Chapter One

INTRODUCTION

POLICY CONTEXT

Multiple reviews, over the past several years, agree that the logistics system that the Air Force uses to support its weapon systems does not work well in its current environment. It needs to change to meet the needs of a force and processes different from those in place when the system was devised. Different reviews emphasize different sources of problems, but taken together, these reviews point to two kinds of problems:

- Given the resources it is willing to commit to logistics activities and how its logistics system actually performs, the Air Force tries to do more with its operational weapon systems than its logistics support budgets allow. Various observers argue the following:
  - Planned improvements are often programmed and budgeted before they are realized on the assumption that they can and will be realized. But improvements are typically smaller than expected.
  - Central planners often believe that depot-level logistics budgets can safely be cut because the depot-level logistics system has not downsized as fast as the rest of the Air Force.

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1See, for example, Air Force Materiel Command Reparable Spares Management Board (Frank Camm, chair), Final Report, Wright-Patterson AFB, Ohio, March 1998. The following General Accounting Office reports offer a variety of corroborating empirical evidence on the recent state of the Air Force depot management system: Air Force Supply Management (U.S. GAO, 1998); Air Force Supply (U.S. GAO, 1999a); Air Force Depot Maintenance (U.S. GAO, 1999b); Air Force Depot Maintenance (U.S. GAO, 2000).
suggesting that slack remains. In fact, further downsizing will cut performance unless significant process changes occur.

— Central planners often believe that cuts must lead improvements to motivate significant process change. Only pain will force the logistics system to learn and improve. Whether this is true or not, cuts without process change hurt performance. Process change in the Air Force has not caught up with the cuts.

— Recent budgetary increases for logistics activities, motivated by persistently poor performance, have not yet compensated for many years of underfunding. This is true in part because the Air Force has systematically underestimated its requirements for spare parts over time and in part because added funding for spare parts has done more to reduce the need for compensatory actions in base maintenance than to improve Air Force performance.

• Given the resources it is willing to commit to logistics activities, the Air Force could improve its logistics system performance if

— Each depot-level repairable (DLR) supply chain were optimized to serve the goals of the Air Force as a whole and not its constituent parts.\(^2\)

— Logistics managers were better trained and sustained throughout their careers.

— Data in official logistics data systems were more accurate and available on a more timely basis to all those who need them.

— The DLR supply chain made better use of best practices by turning to the best sources of each logistics good or service required or emulating those sources.

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\(^2\)This report uses the term “supply chain” in the normal commercial sense. In particular, it covers more than only “supply-oriented” activities. A supply chain links a particular activity, such as DLR support, to all the activities, goods, and services that contribute to the execution of that activity. In effect, it comprises all the processes relevant to cost-effective provision of that activity. It can include logistics and nonlogistics activities, goods, and services inside and outside the Air Force.
— Individual problems were identified and resolved earlier, before they cascade into broader problems elsewhere in the supply chain.

— Individual problems were traced to root causes, which were then addressed broadly to prevent similar problems in the future.

The Air Force would likely benefit from efforts to resolve each of these problems, and efforts are under way to address several of them, particularly in the Chief’s Logistics Review, Logistics Transformation Program, Air Force Materiel Command (AFMC) Constraints Assessment Program, the Spares Requirements Review Board (SRRB), the Spares Campaign, and the Depot Maintenance Review Team (DMRT).³

At the beginning of FY 2001, the Air Force Director of Supply, AF/ILS, asked RAND’s Project AIR FORCE (PAF) to address the first problem above by looking for ways to improve how the Air Force logistics community participates in the Air Force Planning, Programming, and Budgeting System (PPBS) process. As the Air Force Spares Campaign got under way in early 2001, under AF/ILS’s leadership, AF/ILS also asked PAF, where possible, to link its ongoing analysis of the PPBS process to the Air Force’s needs in the Spares Campaign. This report documents PAF’s findings on the PPBS process.

Programming and budgeting⁴ for Air Force DLR spare parts changed in two fundamental ways in the early 1990s.

First, in response to Defense Management Reform Decision (DMRD) 904 (U.S. DoD, 1989),⁵ the Air Force changed the administration of its

³The report provides some detail on several of these initiatives below.
⁴Programming and budgeting are two critical steps of the PPBS, the system that the Department of Defense (DoD) uses to develop programs and budgets for any future year of execution and for the years that follow as part of the Future Years Defense Program (FYDP).
⁵DMRD 904 attempted to introduce internal transfer prices to encourage cost awareness, reduce asset loss in the field, and encourage use of then-underutilized base maintenance manpower during peacetime. These new prices necessitated the creation of new working capital funds (WCFs). Many commentators in the Air Force speak of the activities associated with these new prices in AFMC as “WCF activities” and blame the WCF for problems that have resulted from DMRD 904. The funds and
funding for DLR repairs and hence the responsibility for preparing the program objective memorandum (POM) each year for this funding. Rather than giving AFMC funds to repair DLRs and having AFMC issue repaired DLRs for free to operating commands that requisition them, as in the past, the Air Force now gives the operating commands funds to, in effect, buy repaired DLRs from AFMC. Over the course of the next decade, this change in funding will move more and more responsibility for identifying and justifying the requirement for DLRs in the PPBS process from AFMC to the operating commands.

Second, in response to the Goldwater-Nichols Act of 1986,\(^6\) the Air Force reformed its PPBS process. The Air Force civilian and military leadership determined that it needed a highly decentralized process that empowered the individual major commands (MAJCOMs) to identify their requirements and then to argue for appropriate shares of resources. It pared the size and responsibility of Headquarters, Air Force (HAF), for building and managing Air Force resources. An initial reorganization in 1991 divested the Program and Evaluation Directorate (AF/PE) of many of its responsibilities in the PPBS process as the Air Force delegated most of its programming activities to the MAJCOMs. The Chief of Staff of the Air Force and the Secretary of the Air Force began to function as both the integrators of and the decisionmakers for Air Force resources. The operational MAJCOMs became the spokespersons for the operational Air Force’s requirements and argued their resource needs before the leadership.

Since the 1991 reorganization, the leadership has taken several steps to develop a stronger integration function at the HAF to achieve a more balanced and executable program. In 1995, for example, the Chief of Staff reestablished the Corporate Structure; in 1996, he merged planning and programming in an attempt to restart strategic

\(^{6}\)This is the commonly used name for U.S. Congress, Department of Defense Reorganization Act of 1986 (Public Law 99-433); now U.S. Code, Title 10, Subtitle A, Part I, Chapter 5, Articles 151–155.
planning in the Air Force and to provide some centralized HAF ability to identify and adjudicate total Air Force resources. Because of continuous, congressionally directed staff downsizings, tightening of resources, and changes in the strategic environment, however, these initiatives have had only limited success.

Taken together, these two apparently unrelated changes altered how the PPBS process treated DLRs—from being a highly centralized process, dominated by AFMC, to a highly decentralized process, dominated by individual operating commands that cannot individually understand, much less realize, key scale economies associated with the management of DLRs. Scale economies exist whenever the unit cost of performing an activity falls as the scale of the activity increases. Scale economies exist for the management of DLRs for several closely related reasons:

- Central, depot-level repair of DLRs creates significant scale economies. The pipelines associated with depot-level repair—the inventories of DLRs that the Air Force must maintain simply to cover the fleet while reparables are in repair—also display scale economies.

- The safety stock for DLRs, their subindentured components, and other spares, which the Air Force maintains to compensate for uncertainties about demand rates at the flight line, shipment and processing times, and so on, creates significant scale economies.

- Total asset visibility, combined with central management of repair and distribution of DLRs, their subindentured components, and other spares to reflect priorities at the flight line, can create significant additional scale economies.

- Centrally managing DLRs and other spares needed in readiness spares packages (RSPs) can add still more scale economies, particularly with an Expeditionary Air Force (EAF) concept that continually rotates responsibility for the next deployment.\(^7\)

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\(^7\)RSPs contain spares that the Air Force needs to support deployment but not normal peacetime operations. The new Air Force EAF concept makes most deployable Air Force assets available for deployment for a three-month period during each 15-month cycle.
It is much easier to identify and realize such scale economies in a centralized system than in a decentralized planning and programming environment. Quite unintentionally, the unrelated decisions to give operating commands responsibility for preparing POMs for DLRs and then to reduce the HAF’s ability to integrate POM submissions from the operating commands have disrupted the Air Force’s ability to identify the scale economies relevant to DLRs and hence to fully fund its ongoing requirement for the repair and replacement of DLRs.

A number of related initiatives to improve the performance of the Air Force logistics system as a whole offer an opportunity to revisit these decisions and correct their unintended consequences. The Logistics Transformation Program, begun in 1999, is developing a set of pilot initiatives that could give the Air Force new capabilities relevant to these decisions. The Spares Campaign, begun in early 2001, is promoting a perspective that aligns all activities in the supply chain. Full alignment will require the ability to view DLRs in a more systematic, unified way, and the Spares Campaign offers several alternatives. The Depot Maintenance Review Team, begun in the summer of 2001, is examining depot maintenance in much the same way that the Spares Campaign is examining the supply chain.

These ongoing efforts create an unusual opportunity for basic change. This report suggests a number of ways to take advantage of that opportunity to revisit how the Air Force PPBS process treats DLRs. It offers a number of suggestions that, taken together, could significantly improve the Air Force’s ability to fund its true requirement for DLRs.

BACKGROUND ON AIR FORCE LOGISTICS AND PPBS PROCESSES

This report assumes a basic, high-level understanding of the Air Force logistics and PPBS processes. This section provides a primer for readers unfamiliar with either of these processes. Following sections build on this information, as needed, to discuss particular issues in greater depth.
Logistics

Broadly speaking, Air Force logistics activities provide physical support for major end items (MEIs). These activities occur in three fundamentally different settings inside the Air Force (see Figure 1.1). First, the “operational” MAJCOMs provide support for MEIs used for unit training during peacetime and in contingencies as needed. The operational MAJCOMs include Air Combat Command (ACC), Air Mobility Command (AMC), Air Education and Training Command (AETC), Air Force Space Command (AFSPC), Pacific Air Forces (PACAF), U.S. Air Forces in Europe (USAFE), and Air Force Special Operations Command (AFSOC). Second, AFMC is a MAJCOM that handles design, procurement, and depot-level management and maintenance of parts and systems relevant to the MEIs employed by the operational commands. Third, the HAF designs and maintains policy relevant to the first two logistics settings and their coordination. It also coordinates the Air Force PPBS process and the way the Air Force addresses logistics issues in that process.

The Air Force logistics system addresses maintenance, supply, transportation, and planning services relevant to the physical support of
MEIs in each of the three settings described above. These services consist of the principal “functional” activities associated with Air Force logistics. Broadly speaking, the maintenance function repairs and overhauls reparable parts in organically owned depots in AFMC and at repair facilities in each of the operational commands. Supply determines the requirements for DLR inventories, tracks where those parts are at any time, sets priorities for repair, and distributes serviceable DLRs to the highest-value locations. Transportation manages the details of moving parts from one place to another, including actual provision of transport services when contract transportation is inappropriate. Planning designs and maintains the operational architectures relevant to these other functions and their coordination.

A number of other Air Force functions support the logistics system in the operating commands, AFMC, and the HAF and across all the logistics functions. Broadly speaking, the financial management function manages the details of creating and maintaining internal transfer prices between functions and between MAJCOMs and associated working capital funds. It maintains data on operational metrics on logistics system cost and performance. The information services function provides hardware and software relevant to the maintenance and movement of logistics system information. The contracting function designs and oversees source selections and contracts associated with external sources of goods and services that the Air Force logistics community uses. The manpower function maintains data on the structure of the force and acts as a neutral broker in the competition among functions and MAJCOMs for internal and external labor resources.

The Air Force logistics system relies heavily on external sources for a variety of goods and services. Broadly speaking, the Defense Logistics Agency (DLA) buys most consumable spare parts for the Air Force (and the rest of the DoD) and sells them to AFMC. It also manages the central wholesale warehouses where Air Force spare parts are stored when not in repair or awaiting use on MEIs in the operating commands. The Defense Finance and Accounting Service (DFAS) designs and maintains the accounts that the Air Force uses to support its financial management function and disburses funds to contractors and personnel who work for Air Force logistics activities. Private companies and other parts of the government provide a wide
variety of maintenance, supply, transportation, and planning services through formal contracts and memoranda of agreement.

All these activities are relevant to the supply chains that the Air Force relies on to provide physical support to its MEIs. In this report, we are particularly interested in the supply chains to provide all the goods and services relevant to DLRs used in MEIs. Chapter Two explains in more detail how we think about these supply chains. For simplicity in this report, we will speak of a single “DLR supply chain” that comprises all activities, inside and outside the Air Force, relevant to all the DLRs used in the MEIs that the Air Force supports. In practice, it is typically useful to refine this notion into specific supply chains relevant to specific families of DLRs or even individual DLRs. For the purposes of this report, we do not need to pursue such a refinement.

