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# Assessment of the Air Force Materiel Command Reorganization

Report for Congress

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RAND Project AIR FORCE

Prepared for the United States Air Force  
Approved for public release; distribution unlimited



The research described in this report was sponsored by the United States Air Force under Contract FA7014-06-C-0001. Further information may be obtained from the Strategic Planning Division, Directorate of Plans, Hq USAF.

**Library of Congress Cataloging-in-Publication Data** is available for this publication.

ISBN: 978-0-8330-8250-3

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## Summary

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In FY 2012, the Air Force Materiel Command (AFMC) reorganized as one of a number of initiatives to achieve mandated budget reductions. Congress required an assessment of this reorganization in the Fiscal Year (FY) 2013 National Defense Authorization Act (NDAA) and a report to Congress. That report must assess the following five elements: (1) the effectiveness and efficiency of the reorganization; (2) the extent to which synergies due to collocation among developmental test and evaluation (DT&E), science and technology (S&T), and acquisition can be replicated in the new organization; (3) the reorganization's impact on other commands' ability to meet their responsibilities for operational test and evaluation (OT&E) and follow-on test and evaluation (FOT&E); (4) whether the reorganization is in adherence with 10 U.S. Code (U.S.C.) Section 2687; and (5) the extent to which the Air Force coordinated the reorganization with the Office of the Secretary of Defense (OSD) and if any concerns raised by OSD were addressed. This report fulfills these reporting requirements.

### The AFMC Reorganization

The most significant attributes of the reorganization are:

1. The number of centers directly reporting to the AFMC commander was reduced from 12 to 5. Three new centers were created that consolidate the missions of sustainment (Air Force Sustainment Center [AFSC]), life-cycle management (Air Force Life Cycle Management Center [AFLCMC]), and test (Air Force Test Center [AFTC]). Although reporting lines changed, no missions or functions moved locations. The Air Force Nuclear Weapons Center (AFNWC) and the Air Force Research Laboratory (AFRL) were not affected.
2. By reducing staff and overhead positions in going from 12 to 5 centers, 1,051 civilian manpower positions were cut, yielding an approximate annual savings of \$109 million in FY 2011 dollars.<sup>1</sup> According to AFMC, none of these were via involuntary reduction in force notices. No individuals lost their jobs or were forced to move as a result of the reorganization. Any persons who moved location did so voluntarily. All personnel reductions were achieved with voluntary early retirement authority (VERA) or voluntary separation incentive payment (VSIP).
3. Base operating support reporting lines were rearranged. Air base wings at Hill, Tinker, and Robins no longer report to an Air Logistics Center at those locations but directly to the AFSC commander. The new Air Logistics Complexes are the former maintenance wings at those locations and the Air Logistics Complex commanders have a smaller span of control. Air base wings at Edwards and Eglin are blended with the test wings at those locations, and those test wing commanders have a larger span of control. The air base

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<sup>1</sup> Tripp et al., Table 3.4, 2012, p. 22.

wing at Wright-Patterson and the air base group at Hanscom report directly to the AFLCMC commander.

4. Program managers now have product support oversight within their organizations and Designated Acquisition Officials are eliminated.<sup>2</sup> Program offices beyond the procurement phase will move location to the associated Air Logistics Complex after the procurement phase ends if the system is dominantly sustained organically, as was the practice before the reorganization, but these program offices will remain assigned to the AFLCMC.
5. The office for the organize, train, and equip functions of the Program Executive Officer (PEO) for Strategic Systems now resides in AFLCMC.
6. