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94TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT No. 94-517

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1976

SEPTEMBER 25, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MAHON, from the Committee on Appropriations, submitted the following

REPORT

together with

SEPARATE VIEWS

[To accompany H.R. 9861]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Department of Defense for the fiscal year ending June 30, 1976, and the period ending September 30, 1976.

APPROPRIATIONS AND ESTIMATES

Appropriations for the military functions of the Department of Defense are provided for in the accompanying bill for the fiscal year 1976 and for the three month transition period ending September 30, 1976. This bill does not provide for military assistance, military construction, military family housing, or civil defense, which requirements are considered in connection with other appropriation bills.

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We look good compared to this.
Fred

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Advanced Logistic (ADP) System

FUNDING REQUEST AND RECOMMENDATIONS

For fiscal year 1976 the Air Force is requesting $58,831,000 for support of its Advanced Logistic System (ALS). The request for the transition period is $12,129,000. The original Operation and Maintenance request for fiscal year 1975 was $46,116,000 and there was a procurement request of $35,835,000. These funds were provided by the Congress. The revised estimate of Operation and maintenance funds for 1975 is $59,666,000 and the Air Force does not expect to obligate any procurement funds. The fiscal year 1976 Operation and maintenance request is an increase of $12,215,000 above the original request for fiscal year 1975.

The Committee is recommending that the fiscal year 1976 request be reduced by $33,831,000 and the transition period by $7,129,000. Associated therewith is the recommendation that the balance of the funds requested ($25,000,000 in fiscal year 1976 and $5,000,000 in the transition period) be used to terminate the program. The procurement funds appropriated for fiscal year 1975 should be used, as necessary, for contract settlement and the balance returned to the Treasury.

BACKGROUND

For fiscal year 1970 the Air Force requested and the Congress approved the first funding for ALS of $3,507,000. According to information provided at the time the system was estimated to cost about $370 million and become operational during fiscal year 1972. The Air Force began the design of ALS in 1967. It was to be a new automatic data processing (ADP) system for the management of the Air Force's total logistic operations. ALS was to be the most advanced ADP system ever designed and implemented for logistic operations in the Department of Defense.

While approving the request for initial funding the Committee had concerns regarding its adaptability to Air Force logistic problems then being encountered and those to be faced in the future. The Committee was also concerned with the implementation of the system in regard to the state-of-the-art of computer development at that time. Therefore, the Committee, while recommending funding approval, directed the General Accounting Office (GAO) to make a comprehensive review of the need, requirements, and implementation features of the system. (See House Report 91–698, dated December 3, 1969.)

The GAO report was received by the Committee on February 4, 1971. The report pointed out many problems in system planning and other areas which required close management attention. One particular area concerned the installation of equipment and adequacy of testing before full implementation at the logistic support bases programmed to use the system. The GAO pointed out that the plan to acquire all the equipment at one time and to test it over a short period of time was risky, and recommended against such a procedure. The GAO adopted its recommendation from a report of the Air Force Scientific Advisory Board that called for acquiring and installing the

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hardware and software at two locations; completing testing, checking out and debugging under operational load at those locations; and adjusting the software design and hardware configurations, as necessary, before computers were acquired and installed at the remaining sites.

The GAO further pointed out that the Air Force revised estimate of total cost to implement the system was $821.4 million. However, the Air Force also estimated that after closing down other logistic systems then on line and eliminating 3,007 personnel spaces the estimated net savings would be $144.1 million between 1972 and 1979, the phase out year of the system.

On April 6, 1971, the Air Force responded to the GAO report and agreed to its findings, conclusions, and recommendations. The Air Force further stated that it would "heed" the advice contained in the report.

The Committee has continued to follow the implementation of the system with concern. There have been numerous delays; such as, the slippage in the award of the contract, software development problems by both the Air Force and the contractor, and hardware problems in handling the volume of required transactions. The Committee was deeply concerned when it discovered that the equipment was installed at all sites before the system was proven to be adaptable for operational purposes. However, the Committee was continually assured by the Air Force that the development of the system was progressing satisfactorily and no insurmountable problems were being incurred. During last year's hearings the same assurances were received on the implementation of the system.

On October 25, 1974, after the Congress had completed action on the Air Force budget request for fiscal year 1975, the Committee was advised by the Air Force that ALS was encountering serious problems and that it was conducting an in-depth study of the system to determine the necessary corrective actions required. Subsequently, the Committee was advised that the Air Force and the contractor had developed and negotiated a "get well" plan. The information provided by the Air Force shows that the get well plan will accomplish very little that the originally developed specifications required. Practically a whole new system is planned. The original specifications required the system to operate with a quick response ready access on-line capability about 80 percent of the time and provide batch processing about 20 percent of the time. The system was designed so that logistic managers would have ready access to all available data in time to influence "in process" logistical transactions. The get well plan calls for a complete reversal of this requirement with an 80 percent batch processing operation and only a 20 percent on-line capability. A considerable reconfiguration of hardware is required and redevelopment of substantially all the software is necessary.

As of June 30, 1975, the Air Force had invested $216.7 million in development of the system. The Committee has been advised that of that amount $132.6 million is unrecoverable cost lost in system development, mostly on the software to be used in the system. Only $84.1 million is salvageable for the further development of an adequate or useful logistic system. The Committee questions the amount of usefulness that can be obtained from the $84.1 million.

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The Air Force estimates that the get well plan will cost an additional $563 million. The Air Force is of the opinion that including the invested amount thus far the total installed system should cost about the same amount as originally provided to the GAO and subsequently reported to the Committee. Because of the various estimates contained in the $563 million the Committee is very skeptical of the Air Force future investment cost and furthermore of the value of the system as a whole. The Committee believes that implementation of the system should be discontinued and a thorough review of the logistic requirements of the Air Force be made before any new ADP system is installed. All systems as they exist at the present time should remain in being through the completion of the new development cycle. All existing contracts or anticipated contract endeavors should be terminated immediately. The Air Force should rethink its requirements to the fullest extent, contemplating all foreseeable requirements before requesting any further funds. In the Committee's opinion this rethinking process should require a few years in order to fully comprehend and properly develop a system which will meet the present logistic requirements of the Air Force and those of the future.

At the Committee's direction the "Directorate of Data Automation" was established in the Office of the Secretary of Defense. The function of this office is to overview the development, implementation, effectiveness, and operational capabilities of ADP systems being requested and installed by the Services and defense agencies. In the instance of ALS the Committee does not believe this office did an effective system review. For this office to allow ALS to progress to the state of being completely unworkable without requiring corrective action or forcing termination of development is uncomprehensible. It does not appear that this office is performing the duties and responsibilities it was established to perform. The Secretary of Defense should take the necessary corrective action to see that this office performs more responsibly in the future.

Liquidation of Contract Authority, 1972

The Department requested $67,000,000 for the liquidation of obligations incurred by the Air Force during fiscal year 1972 pursuant to Section 3732 of the Revised Statutes (41 U.S.C. 11). The $67,000,000 was used by the Air Force for the purchase of fuel, clothing, medical and hospital supplies and for the payment of transportation charges for the shipment of such goods to South Vietnam during increased combat operations in the latter part of fiscal year 1972.

The Committee is recommending that these funds be denied and in lieu thereof obtained from unobligated prior year Operation and Maintenance funds returned to the Treasury. Language allowing these funds to be made available has been included in the bill.

AIR FORCE STOCK FUND

Appropriated, 1975	$82,100,000
Estimate, 1976	82,100,000
Recommended in the bill	

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WE ARE NOT ALONE.

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