DOD Needs to Improve Budget Estimates and Accuracy of Forecasts for Airlift Services

What GAO Found

For fiscal years 2007 through 2017, the Air Force requested $2.8 billion from Congress for Airlift Readiness Account (ARA) requirements, as part of its annual Operations and Maintenance appropriation. The Air Force allotted $2.8 billion (i.e., directed the use of the appropriated funds) and expended $2.4 billion of these funds for the ARA. U.S. Transportation Command (TRANSCOM) uses ARA funds to support airlift operations. Specifically, the Air Force requests ARA funds in its annual Operations and Maintenance budget request and subsequently provides these funds to TRANSCOM to assist in paying for airlift services (see figure). Amounts requested, allotted, and expended varied from year-to-year, in some cases by hundreds of millions of dollars, in part due to changes in the amount of airlift services provided by TRANSCOM.

Why GAO Did This Study

TRANSCOM reported spending about $81 billion flying personnel and cargo worldwide in fiscal years 2007-2017. TRANSCOM manages the Transportation Working Capital Fund (TWCF) to provide air, land, and sea transportation for the Department of Defense (DOD). TRANSCOM sets some rates it charges below costs to be competitive with commercial air service providers. The Air Force generally pays for expenses not covered by TWCF rates through the ARA.

A House Report accompanying the National Defense Authorization Act for Fiscal Year 2018 included a provision for GAO to review the ARA and the TWCF. GAO’s report discusses the extent to which (1) ARA funds were requested, allotted, and expended for airlift activities; (2) the Air Force provided ARA information in its budget requests and informed its requests with information from TRANSCOM; and (3) TRANSCOM has implemented a rate-setting process for airlift services and uses workload forecasts to estimate the annual ARA funding request. GAO analyzed ARA funds and costs and revenues for airlift services for fiscal years 2007-2017; interviewed officials about the ARA budget preparation process; and analyzed TRANSCOM rate-setting and forecasting guidance and results.

What GAO Recommends

GAO is making five recommendations to DOD, including improving the clarity and completeness of budget estimates, and taking steps to improve the accuracy of airlift workload forecasts. DOD concurs with GAO’s recommendations.

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