Three kinds of spare parts are relevant to Air Force logistics: by definition, it is cost-effective to repair reparables; it is cost-effective to repair DLRs at organic or contract depot facilities; and it is not cost-effective to repair consumables—when they fail, the Air Force throws them out and replaces them with new items. The Air Force uses two maintenance concepts to manage repairable parts. The “two-level” concept removes items from an MEI at the “organizational level” and repairs them only in a depot-level shop at the “depot level.” The “three-level” concept removes items from an MEI and repairs them at an “intermediate-level” shop at the base. This intermediate shop may then remove subassemblies that can be repaired at a depot-level shop. These distinctions help illustrate the nature of the relationships that exist between bases in operational commands, the depot facilities in AFMC, and elsewhere.

**PPBS**

The Air Force PPBS process is one element in the larger DoD PPBS process. The Air Force PPBS in effect manages the submission of Air Force inputs to the DoD process. A PPBS cycle is effectively a series of carefully structured interactions that occur between the Office of the Secretary of Defense (OSD), the HAF, and the headquarters of the MAJCOMs over about a three-year period, using a fairly fixed set of
scheduled milestones, preceding any year of execution. These levels of command in DoD recursively exchange information to develop various kinds of guidance, plans, programs, internal transfer prices, and cost factors and finally a budget, which the President can submit to Congress. Congress routinely adjusts this budget in its authorization and appropriation acts for the year of execution. The Air Force and the rest of DoD then execute the budget passed by Congress.

The process is designed around a cycle that is supposed to be completed once every two years. In practice, the cycle is annual. The cycle converts a broadly stated plan into a specific program that extends over the course of the FYDP—two years in the current biennial budget plus five out-years. The cycle then converts this program into a budget stated in appropriation categories relevant to Congress. In alternate years, the cycle either (1) creates a two-year budget or (2) updates the two-year budget created in the previous year. In practice, the updates are so extensive that the process effectively generates a new one-year budget every year.

One cycle takes a long time to complete:

- OSD develops specific defense planning guidance from long-term defense plans during the first calendar year of the cycle.
- By the late fall of that year, the HAF, drawing on inputs from all parts of the Air Force, uses this planning guidance as a basis for its Air Force Planning and Programming Guidance (APPG), which tells the MAJCOMs how they should develop their inputs to the process that develops the Air Force POM.
- By early winter of the second year, OSD typically provides Defense Fiscal Guidance, which further defines the fiscal constraints to be used in developing the POM.
- The MAJCOMs bring their POM inputs to the HAF in late winter. The HAF uses a set of panels to review these inputs. Most inputs relevant to DLR spares come to the Agile Combat Support Panel. Because ACC has primary responsibility for agile combat support in the Air Force, it frames the review process in this panel from

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8For a useful description, see U.S. Air Force (2000a) for a list of references that provide details on each part of the process.
an operator’s perspective. Inputs relevant to DLR spares could in principle also flow to the Logistics Panel, where logisticians dominate; in practice, this has not occurred recently. These and a set of other panels, each oriented to a key mission in the Air Force, scrub inputs and begin a hierarchical review process in the Air Force Corporate Structure that resolves increasingly difficult issues at higher and higher levels.

• This process yields a fully coordinated Air Force POM by late spring of year two in the cycle. The Air Force sends this POM to OSD, which reviews it and asks for clarifications on specific issues. The Air Force fields these requests.

• In the meantime, the Air Force refines its POM into a budget document and adjusts this document as needed in response to continuing guidance from OSD. This budgeting phase provides opportunities to update pricing factors relevant to budgets, to revisit earlier programming decisions and update them in response to external changes, and to negotiate with OSD. These activities again yield inputs from the MAJCOMs. The panels in the HAF review the inputs and bring them into the Corporate Structure. The Corporate Structure once again resolves problems hierarchically, yielding a fully coordinated Air Force Budget Estimate Submission (BES) by late summer in year two.

• OSD reviews the BES and raises issues for the Air Force to address. Negotiation continues until OSD has completed a final budget, which it submits for final presidential approval in late fall. In January of year three, the White House sends the approved presidential budget for the Air Force and the rest of DoD to Congress.

• A variety of congressional committees review this budget, typically with accompanying hearings. The Air Force participates in this review process, continuing to respond to congressional queries.

