
DOD Depots of the Future: Maintaining Yesterday's and Tomorrow's Weapon Systems

2004 DOD Maintenance Symposium

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Introduction and Briefing Agenda

- Some messages highlighted in recent GAO reports about DOD depot maintenance issues
- State of DOD depots today: a look at a few current indicators
- Some important issues that impact the future of depot maintenance

Some Messages in Recent GAO Reports About Depot Issues

- The failure to modernize DOD depots during the late 1980's and 1990's or to regenerate an aging workforce seriously eroded DOD depot maintenance capability.
- As DOD policy encouraged and even required program offices to use some type of contractor logistics support arrangement, the future of DOD depots was promoted by legislation that requires the retention of core logistics capability and by the requirement to limit the amount of funding for depot maintenance work performed by contract.
- The lack of effective strategic planning for its depots indicated the department had no clear picture of how it intended to use its organic depot capability in the future, despite the depot legislation.
- Depot closures and realignments resulting from previous BRAC decisions were painful but provided the impetus and funding to achieve some needed downsizing.

Some Messages in Recent GAO Reports About Depot Issues

- Some DOD BRAC implementation solutions, such as privatizing depot workloads in place, gutting a depot but leaving it open, and delaying depot closures, were not the most cost-effective BRAC options.
 - Partnerships with the private sector have brought some new technology work to DOD depots and have helped improve depot operations.
 - Depot partnerships have limitations and would probably have even slower growth if depot legislation were to go away.
 - All service depots, but particularly the Air Force, have experienced large increases in the cost of repair parts that have been driving up the cost of maintenance.
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Some Messages in Recent GAO Reports About Depot Issues

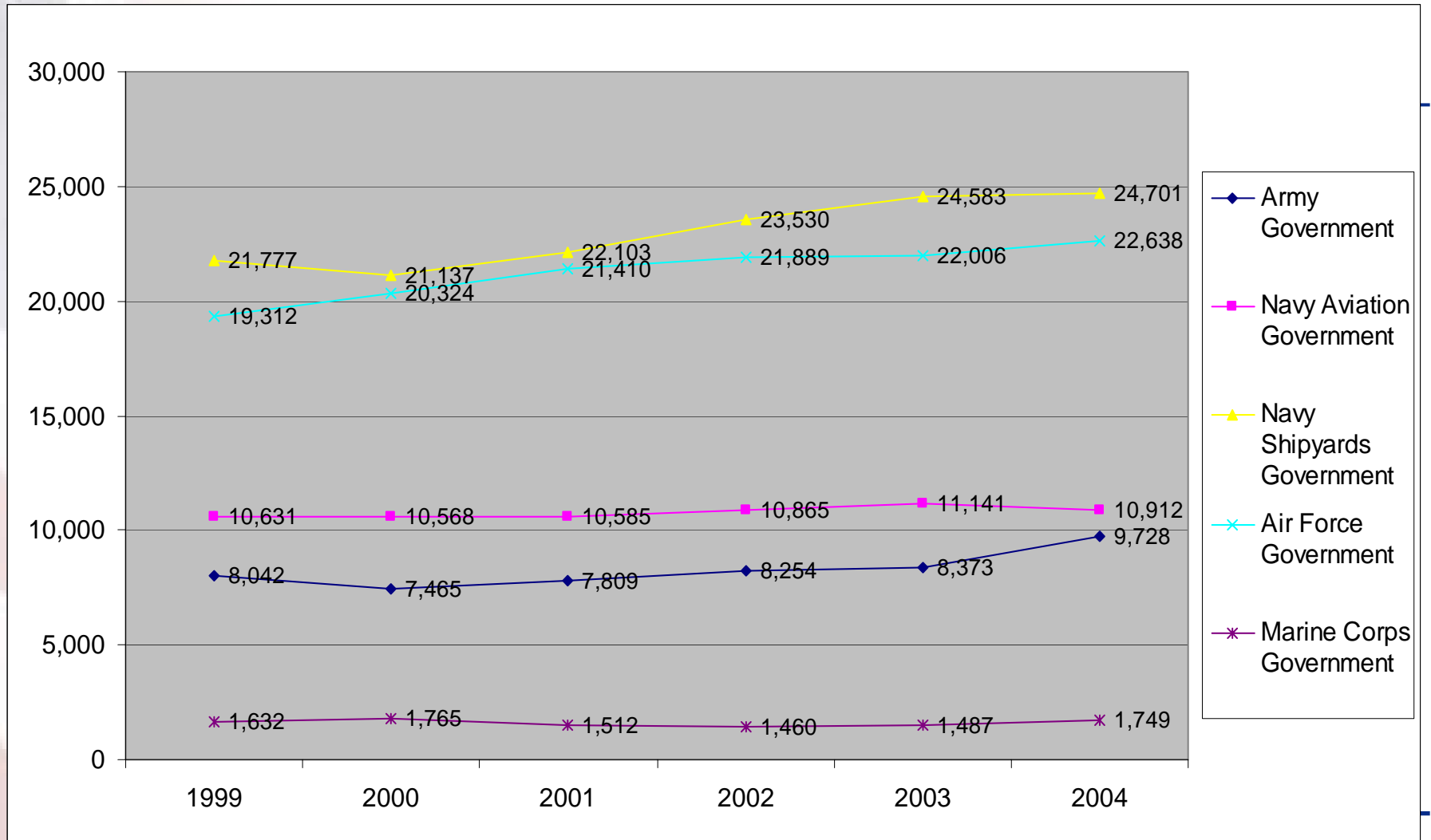
- Competition for contracted depot maintenance work is limited and should be encouraged because it reduces costs.
- Private sector companies do not use performance-based logistics the way DOD is promoting it at the system platform level because it limits depot maintenance competition where it is available and does not promote getting common subsystems and components across fleet lines.
- The military departments are getting closer to the 50-percent limit on depot maintenance funding for contractor work.
- The nature of the depot maintenance business makes it harder and harder to accurately account for the balance of depot maintenance funding between the public and private sectors.

