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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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PROCUREMENT AND SYSTEMS  
ACQUISITION DIVISION

JUNE 16, 1980

B-199037



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✓ The Honorable Robert J. Lagomarsino  
House of Representatives

Dear Mr. Lagomarsino:

Subject: [Air Force Justification for Storing Its  
Advanced Medium Short Takeoff and Landing  
Prototype Aircraft] (PSAD-80-56)

In response to your April 30, 1980, letter, we have gathered information regarding the Air Force's decision to store the four advanced medium STOL 1/ transport (AMST) prototype aircraft at Davis-Monthan Air Force Base, Arizona. Unlike the impression created by the article your constituent submitted to you, that the aircraft are being stored "indefinitely" with no likely future use, we found that the Air Force believes that the prototypes could possibly be used in its C-X aircraft development program. Moreover, the Air Force believes that the cost of storage is justified in view of the benefits which could result if the prototypes are used.

Your constituent's letter also charged that

"\* \* \* the Air Force has made a terrific expensive blunder of spending our tax money to no purpose and obligated the companies [Boeing and McDonnell Douglas] to use up their own resources in the expectation of getting orders that never materialized."

He closed with a comment that

"Apparently the Air-Force is a law unto itself for neither the Congress nor the President objected to this mismanagement."

1/STOL: short takeoff and landing.

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The decision to terminate the AMST program was brought about by a determination that greater emphasis should be placed on strategic mobility rather than the tactical mobility AMST was to provide. The termination was decided in conjunction with the President and was largely due to the threat of conflict in numerous parts of the world.

We discussed our efforts with members of your staff on May 20, 1980, and are submitting this letter in accordance with their direction. Data on the matters raised in your letter and your constituent's letter is presented below.

#### BACKGROUND

The AMST prototype program originated from a 1971 Air Force study and was approved by the Deputy Secretary of Defense in September 1972. The objectives of the program were to

- advance technology,
- reduce technical and strategic uncertainties,
- provide a variety of hardware options in anticipation of future military needs,
- demonstrate operational utility, and
- demonstrate new technologies in powered lift capabilities at a minimum of cost.

Achievement of these objectives was expected to provide a potential STOL replacement for the C-130, C-123, and C-7 military transports. The need for a medium STOL transport to replace the C-130 aircraft was documented by a Tactical Air Command required operational capability document. The prototypes were to demonstrate that a tactical airlift aircraft could be built at a reasonable cost to deliver large payloads safely and routinely to short, unimproved runways.

#### TERMINATION OF THE AMST PROGRAM

The AMST program was terminated after the President and the Secretary of Defense decided that greater emphasis should be placed on intertheater needs rather than the intratheater needs AMST was addressing. This decision was

made because of the prospect of renewed turbulence in the Middle East, the Caribbean, and elsewhere. Accordingly the AMST program was terminated in late 1979, and funds were requested in the fiscal year 1981 budget to develop the C-X--an aircraft able to carry outsized cargo over intercontinental distances.

#### JUSTIFICATION FOR STORAGE

The "Aviation Week" article your constituent sent you states that "\* \* \* USAF [U.S. Air Force] said it has no plans at present for future use of the four prototypes \* \* \*" and that the prototypes "\* \* \* are expected to remain in storage indefinitely unless a plan is presented for their 'efficient use' \* \* \*." Justification for storing the prototypes was provided to us by an Air Force official. The YC-15s were placed in storage earlier than the YC-14s and initially for a different reason.

The YC-15s were placed in storage when the AMST source selection was placed in a hold status while the Department of Defense reevaluated its mobility requirements. They had been kept in facilities at Edwards Air Force Base, California; but the space being used was needed for the cruise missile carrier aircraft program. The Air Force had to decide whether to park the aircraft outside and let them deteriorate or to properly store them. Since the AMST program had not been terminated at that time, the decision was made to store the aircraft.

During the time the AMST source selection was in a hold status, Boeing leased the YC-14s from the Air Force for additional testing and possible modification. When Boeing returned the YC-14s, the Air Force decided to store them even though the AMST program had been terminated. Its justification was that, in the event AMST technology was included in the winning proposal for the C-X aircraft, the AMST prototypes could possibly be used to aid in the C-X development. The cost of storage was considered to be justifiable in view of the possible contribution the prototypes could make in the development of the C-X aircraft. In response to our questioning, an Air Force official estimated that the likelihood of AMST technology being included in the C-X proposals is low to moderate.

It should be made clear that the AMST aircraft are not considered suitable for the C-X mission due to range

and payload limitations, but the AMST technology could be incorporated into a new design. After the C-X source selection, the continued storage of the AMST prototypes will be reviewed according to Air Force policy.

An AMST variant was also being considered for the Air Force's proposed cruise missile carrier aircraft. AMST's size, range, availability date, and other factors, however, subsequently have made it less favorable than another alternative--a B-1 derivative.

#### COST OF STORAGE

According to Air Force officials at the Military Aircraft Storage and Distribution Center, Davis-Monthan Air Force Base, the one-time cost for preparing the two McDonnell Douglas YC-15 aircraft for storage was \$15,310.34 for 574.8 hours of labor. The cost for the two Boeing YC-14 aircraft is incomplete. As of May 16, 1980, 348 hours of labor costing \$10,190.40 had been expended. The estimated labor to complete the storage was 50 hours, which will cost about \$1,500.

The aircraft will be inspected at 180-day intervals, and required maintenance will be performed. These activities are expected to require 17.5 hours a year for each aircraft at an estimated cost of \$25 to \$30 an hour. This amounts to an annual cost of from \$437.50 to \$525 for each of the four aircraft.

#### OUR RELATED WORK

You also asked if we had made any related studies. As discussed with your staff, we have issued two reports 1/ on the AMST program and a report on Department of Defense aircraft storage and disposition activities. 2/ Copies are being provided with this letter.

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1/ "Advanced Medium STOL Transport Prototypes," Mar. 1974 and "Advanced Medium STOL Transport (AMST)," PSAD-76-91, Feb. 17, 1976.

2/ "Use of the Military Aircraft Storage and Disposition Center Could Be Improved," LCD-78-425, Sept. 25, 1978.

Our reports on AMST dealt primarily with issues concerning the status of the program. We also raised questions about the Air Force's November 1975 cost-effectiveness analysis of tactical airlift force alternatives and discussed the Army's ongoing study efforts to determine its requirements for future tactical airlift support by the Air Force. Our report on aircraft storage and disposition activities recommended several improvements and recognized Air Force and Navy efforts to address deficiencies identified during our review.

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As arranged with your office, we are sending copies of this report to interested parties and will make copies available to others upon request.

Sincerely yours,

*J. H. Stolarow Jerome*

J. H. Stolarow  
Director