• Usually, by early fall of year three, Congress approves a defense budget, allowing the Air Force to begin executing the program it has developed during this cycle. Execution continues through the “year of execution,” which extends from October of calendar year three through September of calendar year four in the cycle.
• The summer of year four typically brings a reassessment of the monies that the Air Force and the rest of DoD need to execute their programs successfully. In recent years, they have required supplemental funding from Congress to complete the year of execution. This funding represents an additional infusion of money that supplements the funds included in the defense budget approved at the end of calendar year three.

In this process, OSD gives the HAF guidance, the HAF gives the MAJCOMs guidance, the MAJCOMs develop the details of programs and budgets, the HAF resolves conflicts in the inputs from the MAJCOMs and submits the final result to OSD, OSD reviews this input and works with the Air Force to refine it and ultimately submits a proposal to Congress, and Congress uses this proposal as a starting point for its final budget.

Three facets of this process inside the Air Force are particularly important to the management of DLRs:

• The operational commands develop both the aggregate levels of and details about the programs and budgets that pay for the DLRs and DLR services that the Air Force will acquire or produce during the year of execution. AFMC will acquire and produce most of these DLRs and DLR services for the Air Force.

• As part of a logistics planning activity that operates in the background, behind the PPBS planning process, all the MAJCOMs participate in the Air Force Cost Analysis Improvement Group (AFCAIG) process (named for the Air Force organization that coordinates the process). This process seeks to define the Air Force–wide “fully funded requirement” for DLRs (and some other important expenditures) during the year of execution. This process is entirely advisory and can influence actual funding proposals for DLRs, made in the operational commands, only by providing informational input. The “fully funded requirement” does not address what DLRs will cost the Air Force as a whole during the year of execution, but rather what the operating commands will pay AFMC to get these DLRs during the year of execution.

• During the Air Force POM submission, AFMC has no direct influence on the actual levels included for the DLRs and DLR services
it will acquire or provide in the year of execution. It can influence the proposed submission primarily through its participation on the Agile Combat Panel in the HAF review process.

• Once the total Air Force program is stated, AFMC can significantly affect the budget that the Air Force associates with that program when it updates the prices for DLR-related activities that the Air Force will use to develop the BES.

This is roughly how the current PPBS process works in the Air Force. It has changed each year in recent years and is likely to change in the future. One advantage of the PPBS process is that the Air Force has a great deal of flexibility to adjust how it responds to the guidance and deadlines it receives from OSD.

That said, when a cycle that lasts almost four years begins anew every year, at any point, four overlapping cycles are in play simultaneously. The Air Force must ensure that these overlapping cycles remain in sync with the others as each of them adjusts to ensure that future funding for DLR spares meets the Air Force’s future needs.

THE SCOPE OF THIS REPORT

This report emphasizes the processes that the Air Force uses to define its program and budget for the acquisition and provision of goods and services relevant to the provision of DLRs and DLR maintenance during the year of execution. Relevant goods and services can include anything that contributes to successful provision of DLRs to end-users in the operating commands. With that in mind, we speak of a supply chain for DLRs that starts with the customers of the operating commands and walks back through each of the activities that support the use of DLRs in this process. So, although we focus on DLR spare parts, we are interested in all the maintenance, supply, transportation, and planning activities in the Air Force logistics system, as well as the other Air Force functional processes and external sources of goods and services that play a role in supporting these DLR spare parts.

Viewed this way, our definition of a DLR supply chain includes more than just the Air Force logistics system because it includes nonlogistics functions inside the Air Force and many activities outside the Air
Force. It does not include all of Air Force logistics because not all Air Force logistics support DLRs. Similarly, this definition is not constrained to spare parts that are DLRs. It includes consumable items and reparables that are important to the support of DLRs. It does not, however, include all spares, because not all spare parts support DLRs.

The report discusses a number of Air Force initiatives that have a very different focus. The Spares Campaign and Spares Requirements Review Board, discussed in detail Chapter Two, for example, consider all spare parts but do not consider all parts of the Air Force logistics system relevant to DLRs or large portions of nonlogistics functions inside and outside the Air Force. When these initiatives refer to a supply chain, they typically envision a set of processes traditionally aligned with the Air Force supply function.

So the definitions of terms like “spares” and “supply chain” can vary in the discussion below. We have attempted to be as clear as possible in particular contexts about the meanings we intend.

