



# DEFENSE INVENTORY

## Several Actions Are Needed to Further DLA's Efforts to Mitigate Shortages of Critical Parts

Highlights of [GAO-03-709](#), a report to the Chairman, Subcommittee on Defense, Committee on Appropriations, House of Representatives

### Why GAO Did This Study

DOD's management, funding, and reporting of spending for spare parts programs have been a focus of GAO high risk reports for over a decade. They noted that spare parts shortages adversely affect military operations and readiness. Despite funding of about \$1.9 billion over fiscal years 1999-2002 to increase availability of spare parts, managing to mitigate shortages still challenges the Defense Logistics Agency (DLA).

GAO examined if (1) DLA's strategic planning addresses mitigating critical spare parts shortages that affect readiness, (2) strategic initiatives will likely mitigate these shortages, (3) a DOD-directed initiative has improved availability of critical aviation parts, and (4) DLA can identify the impact of added investment on parts availability.

### What GAO Recommends

GAO recommends DOD direct DLA to (1) submit requests for waivers to a DOD regulation to allow the investment necessary to attain a minimum 85-percent availability goal for each critical part that affects readiness, (2) change its aggregate supply availability goal to an 85-percent minimum goal and establish annual performance targets for measuring progress, and (3) prioritize funding to achieve the minimum 85-percent goal. In written comments, DOD generally concurred with the intent of our recommendations, but not with all of the specific actions.

[www.gao.gov/cgi-bin/getrpt?GAO-03-709](http://www.gao.gov/cgi-bin/getrpt?GAO-03-709).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William M. Solis at (202) 512-8365 or [solisw@gao.gov](mailto:solisw@gao.gov).

### What GAO Found

DLA's Strategic Management System, meant to transform its 2002-2007 logistics operations, addresses the mitigation of readiness-affecting shortages of critical spare parts. The system includes a strategic plan with goals, strategies, and objectives; a balanced scorecard to monitor progress; and a business plan that contains 97 initiatives. Of these initiatives, DLA identified 24 as linked to spare parts shortages. The DLA strategic system incorporates attributes of strategic planning outlined in the Government Performance and Results Act of 1993.

The 24 initiatives, if fully implemented, could help mitigate critical spare parts shortages and improve supply readiness because, in part, they address causes for the shortages. Of the 24 DLA-identified initiatives, 18 should improve availability of parts identified by the services as critical to readiness; and 6 should indirectly improve parts availability through modernized logistics systems and business processes.

A \$500-million DOD-directed aviation investment initiative, not part of DLA's strategic system, increased critical parts availability and likely supply readiness. It improved the aggregate, or total average, availability of three critical groups of DLA-managed parts in the first 3 fiscal years—2000-2002—of the 4-year initiative. However, DLA's aggregate 85-percent goal does not clearly reveal that many parts are still far below 85 percent. For example, at the end of fiscal year 2002, of the 10,291 critical aviation parts selected for investment, about 4,900 met or exceeded the aggregate measure, but over 5,400 did not. Of these, about 2,900 parts were available under 35 percent of the time. A DOD regulation, since revised to allow waivers, caused 3,342 parts to be below the 85-percent availability goal.

**Aviation Initiative's Effect on Parts Availability over 3 Years**

Parts availability (percent)	No. of parts before investment	No. of parts after investment
85 and above	1,397	4,877
84 to 75	881	641
74 to 65	905	524
64 to 55	860	455
54 to 45	803	516
44 to 35	791	374
Below 35	4654	2,904
<b>Total</b>	<b>10,291</b>	<b>10,291</b>

Source: GAO analysis of DLA data.

DLA can estimate the impact of increased funding on supply availability. Investment costs, however, will be significant—DLA estimated \$748 million to obtain an 85-percent minimum availability of the 219,071 most critical parts. Also, necessary inventory levels may take years to build, and increases in unit readiness are not assured because supply is only one readiness factor.