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GOVERNMENT CIVIL
AIRCRAFT

Longstanding Management
Problems

Statement of L. Nye Stevens, Director
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GOVERNMENT CIVIL AIRCRAFT: LONGSTANDING
MANAGEMENT PROBLEMS

SUMMARY OF THE STATEMENT OF
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OPERATIONS ISSUES

Federal civilian agencies own at least 1,300 aircraft with a book value of \$2 billion. Agencies spend at least \$750 million annually to operate and maintain these aircraft. Most are used to satisfy special mission requirements, such as firefighting and law enforcement, but about 100 of them are configured and used primarily for routine passenger transportation.

GAO's work over the past 15 years has documented numerous, persistent examples of executive agencies' mismanagement and wasteful use of those aircraft that are devoted to passenger transportation. In 1977 and again in 1983 and 1989, GAO made recommendations aimed at reforming these longstanding practices.

Despite improved executive branch policies and procedures, however, many of these problems have persisted. This is because OMB and GSA corrective actions have not been fully responsive to GAO's recommendations. Neither OMB nor GSA has yet provided the necessary central management agency leadership, oversight, or enforcement to reform operating agencies' aircraft ownership, management, and use practices.

OMB has not effectively enforced agencies' compliance with the aircraft ownership and administrative travel requirements of Circulars A-76 and A-126, issued policy guidance operating agencies need to comply fully with those requirements, restricted the transportation of spouses and other nonofficial passengers aboard government aircraft, or used the budget process or the Inspector General community to help achieve compliance.

In response to GAO's reports and direction from OMB, GSA implemented a governmentwide aircraft management information system, created a new aviation management group, and established an interagency committee on aviation policy to help explore needed management improvements and develop aircraft standards. However, GSA still has not yet provided its aviation management group the resources, staffing levels, or top management support needed for the agency to fulfill its envisioned central management leadership, technical assistance, and supporting oversight role in the aircraft area.

Mr. Chairman and Members of the Subcommittee:

We welcome this opportunity to appear before you today in connection with your oversight of the executive branch's acquisition, management, and use of government civilian aircraft. As you requested, my testimony summarizes our extensive body of work over the years in this area and our perspective on the status of executive branch reform actions to date.

Although top-level officials' use of government aircraft for personal travel and other questionable administrative travel purposes has received considerable media attention in recent months, such practices are not new. Our work over the past 15 years has documented numerous longstanding examples of mismanagement and inefficient use of government civilian aircraft that are configured and used primarily for passenger transportation. The appendix to my statement identifies our key reports and testimony on government passenger aircraft.

According to GSA's governmentwide aircraft management information system, federal civilian agencies own at least 1,300 aircraft that have an estimated accounting book value of \$2 billion. Conservatively, these aircraft cost at least \$750 million annually to operate and maintain.

These aircraft are operated and controlled by 12 departments or independent agencies. They span the spectrum of aviation from single piston-engine planes to modern jets. The vast majority of these aircraft have specialized capabilities and equipment that are used to satisfy special agency missions, such as fire protection, law enforcement, and land surveys. However, we estimate that about 100 of these aircraft are configured and used primarily for routine passenger transportation.

Government aircraft are not subject to Federal Aviation Administration (FAA) regulation, oversight, or inspection like most other aircraft. There are no standards to ensure that (1) government aircraft are airworthy, operated within their designed physical capabilities, or periodically inspected and properly maintained and (2) government pilots are licensed and medically fit to operate aircraft. Similarly, any accidents involving government aircraft are not subject to mandatory investigation by the National Transportation Safety Board.

OUR PAST WORK

In 1977 and again in 1983, we reported on many cases of wasteful and inefficient aircraft management and use practices by federal civilian agencies. For example, agencies commonly acquired aircraft without justifying their mission need or cost-effectiveness and used them for routine administrative travel without considering the use of commercial alternatives.

In a 1983 summary reports, we recommended that OMB and GSA take several actions to establish governmentwide policies and procedures for acquiring, managing, and using aircraft and to oversee agencies' practices. In separate reports on the aircraft programs of two Department of Transportation(DOT) agencies--the Coast Guard and FAA--we recommended several actions designed to improve their management and use of aircraft.

Following our 1983 report, the executive branch began taking actions aimed at improving governmentwide management control over the acquisition and use of aircraft. OMB revised its Circular A-76, "Performance of Commercial Activities," in August 1983 to strengthen its applicability to the acquisition of aircraft and related aircraft services. Circular A-76 requires agencies to justify government performance of commercial activities, including aircraft and aircraft services, through cost studies demonstrating that government performance is less costly than commercially available services.

