authority to manage government property generally. Pursuant to this authority, OMB issued Circulars A-126 and A-76, which in turn impose requirements on GSA and the aircraft-owning agencies. However, these circulars and the practices required by them do not follow any statutory requirements specific to aircraft.

In fact, government aircraft are held to a far lower standard than the private sector when it comes to statutory operation, safety and maintenance specifications. Congress has imposed comprehensive, detailed requirements on commercial aircraft to ensure safety in the skies.⁹ The Federal Aviation Program imposes stringent requirements on the Administrator of the Federal Aviation Administration (FAA) to tightly regulate private aircraft, and the regulations promulgated by FAA delve into still deeper levels of detailed instruction for private

⁹ Id.

carriers. Yet the Federal Aviation Program's requirements apply to "civil aircraft" -- defined as "any aircraft other than a public aircraft."¹⁰ Public aircraft in this context would include all agency aircraft except "any government-owned aircraft ... carrying persons or property for commercial purposes."¹¹ Therefore, the vast majority of government aircraft are excluded from federal aircraft safety requirements.

Clearly, FAA is the government's expert for matters of aircraft safety and air traffic management. For this reason, the subcommittee has entertained suggestions that Congress should therefore transfer responsibility for the management of government aircraft from GSA to FAA. In fact, FAA representatives have been key participants in the formation of ICAP's safety and maintenance guidelines.

However, FAA's expertise is limited primarily to regulation and oversight of aircraft safety, which is only one aspect of aircraft management. FAA has no particular expertise in the management of government assets. In fact, the subcommittee has not found that FAA is substantially better at managing its own aircraft than other agencies. On the other hand, GSA has traditionally been the government's chief property manager. The current arrangement, in which GSA is responsible for management policies while relying on the particular expertise and experiences of aircraft-owning agencies such as FAA, is therefore

¹⁰ 49 U.S.C.A. 1301(17) (West App. 1992).

¹¹ 49 U.S.C.A. 1301(36) (West App. 1992).

theoretically appropriate.

The practical reality that there are deficiencies in aircraft management understandably leads many to challenge the present structure, but it does not necessarily follow that moving responsibilities from one agency to another will itself correct those deficiencies. The subcommittee realizes the need for greater and quicker improvements in the management of government aircraft. The most effective stimulus may well be new legislation. The subcommittee is currently reviewing legislative options for all aspects of government aircraft management.

Office of Management and Budget

Pursuant to its broad management authority, OMB has issued two circulars significantly impacting the management of government aircraft. As mentioned previously, these are Circulars A-126 and A-76.

Circular A-126 requires government aircraft to be used for official purposes only; it provides guidance as to who should use government aircraft under what circumstances; it requires documentation of all uses of government aircraft; and it assigns certain responsibilities to other agencies including GSA. The circular requires the Administrator of GSA to maintain an "interagency aviation policy working group." This group -- ICAP -- is required to assist the Administrator in, among other things, the "coordination" of policy; the maintenance of a "government-wide aircraft management information system"; the identification of opportunities to improve aircraft operations

and dispose of unneeded aircraft; and the extension of "technical assistance" to agencies as they seek to improve management of aircraft.

OMB Circular A-126 also requires agencies to justify their in-house aircraft operations under Circular A-76. Circular A-76 is a decades-old directive which may apply generically to any commercially available activity performed by the government. It essentially requires the governmental entity to prove that the services provided with government resources are at least as inexpensive as the commercial alternative.

No agency has challenged the authority of OMB to issue circulars governing civilian aircraft management, and in fact OMB circulars carry the full authority of a Presidential order. Executive Order 10,253¹² provides that "orders ... signed by the Director [of OMB] shall require no further approval and shall be adhered to by all agencies in the Executive Branch." Further, Executive Order 11,717¹³ transferred to GSA the functions of the former Procurement and Property Management Branch of OMB, while specifically reserving oversight responsibility for those functions with OMB. Still further, President Clinton himself recently issued a memorandum which requires that all flights of government aircraft be justified as cost-efficient in keeping with Circular A-126, and that all uses of government aircraft by

¹² 3 C.F.R. 758 (1949-1953), reprinted as amended in 31 U.S.C.A. 1104 (West 1983).

