

DEFENSE INVENTORY

DOD Needs Additional Information for Managing War Reserve Levels of Meals Ready to Eat

Why GAO Did This Study

The Department of Defense (DOD) maintains WRM to reduce reaction time and sustain forces in future military operations. WRM is managed by DLA and the military services. WRM is intended to meet short-term needs until supply pipelines are established. Cost-effective management of WRM that maintains war-fighting capabilities is important as the department faces budget constraints and changes in force structure.

Senate Report 113-176, accompanying S. 2410, a proposed bill for the National Defense Authorization Act for Fiscal Year 2015, included a provision for GAO to review the management of DOD's WRM. This report examines (1) how DOD determines WRM requirements for DLA-managed items, (2) the extent to which DLA has the information needed for MRE inventory decision making, and (3) any strategies DLA pursues to balance cost with readiness in supplying WRM. GAO obtained information from the services on their processes for identifying WRM requirements, reviewed DLA's inventory-management processes and related guidance, and interviewed DLA and military service officials.

What GAO Recommends

To assist with DOD's decision making regarding MRE inventory levels, GAO recommends that DLA conduct analysis to obtain information on MRE industry capabilities and request information on MRE consumption and disposals is shared among DLA and the services as part of existing coordination with the services. DOD concurred with GAO's recommendations.

View [GAO-15-474](#). For more information, contact Johana R. Ayers at (202) 512-5741 or ayersj@gao.gov.

What GAO Found

The military services determine their war reserve materiel (WRM) requirements for Defense Logistics Agency (DLA)-managed items based on operational plans that support warfighting scenarios and other inputs such as deployment schedules and equipment-usage data. WRM can include repair parts, construction equipment and supplies, and chemical protection suits, among other items. Service officials stated that changes to troop end strength, force posture, and force structure could over time be reflected in operational plans, but these factors are more long-term influences than the primary drivers of service WRM requirements for DLA-managed items. DLA compares service WRM requirements against its assets to identify the level of available inventory, including any potential inventory shortfalls, and communicates this information to the military services, which use it to inform their procurement decisions.

DLA monitors various types of data to manage Meals Ready to Eat (MRE), but it lacks other analysis and information that could be useful for managing this category of WRM. DLA monitors data such as purchases from industry and sales to the military services and currently has a yearly purchase objective of 2.5 million MRE cases. Service officials have expressed concerns that in light of changing needs resulting from budgetary effects and reduced end strengths, it may be difficult for the services to consume MREs in the future at a rate that will prevent disposals due to expiring shelf life. However, DLA has not conducted an analysis of the MRE industry to determine the level of purchases needed annually to sustain the industrial base while retaining the ability to meet a surge in requirements. Without conducting an analysis that provides more information on industry capabilities, DLA does not have reasonable assurance that it is balancing readiness and budget priorities with the need to sustain the industrial base in the most efficient way. DLA acknowledges in its strategic plan for MRE inventory that sharing information about the military services' usage patterns among DLA and the services will be vital to making purchase decisions. While the military services provide DLA with their estimated future demand for MREs, DLA does not obtain information from the services, as part of existing coordination efforts, about potential changes to MRE consumption and disposals that could affect future demand. Without obtaining this information from the military services, DLA may be limited in its ability to optimize the supply chain across the department.

DLA uses various supply-chain strategies to balance cost with readiness in meeting the need for items identified as WRM and needed for surges associated with new contingencies or crises. For instance, DLA continues to stock certain types of items, such as those that are military-unique or of limited availability, but seeks to contract for fast access to those items that are readily available on the commercial market, such as medical supplies. Further, for many years DLA has sought to facilitate and improve access to certain items through its Warstopper Program, which addresses weaknesses in certain supply chains, such as MREs, by making targeted investments in industry that guarantee DLA access to materiel and enable industry to increase production when needed.