Also, OMB issued Circular A-126, "Improving the Management and Use of Government Aircraft" in October 1983, which contained some of the policy guidance and procedures we had recommended. It required agencies to (1) make A-76 cost studies to justify the initial acquisition as well as the continuing need for government aircraft and the cost-effectiveness of aircraft operations and (2) justify the flight-by-flight cost-effectiveness of using government aircraft for administrative travel purposes.

Despite improved executive branch policies and procedures, our followup work at selected agencies in 1987 and 1988 showed that many of the earlier-reported problems persisted. They appeared to stem from poor operating agency management practices, ambiguities in governmentwide policy guidance, and ineffective central management leadership and oversight by OMB and GSA.

The agencies we reviewed--Transportation, Justice, Energy, Interior, Agriculture, Commerce, NASA, and the Tennessee Valley Authority--continued to own, operate, and use aircraft for routine administrative travel with little or no consideration of whether commercial alternatives -- including charter as well as scheduled airlines -- might be more economical. Also, some agencies continued to permit spouses, dependents, and other nonofficial passengers to accompany top executives aboard government aircraft without justifying that their presence was in the government's best interests as required by their regulations.

Much of these agencies' administrative use of aircraft did not appear to be justified by cost savings, time-critical mission requirements, or the lack of commercial alternatives. Agency flight records generally were sketchy and widely dispersed. They frequently lacked the necessary data to make the required A-76 cost studies to justify government ownership of administrative

aircraft or A-126 flight-by-flight cost comparisons to justify use of those aircraft for administrative travel. In those few instances where they existed, the studies and comparisons were flawed, inaccurate, or incomplete.

Inspectors General have reported similar problems. Our September 1989 report identified 19 audit reports issued between 1983 and 1989 by Inspectors General of the Departments of Energy, Transportation, Agriculture, Commerce, and NASA as well as the Army Audit Agency that questioned one or more aspects of agencies' compliance with the intent or requirements of OMB Circulars A-76 and A-126.

Although OMB had issued new policy guidance in response to our earlier 1983 summary report, it had not followed up to ensure that executive agencies implemented and were complying with those new policies. OMB had not effectively used the budget process to oversee agencies' acquisitions of new aircraft or their justifications of continuing need. Also, OMB had not effectively utilized the results of IG audits of agencies' aircraft programs.

GSA had not followed through with the governmentwide aircraft management information system it implemented in 1985 or done little else between 1983 and 1988 to implement our other recommended actions. For example, GSA had not used its information system to analyze and identify aircraft management problems either governmentwide or in individual agency programs. Also, it had not established aircraft usage standards, monitored agencies' usage to identify underutilized aircraft, or provided any other centralized management services to operating agencies. GSA aircraft officials attributed their inaction to the lack of a legislative or executive mandate and to inadequate top-level support from GSA and OMB.

OMB agreed in September 1988 that the continuing aircraft management and use problems were caused in part by ambiguous guidance and ineffective executive branch leadership and oversight and that further OMB and GSA corrective actions were needed. Subsequently, OMB revised Circular A-126 in January 1989 to clarify certain ambiguities; provide more comprehensive policy and cost accounting guidance to operating agencies; provide for oversight of agencies' required A-76 aircraft cost analyses; and establish a governmentwide leadership, technical assistance, and supporting oversight role for GSA. OMB also directed executive agencies to complete special A-76 cost analyses to determine the relative cost-effectiveness of all government civilian aircraft compared with commercially available aircraft services.

GSA initiated actions in August 1988 designed to more fully implement our 1983 recommendations. For example, GSA reorganized its aircraft management function and established a new aviation management group within its Federal Supply Service to fulfill its

envisioned central management agency role in the aircraft area. Besides summarizing the results of our 1987 and 1988 follow up work at selected agencies as well as IG reports issued since 1983, our September 1989 report evaluated the actions OMB and GSA were taking to improve governmentwide guidance, leadership, and oversight of executive agencies' management and use of aircraft. We concluded that the OMB and GSA reform initiatives provided an overall framework that could be used to hold agencies accountable for their ownership, operation, and use of aircraft. However, we emphasized that the Administration would have to provide continuous and effective leadership, oversight, and enforcement of this framework to ensure its success.

We stressed that if agencies' longstanding practices were to be reformed, (1) operating agencies must be committed to and held accountable for complying with executive branch policies and (2) OMB and GSA will need to ensure that agencies justify any new aircraft acquisitions as well as the continuing need for existing aircraft. We emphasized that the Administration's oversight and enforcement efforts would need to be fully integrated with the budget process, benefit from supplemental assistance by the President's Council on Integrity and Efficiency (PCIE) and individual IGs, and likely require an additional investment in OMB or GSA staff.