¹³ 3 C.F.R. 766 (1971-1975), reprinted in 31 U.S.C.A. 501 (West 1983).

"senior" executive branch officials be documented and reported to GSA.¹⁴

The construction of Circular A-126, however, has created numerous problems for ICAP. Although OMB intended the circular as a broad statement of policy, agencies have exploited the ambiguities of Circular A-126 to allow a loose interpretation of its requirements.

For example, Circular A-126 requires agencies to collect a great deal of information about their aircraft operations and to "cooperate with the General Services Administration in the development of aircraft management policies and standards and in the collection of aircraft information." However, it does not specifically require the submission of any particular information. Nor does it explicitly provide GSA with the authority to require or demand submissions from the agencies. Furthermore, GSA cannot set policy; it must coordinate policy. GSA cannot implement computerized systems to improve management; it must develop such systems and provide assistance to agencies that choose to implement them.

Ideally, the policies set forth in Circular A-126 would guide ICAP and the aircraft-owning agencies to the desired result even without such explicit requirements and delineations of authority. However, ICAP and the agencies have construed Circular A-126 in a strict, legalistic manner. That is, where

¹⁴ President's Memorandum for the Heads of Executive Departments and Agencies and Employees of the Executive Office of the President, 29 Weekly Comp. Pres. Doc. 168 (Feb. 10, 1993).

Circular A-126 does not explicitly provide authority, ICAP is unwilling to act authoritatively and the agencies perceive no particular obligation to follow ICAP directives. If ICAP initiates an activity that would require substantial effort or resources from agencies -- such as the installation of DLMS¹⁵ -- agencies respond with confusion or indignation, questioning ICAP's authority or ability to impose requirements or demands on them.

Even though Circular A-126 has been interpreted to allow less stringent reporting of information, OMB has not resolved the circular's ambiguities, despite having revised it in May 1992. The May 1992 revision, however, did include a new requirement that agencies document each use of their aircraft. If agencies record and compile this information in an organized manner -- such as on a computer spreadsheet -- it would not be a great additional burden to require them to pass the information on to GSA. Yet this simple transaction is not expressly required at present. Unless an auditor checks the agencies' records, there is currently no guarantee that agencies even fulfill current documentation requirements, much less that the information is reported to ICAP where it may be put to productive use. OMB itself does not check documentation records on an agency-by-agency basis.

OMB has not acted as the enforcer of Circular A-126 but has

¹⁵ DLMS and the agencies' failure to install it are discussed under the subheading "Flight Coordination" above.

remained content to lay the responsibility for carrying out the circular on GSA without giving GSA the specific guidance necessary to do an effective job. OMB's most obvious method of enforcement is its control over agency budgets. However, since OMB does not generally maintain separate line items for aircraft expenses, presently it is impossible for OMB to recommend increased or decreased funding for an agency's aircraft activities in the President's annual budget request even if they desired to do so.

OMB has worked effectively to foster greater cooperation between GSA and aircraft owning agencies, and OMB currently monitors activities and developments in this area very closely. Nevertheless, the position of OMB appears to be that Circular A-126 provides sufficient authority to ensure the prompt and complete reporting of aircraft information to GSA and full cooperation with GSA initiatives. This position is inconsistent with the reality that Circular A-126 has so far failed to produce these results.

RECOMMENDATIONS

The subcommittee offers these recommendations to the President and all agencies which oversee and use aircraft as a blueprint for the reform of government aircraft management. If any agency finds it has inadequate statutory authority to implement aircraft management reforms quickly and fully, that agency should propose legislative action to Congress. This

subcommittee is prepared to continue its efforts toward a well-managed and cost-efficient fleet of federal aircraft, including legislative action if necessary.

