



June 25, 2015

Congressional Committees

Force Structure: Preliminary Observations on Air Force A-10 Divestment

In March 2014, as part of the President's Budget for Fiscal Year 2015, the Air Force proposed divesting its fleet of A-10 fighter aircraft as one of the steps it would take to address fiscal constraints. One of the A-10's primary missions is providing close air support (CAS) to friendly forces, a mission to which the Air Force says it will remain committed. According to the Air Force, recommending A-10 divestment was a difficult choice but the best one available under the circumstances, allowing the Air Force to preserve multirole platforms, readiness, and future capabilities.

Section 133 of the National Defense Authorization Act for Fiscal Year 2015 included a provision for GAO to conduct an independent study of the platforms used to conduct the CAS mission in light of the recommendation of the Air Force to retire the A-10 fleet.¹ GAO was to brief the congressional defense committees on the preliminary findings of its study, with a report to follow as soon as practicable that includes assessments of the relative costs, benefits, and assumptions of divesting the A-10 or alternative actions. We provided a classified briefing to the committees on our preliminary observations in April 2015, and this report transmits updated information from those briefings.

This report provides preliminary observations on (1) the process that led to the Air Force's decision to divest the A-10 and consider alternatives; (2) the extent to which the Air Force analyzed the cost savings from the A-10 divestment proposal and alternatives; and (3) the extent to which the A-10 divestment creates gaps in CAS and other missions, and Department of Defense (DOD) plans to address any gaps that may have been created. This report is the unclassified version of the classified report also issued in June 2015. DOD deemed some of the information in the prior report as classified, which must be protected from public disclosure. Therefore, this report omits certain information about military plans or operations, vulnerabilities or capabilities of systems or infrastructures, and plans relating to the national security of the United States. Although the information provided in this report is more limited in scope, it addresses the same questions as the classified report. Also, the overall methodology used for both reports is the same.

To conduct our work, we evaluated relevant DOD and Air Force documentation, such as budget briefing slides and strategic-guidance documents. For example, we reviewed Air Force briefing slides and summary papers describing the assumptions and scenarios used to analyze risk

¹Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, §133 (2014).

levels associated with budget options, including A-10 divestment.² To assess the reliability of the projected inventory of Air Force CAS-capable fighters, we compared the data to several other Air Force source documents and discussed the information with knowledgeable agency officials. We found the data sufficiently reliable for our purpose of showing a general trend in the projected inventory. We interviewed and obtained input from officials in the Office of the Secretary of Defense, Cost Assessment and Program Evaluation; Office of the Under Secretary of Defense for Acquisition, Technology and Logistics; Joint Staff (J6 and J8); U.S. Special Operations Command; Headquarters Air Force (A3, A5, A8, A9, and Financial Management); Air Combat Command (A3, A4, A5, and A8); Army (G-3/5/7 and Center for Army Analysis); Navy (Naval Strike and Air Warfare Center); and Marine Corps (Aviation, Marine Forces Command, and Expeditionary Warfare Training Group, Atlantic). To better understand the A-10 from an operational level, we also visited a local A-10 unit from the Maryland Air National Guard.

We conducted our work from December 2014 to June 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, we found that the Air Force A-10 divestment decision came out of a strategy-based, portfolio-wide review of alternatives used to develop the budget at lower than previously anticipated levels. DOD and Air Force strategic guidance prioritized, among other things, fifth-generation aircraft such as the F-35, readiness, and multirole aircraft, while placing a lower priority on single-role aircraft like the A-10. In developing its fiscal year 2015 budget request, the Air Force examined its entire portfolio in light of this guidance and concluded that the benefits of divesting the A-10 outweighed the cost of retaining it. DOD reviewed and approved the Air Force A-10 divestment decision and submitted this as part of the fiscal year 2015 budget request.