CONTENTS OF THE REPORT

This report proceeds in four steps:

- It starts by explaining how the Air Force’s treatment of DLRs in its PPBS process today aggravates problems that degrade Air Force–wide performance and increase costs.
- It identifies seven policy changes relevant to the Air Force PPBS process that, taken together, we think would improve Air Force management of DLR spares.
- It identifies three basic changes in policy, which the Air Force is already considering, that should ease implementation of our proposed changes.
- It identifies fundamental elements of the Air Force culture that will complicate any effort to make the changes we suggest and that could easily defeat these changes unless the Air Force confronts these cultural issues directly.
Chapter Two explains how the treatment of DLRs in its PPBS process today aggravates problems that degrade Air Force–wide performance and increase costs. It briefly explains how the Air Force has broken down its complex DLR supply chain into manageable segments and found effective ways to manage each segment. This segmentation limits the Air Force’s ability to integrate the supply chain into a coherent whole, particularly in the current uncertain environment. The problems created by a decentralized PPBS process, described above, are one manifestation of this broader segmentation of the supply chain. The primary innovation under way to overcome segmentation of the Air Force PPBS process to define spares requirements, the SRRB, will address only some of the problems that prevent effective integration of the PPBS process.

Chapter Three identifies the seven policy changes relevant to the Air Force PPBS process that would improve Air Force management of DLR spares. That chapter explains that the Air Force should:

- Explicitly reframe all logistics issues relevant to DLRs in the PPBS process to represent a realistic level of readiness (e.g., sorties available or mission capability) achievable within designated logistics resource constraints.
- Have logisticians participate more actively in the planning segment of the Air Force PPBS process to promote the approach above and ensure that logistics is fairly assessed in higher-level PPBS considerations.
- Define an APPG process that uses a resource-constrained version of high-level strategic goals to provide effective oversight of MAJCOM POM submissions.
- Define a HAF closed-loop process that monitors disconnects within the PPBS process itself and between logistics budgets and actual logistics needs relevant to DLRs identified during the year of execution.
- Strengthen the responsibility and authority of the Deputy Chief of Staff of Installations and Logistics (AF/IL) to integrate, horizontally, the totality of logistics requirements associated with DLRs and represent these requirements in the PPBS process.
• Rebuild a human capital capability within the Air Force logistics community to participate effectively in the PPBS process.
• Build and sustain an analytic capability to support the efforts above.

We offer this package as an integral package. Each change increases the likelihood that other parts of the package will succeed.

Chapter Four identifies three basic changes in policy, which the Air Force is already considering, that should make it easier to implement the changes proposed in Chapter Three. First, multipart pricing of DLRs, part of the ongoing Spares Campaign, could promote integration by helping centralize the funding of spares. Second, a version of the Air Force Resource Allocation Process (AFRAP) now under development, with a capability defined to reflect sustainability of existing MEIs directly, could simplify effective inclusion of sustainment resource issues in the PPBS trade-space. Third, the balanced scorecard, under development in the Logistics Transformation Program, provides another way to link readiness-related outcomes to logistics resources. Ongoing Air Force efforts could yield a scorecard that substitutes for or complements available analytic models and databases.

Chapter Five identifies fundamental elements of the Air Force culture that will complicate any effort to make the changes we suggest and that could easily defeat these changes unless the Air Force confronts these cultural issues directly. Today, the Air Force does not sustain its strong organizational traditions of balancing resources and readiness realistically and “closing the loop” on plans to verify the balance; viewing the DLR supply chain as an integrated process and assigning effective, clear responsibility and accountability for and authority over the total supply chain to ensure its integration; or managing organizational transformation aggressively. Historically, the senior leadership of the Air Force has favored modernization and operational performance relative to other goals, including effective sustainment of existing MEIs. In the 1970s and 1980s, the Air Force effectively managed this shortcoming by determining its resources through capability packages, in which sustainment issues were integrated into Program Decision Packages (PDEPs). This mechanism enabled the leadership to understand how sustainment resources
directly affected operational readiness. The Air Force reorganization in the 1990s resulted in abandonment of the PDEP structure in favor of a more decentralized resource management scheme, resulting in a breaking of the tenuous linkage between operational performance and sustainment. Currently, the highly decentralized structure of the Air Force’s PPBS process limits the Air Force in addressing service-wide sustainment resource management issues effectively because each MAJCOM is responsible for ensuring that sustainment issues are sufficiently addressed in its respective program. None of the changes discussed in Chapter Three is likely to succeed unless the Air Force finds explicit ways to address these broader resource management issues.

Chapter Six concludes the report with a brief summary.