As the GSA Inspector General's audit continues, agencies must expeditiously cooperate with the auditors to compile a comprehensive, complete and accurate inventory of federal civilian aircraft. Agencies should take advantage of their having to comply with the auditors' requests for information as an opportunity to improve their information collection and reporting procedures permanently.

To increase ICAP's ability to fulfill its mission, GSA must give ICAP the support and resources necessary to process and evaluate agencies' reports. GSA support for ICAP must include a commitment of resources and agency clout sufficient to allow ICAP to fulfill its duties.

To improve the government's central aircraft inventory, both ICAP and aircraft-owning agencies must interpret the requirements of Circular A-126 broadly to require agencies' submission of complete, uniform, computerized data in a timely fashion with the ultimate goal of instantaneous, on-line reporting. ICAP and OMB, in consultation with member agencies, must resolve any ambiguities of the current reporting requirements and define more clearly such categories as statements of aircraft mission. No exceptions to reporting requirements should be allowed unless agreed to in advance by ICAP and OMB. In order to comply with reporting requirements, agencies must centrally maintain records

of precisely what planes they have and how they are used.

To improve their ability to evaluate aircraft activities and coordinate flights, agencies should implement an in-house computerized flight management and tracking system unless they justify in writing to ICAP and OMB why they should be exempt and such an exemption is granted. Agencies must dispose of any aircraft unnecessary for the most cost-effective fulfillment of its administrative travel and mission needs. ICAP must work with the agencies to determine the potential value of intra-agency flight coordination. ICAP should also consider further steps toward a more efficient use of the government fleet, such as developing a computerized inventory for spare parts or contracting with aircraft manufacturers for the volume purchase of commonly used makes of aircraft.

To continue progress in the area of safety standards, safety must remain a priority at ICAP, and greater consideration should be given to enforcing ICAP guidelines and monitoring agency compliance. FAA and NTSB, given their expertise in safety issues, should be active participants in the safety debate. Upon consideration of the views of ICAP and other interested parties, Congress should consider the elimination of the exemption of federal civilian aircraft from commercial aviation safety requirements, providing for specific exemptions only after the demonstration of unusual or extraordinary government needs.

For OMB to improve compliance with Circular A-126, it must assume a more active role as government manager and, if

necessary, consider another revision to the circular to resolve ambiguities. Should the pace of reform not be quick enough, OMB should consider new enforcement mechanisms such as compelling agencies to submit aircraft-related budget requests as individual line items. OMB should use the budget process to restrict airplane funds to agencies with persistent records of poor or incomplete recording performance.

APPENDIX I: TABLE OF ACRONYMS

DLMS:	Demand Logistics Management System
FAA:	Federal Aviation Administration
FAMIS:	Federal Aviation Management Information System
FSS:	Federal Supply Service
GAO:	General Accounting Office
GSA:	General Services Administration
ICAP:	Interagency Committee for Aviation Policy
NALIS:	Navy Air Logistics Information System
NTSB:	National Transportation Safety Board
OMB:	Office of Management and Budget

APPENDIX II: SUMMARY OF SENATOR SASSER'S AUDIT REQUEST

On November 15, 1991, Chairman Sasser wrote Inspector General William Barton of GSA requesting an audit of federal civilian aircraft. The following information was requested:

Inventory:

- (1) An accurate count of the number of civilian aircraft assigned to each agency
- (2) Model and manufacturer of each aircraft
- (3) Description of the mission of each aircraft
- (4) Acquisition date of each aircraft
- (5) Hours logged on each aircraft while in the possession of the government

Management Practices:

- (1) Evaluation of the current state of management of aircraft
- (2) Recommendations for ICAP to improve management
- (3) Evaluation of what measures ICAP has taken to implement a system of flight coordination
- (4) Evaluation of the degree to which the aircraft-owning agencies are cooperating with ICAP