We found that the Air Force has not fully assessed the cost savings associated with A-10 divestment or its alternatives. However, in its fiscal year 2015 budget request, the Air Force estimated that divesting the A-10 would allow it to save \$4.2 billion over its 5-year budget plan. Our analysis found that the Air Force's estimated savings are incomplete and may overstate or understate the actual figure. For example, A-10 divestment could increase the operational tempo of remaining CAS-capable aircraft, which could increase costs related to extending the service lives of those remaining CAS-capable aircraft. To the extent that this occurs, it would reduce the actual savings from the A-10 divestiture below the estimated \$4.2 billion. Alternatively, savings could be greater than \$4.2 billion because the Air Force estimate did not include the costs for things such as software upgrades or potential structural enhancements that it could incur if it were to keep the A-10. In presenting its budget to Congress, the Air Force provided a number of alternatives to A-10 divestment that would also result in approximately \$4.2 billion in cost savings. However, these alternatives were rough estimates that were illustrative only and not fully considered as alternatives to A-10 divestment, according to Air Force officials. Without a reliable cost estimate, the Air Force does not have a complete picture of the savings it would generate by divesting the A-10 and does not have a reliable basis from which to develop and consider alternatives to achieve budget targets or assess the impact on other missions such as air superiority or global strike.

²We did not assess the reasonableness of the scenarios or assumptions, because they were derived from DOD guidance to all services and were outside of the scope of this review.

Finally, we found that Air Force divestment of the A-10 will create potential gaps in CAS and other missions, and DOD is planning to address some of these gaps. For example, A-10 divestment results in an overall capacity decrease in the Air Force's CAS-capable fleet. This capacity reduction is mitigated by phasing A-10 divestment over several years and by introducing the F-35 into the fleet. However, Air Force documentation shows that the F-35's CAS capability will be limited for several years. Air Force analysis also shows that the divestment of the A-10 would increase operational risks in one DOD planning scenario set in 2020. Divestiture of the A-10 could also contribute to gaps due to the training focus of its aircrews, its wide range of weapons, and its operational capabilities, including its ability to operate in austere environments and under the weather. Further, the A-10 has been used extensively to support the training of Joint Terminal Attack Controllers (JTAC)—the individuals who request and control CAS strikes. A-10 divestment could therefore reduce the ability of JTACs to gain and retain their qualifications. The A-10 is currently the only Air Force fighter that conducts the Combat Search and Rescue (CSAR) Sandy role, a complex mission requiring aircraft specifically trained to coordinate rescue missions, escort helicopters, and suppress enemy forces. Air Force analysis also indicates that the A-10 is the best Air Force platform for countering swarming small boats that could pose a threat to U.S. ships. In order to mitigate the loss of the A-10, the Air Force is considering a number of steps including transitioning A-10 personnel to F-16 and F-15E units that will have an increased focus on CAS and studying whether the F-16 or F-15E can replace the A-10 in its CSAR role. DOD is also planning on increasing the proportion of JTAC training that can be performed on simulators.

We are not making any recommendations in this report. As agreed with committee staff, we will be conducting a more-detailed assessment of A-10 divestment issues and report those results to you later this year.

Agency Comments and Our Evaluation

We provided a draft of the classified version of this report to DOD for comment. The Air Force provided written comments on behalf of the Department. In its comments, the Air Force did not take issue with information in the report but believed that we did not fully assess the potential risks to air superiority and global strike that could be created by the added cost of retaining the A-10 fleet.

The Air Force's comments note that we fairly represented the complexities of the Air Force's budgetary decision to divest the A-10 fleet. Specifically, we reported that the Air Force examined its entire portfolio in light of guidance that prioritized fifth generation aircraft, including those relevant to air superiority and global strike, and placed a lower priority on single-role aircraft like the A-10. The Air Force concluded that divesting the A-10 was the best option.

However, the Air Force stated that we did not fully incorporate evidence of the potential risks to air superiority and global strike that could be created by the added cost of retaining the A-10 fleet. Specifically, it highlighted a January 2015 Office of the Secretary of Defense (OSD) Capabilities Assessment and Program Evaluation (CAPE) report as evidence that we did not establish the appropriate context for the Air Force A-10 divestment decision—particularly the risks to air superiority and global strike that would have resulted if the Air Force had chosen to retain the A-10 fleet during its budget development. As noted in this report, the issue of how to best fill F-35 maintenance personnel needs—the subject of the CAPE report—was not a factor in the Air Force budget decision. Moreover, the CAPE report was issued more than a year after the Air Force made its decision to divest the A-10 and therefore was not part of the context in which the decision was made.

