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HOUSE COMMITTEE ON ARMED SERVICES

U.S. House of Representatives

Washington, DC 20515-6035

ONE HUNDRED TENTH CONGRESS

May 17, 2007

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ERIN C. CONATON, STAFF DIRECTOR

The Honorable David Walker
Comptroller General of the United States
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

The planned transfer of supply, storage and distribution management functions from the military services to the Defense Logistics Agency (DLA) carries the potential for undesired impacts to the Department of Defense depots at a critical time for maintenance and support of our nation's warfighting equipment. The implementing guidance for the 2005 Defense Base Closure and Realignment Commission decision from the Under Secretary of Defense for Acquisition, Technology and Logistics appears not to recognize the difference between supply from storage and in-process supply during the actual performance of on-hands depot maintenance.

Attempts to bring clarity to a disagreement in principle between the Defense Logistics Agency and the military depots over the definition of parts supply functions as they pertain to hands-on depot-level maintenance have achieved mixed results. The goal of the Department, DLA and the BRAC Commission is business process re-engineering in the name of efficiency and cost savings, but the movement of an inherent depot maintenance function to an outside organization could create inefficiencies and disruptions in production throughput and generate increased costs through higher hourly rates.

Because the transfer of an inherent depot maintenance function could affect the Army's and Marine Corps' equipment reset efforts, we request the Government Accountability Office (GAO) conduct a "quick-look" investigation of the impact on equipment readiness that the transfer of the supply, storage and distribution management functions would have. This action should include an investigation of efforts made to delineate the distinctions between supply-from-storage and in-process maintenance supply. We request that GAO report on the challenges of implementing the transfer and the impact on depot production, including parts reclamation and refurbishment.

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We request the GAO investigate the following additional issues regarding the Department's business plan to implement the transfer. The investigation should include an analysis of how the implementation would affect the various military services' depots and any disparities among the services' implementation plans.

- Sufficiency of the business plan to accommodate a timely and efficient transfer of function without disruption of depot production.
- Completeness of the business plan in addressing parts reclamation and refurbishment.
- Estimated cost of the implementation plan and whether savings likely will be achieved.
- The impact on DLA and depot hourly rates due to the depot commander's loss of budgetary control of overtime pay for in-process parts supply personnel, and any other relevant rate-related factors.
- The number of personnel positions affected.
- Sufficiency of the business plan to ensure the responsiveness and availability of DLA supply personnel to meet depot throughput needs, including potential impact on depot turnaround time.
- The impact of DLA personnel being outside the depot commander's chain of command in terms of overtime scheduling to meet surge requirements.

The Committee is committed to providing the military services with the resources they need to quickly and efficiently reverse declining trends in equipment readiness. Readiness is the foundation of U.S. military policy, and our depots are playing a strategic role in ensuring our warfighters have what they need. Your attention to this request is appreciated. You may contact Ms. Vickie Plunkett at 225-3432 for more information on this request.



IKE SKELTON
Chairman

Very truly yours,



SOLOMON P. ORTIZ
Chairman, Readiness Subcommittee