State of DOD Depots Today:

A few Indicators

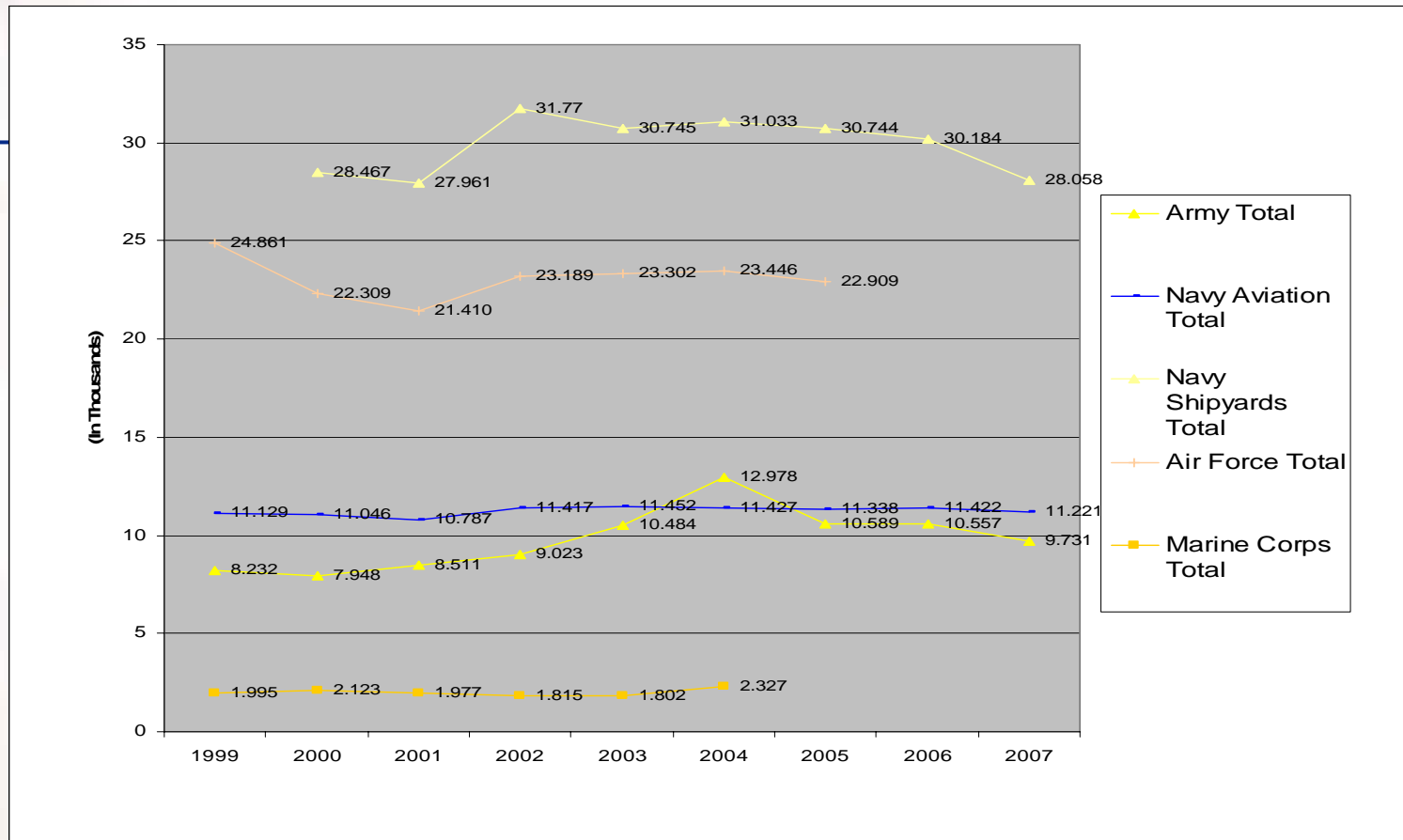
- Workforce levels: Numbers of government personnel
- Workload levels: direct labor hours executed
- Capacity utilization: percent utilized
- The current indicators have some limitations, but they generally show that increased workloads and productivity initiatives have improved depot efficiency and responsiveness.

State of DOD Depots: Workforce Levels



State of DOD Depots Today:

