

Management of U.S. Air Force Aircraft Contractor Logistics Support Arrangements

Summary of Findings and Recommendations

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Between fiscal years (FYs) 1996 and 2017, U.S. Air Force (USAF) spending on contractor logistics support (CLS) grew from 6 percent to 21 percent of aircraft operating and support costs. Although CLS constitutes one of the fastest-growing elements of aircraft operating and support costs, USAF leadership has had limited visibility into the drivers of those costs, leading to uncertainty about what the Air Force can do to manage the growth and whether such arrangements are cost-effective relative to organic support.



APPROACH

PAF analyzed cost data for CLS and organically maintained fleets, reviewed product support business case analyses (PS-BCAs), synthesized findings from reports published by the U.S. Government Accountability Office and Department of Defense (DoD) Inspector General on CLS, and interviewed subject-matter experts from throughout DoD.



CONCLUSIONS

- Since the mid-to-late 1990s, the USAF has opted to use CLS to support most new fleets, explaining much of the growth in CLS costs. These choices were consistent with DoD acquisition guidance from 1996 through 2003 favoring the use of the outsourcing of logistics support for new weapon systems.
- After controlling for fleet mix, size, and flying activity, rates of cost growth for organically and CLS-maintained aircraft are similar, averaging around 4 percent per year more than economy-wide inflation (as measured by the Gross Domestic Product deflator) from 1996 to 2017.
- CLS was found to be more costly than organic support arrangements in seven of nine PS-BCAs we reviewed. Many PS-BCAs also noted, however, that CLS is likely to offer higher performance and/or lower risk than organic support arrangements.
- Lack of technical data and suitable competitors, as well as limited tools to create incentives for efficiency and innovation, limits the Air Force's ability to control costs on large CLS contracts.



RECOMMENDATIONS

- Formally track and disseminate lessons learned and best practices related to CLS.
- Consider transitioning some CLS arrangements to multiple-year contracts.
- Provide additional training focused on managing CLS contracts.
- Provide resources to stand up an independent, organic capability to conduct PS-BCAs.
- Establish a process for deciding the timing and extent of PS-BCAs.
- Ensure the integration of processes to manage and evaluate public-private partnerships with weapon system product support.



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