More importantly, as we noted in this report, the Air Force has not fully assessed the cost savings associated with A-10 divestment or its alternatives. As a result, the Air Force does not have a reliable basis from which to develop and consider alternatives to achieve budget targets or assess the impact on other missions such as air superiority or global strike. Without a reliable estimate of savings, neither we nor any other organization has a reliable basis from which it could identify potential alternative savings and assess their relative risk, including to air superiority and global strike.

We will further examine these issues in our upcoming report.

The Air Force's written comments are reproduced in the enclosure. The Air Force and other organizations within DOD also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Secretary of the Air Force, Secretary of the Army, and the Secretary of the Navy. The report is also available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-3489 or PendletonJ@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report include Michael Ferren, Assistant Director; Tracy Barnes; Laurie Choi; Nicolaas Cornelisse; Karen Richey; Amie Steele; and Erik Wilkins-McKee.



John H. Pendleton
Director, Defense Capabilities and Management

Enclosure

List of Committees

The Honorable John McCain
Chairman
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Committee on Armed Services
United States Senate

The Honorable Thad Cochran
Chairman
The Honorable Richard Durbin
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Mac Thornberry
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The Honorable Adam Smith
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Committee on Armed Services
House of Representatives

The Honorable Rodney Frelinghuysen
Chairman
The Honorable Pete Visclosky
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Enclosure: Comments from the Department of Defense



OFFICE OF THE SECRETARY

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DEPARTMENT OF THE AIR FORCE
WASHINGTON, D.C. 20330-1000

JUN 03 2015

Mr. John Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Pendleton:

Thank you for the opportunity to respond to the Government Accountability Office (GAO) Draft Report, [REDACTED] 'FORCE STRUCTURE: Preliminary Observations on Air Force A-10 Divestment,' dated May 18, 2015 (GAO Code 352002). I appreciate the effort you and your team put into this report, but note the report does not address an important reporting requirement.

Section 133(d) of the 2015 National Defense Authorization Act directed GAO to provide "...a report ... that includes an assessment of—

- (a) *the alternatives considered by the Air Force that led to the recommendation to retire the A-10 fleet, including the relative costs, benefits, and assumptions associated with the alternatives to such retirement;*
- (b) *any capability gaps in close air support that would be created by such retirement and to what extent the Department of Defense has plans to address such capability gaps; and*
- (c) *any capability gaps in air superiority or global strike that could be created by the added cost to the Air Force of retaining the A-10 fleet."*

GAO's report is responsive to the alternatives considered by the Air Force and the potential impacts on close air support. However, OSD and the Air Force also provided the GAO with evidence of the potential risks to air superiority and global strike that could be created by the added cost of retaining the A-10 fleet, and I do not believe this information was fully incorporated into GAO's report. While the complexities of the Air Force's difficult budgetary decision is fairly represented in the report, the context in which that decision was made can only be understood by better assessing the risks to air superiority and global strike that retaining the A-10 fleet presents.

Of particular note, the January, 2015, OSD Capabilities Assessment and Program Evaluation (CAPE) Analysis on Air Force fighter manning determined that "a limited supply of experienced fighter maintenance personnel – particularly flight-line crew chiefs and avionics specialists – within this community is constraining legacy fleet readiness and the stand-up of the

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F-35 squadron[s].” Each of the Combatant Commanders support fielding advanced warfighting capabilities and would rather cut the A-10 when compared to cuts to higher priority mission areas. Finally, “CAPE determined that the early retirement of the A-10 fighter is the most effective alternative to meet near term needs and enables the Air Force to provide the core capabilities of air superiority and global strike into the future.

The Air Force stands ready to continue to work with the GAO to better address the complexity of the A-10 divestiture issue. Thank you for the opportunity to provide a response to accompany the preliminary report.

Sincerely,



Deborah Lee James
Secretary of the Air Force

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2

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