Also, we pointed out that as long as federal agencies continue to own or operate administrative aircraft, they will seek ways to justify their use for routine travel. Consequently, the initial acquisition and continuing need justification requirements of OMB Circulars A-76 and A-126, as well as the special aircraft cost studies OMB directed, are the key management controls for eliminating agencies' misuse of administrative aircraft.

We made several recommendations to OMB and GSA in September 1989 that were designed to better ensure that the executive branch reform actions initiated in 1988 (1) did not dissipate from lack of sustained attention as did those in the past and (2) would finally succeed in bringing about more cost-effective ownership, operation, and use of aircraft.

STATUS OF EXECUTIVE BRANCH REFORMS

OMB and GSA have taken and continue to take actions that are designed to improve executive agencies' aircraft acquisition, management, and use practices. However, those actions have been disappointing and are still not fully responsive to our recommendations. While the Postal Service has divested itself of its executive jet and the Tennessee Valley Authority discontinued its in-house passenger aircraft operations, neither of these agencies is subject to OMB or GSA direction.

Our followup discussions with cognizant OMB, GSA, and operating agency officials; regular, continual monitoring of executive branch initiatives; and recent related work on White House travel policies and the administrative travel service provided by the 89th Military Airlift Wing based at Andrews Air Force Base, Maryland indicate that problems still exist.

OMB and GSA have not yet provided the required leadership, oversight, and especially the enforcement to successfully reform operating agencies' aircraft acquisition, management, and use practices. To its credit, OMB is again in the process of revising Circular A-126 to further restrict the operation and use of government civilian aircraft for administrative travel and considering changes to clarify and strengthen Circular A-76. While these additional policy changes have merit and probably are needed, they will not in themselves correct the longstanding aircraft management and use problems we have reported.

OMB has not effectively used the President's Council on Integrity and Efficiency or individual IGS to help achieve agencies' compliance with the requirements of A-76 and A-126, issued the guidance agencies need to make the required cost analyses for all their aircraft, established a governmentwide policy governing the transportation of spouses and other nonofficial passengers on government aircraft, or integrated its oversight and enforcement efforts with the budget process -- actions we recommended in 1989. Despite questionable mission requirements and the lack of the required A-76 cost analyses, for example, OMB still permitted FAA to acquire a new \$25 million passenger-carrying aircraft in 1990, and the Coast Guard to acquire a similar aircraft in 1992 (an action still awaiting congressional approval).

Similarly, GSA's corrective actions in response to our earlier recommendations have been disappointing. GSA and the Interagency Committee for Aviation Policy which it chairs appear to be making some progress in improving aircraft management information systems and developing needed aircraft procurement, operational, safety, utilization, and disposal standards. However, GSA still has not yet provided its aviation management group the resources, staffing levels, or top management support needed to permit it to fulfill the agency's envisioned central management leadership, technical assistance, and supporting oversight role in the aircraft area.

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This concludes my prepared statement, Mr. Chairman. My colleague and I would be pleased to respond to any questions.

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Military Aircraft: Policies on Government Officials' Use of 89th Military Airlift Wing Aircraft (GAO/NSIAD-92-133, Apr. 9, 1992).

Military Aircraft: Travel By Selected Executive Branch Officials (GAO/AFMD-92-51, Apr. 7, 1992).

Government Civilian Aircraft: Use of Government Aircraft by the Attorney General and FBI Director (GAO/GGD-90-84, Jun. 15, 1990).

Department of the Interior: Bureau of Reclamation Aircraft Should be Centrally Managed Like Other Interior Aircraft (GAO/GGD-90-20, Jan. 18, 1990).

Government Civilian Aircraft: Central Management Reforms Are Encouraging But Require Extensive Oversight (GAO/GGD-89-86, Sep. 29, 1989).

Tennessee Valley Authority: Special Air Transportation Services Provided to Manager of Nuclear Power (GAO/GGD-89-117BR, Sep. 25, 1989).

Use of Civilian Agencies' Aircraft for Passenger Transportation (GAO/T-GGD-88-52, Sep. 28, 1988).

Aviation Safety: Federal Regulation of Public Aircraft (GAO/RCED-87-19BR, Dec. 8, 1986).

Federal Civilian Agencies Can Better Manage Their Aircraft and Related Services (GAO/PLRD-83-64, Jun 24, 1983).

FAA Can Better Manage the Aircraft It Uses To Keep Pilots Current and Provide Transportation (GAO/PLRD-83-52, Apr. 1, 1983).

Coast Guard Headquarters' Administrative Aircraft Operations: A Costly Way of Providing Transportation (GAO/PLRD-83-45, Mar. 3, 1983).

Improvements Are Needed in Managing Aircraft Used by Federal Civilian Agencies (GAO/LCD-77-430, Dec. 22, 1977).