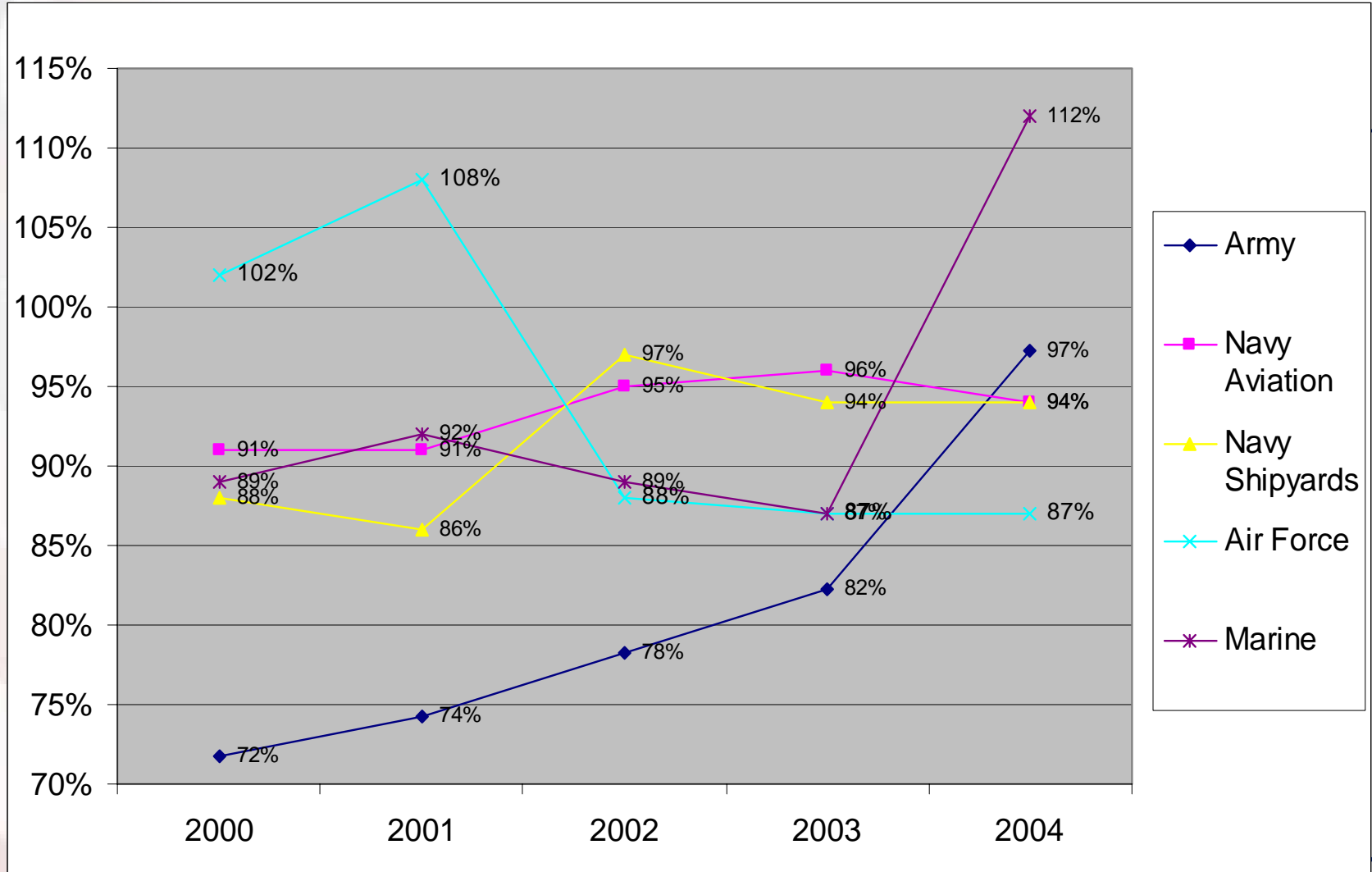
Workload Levels: Direct labor hours



Source: Army - Depots, CCAD not included; Navy Aviation - NAVAIR; Navy Shipyards - JDMAG JDGM, Air Force - AFMC/JDMAG; Marine Corps - LOGCOM

State of the DOD Depots:

Capacity Utilization



Some Issues Impacting the Future of DOD Depots

- The impact of next year's base realignment and closure process is unknown.
- How the BRAC process affects depot legislation is unclear.
- The future of weapons system management in the department is likely tied to the future of the DOD depots. It is unclear how much work will go to the depots through depot partnerships in the future. If platform level PBL's become the standard across the services, there is likely to be more limited future depot use for newer technology subsystems and components.
- Recent DOD contingency operations support a continuing need for vigorous revitalized depots, but increased workload is more prevalent in Army and Marine Corps depots.

Some Issues Impacting the Future of DOD Depots

- DOD strategic plans for the depots are still unknown. Will remaining depots be modernized and used as continuing sources for repair of new technology systems and components or will they become repairers of last resort? Improvements at the operational level cannot be optimized without this future vision to serve as the foundation.
- If the depots are to have a significant role in future DOD weapon system support the department must:
 - Expedite any required BRAC depot closures and realignments;
 - Increase and improve workforce revitalization efforts;
 - Increase and improve modernization and depot productivity enhancement efforts; and
 - Get a handle on the cost increases for repair parts.

Some Issues Impacting the Future of DOD Depots

- Improving the efficiency and cost effectiveness of depot repair of aging systems in DOD depots will be an even greater challenge if the more predictable newer technology depot work dries up.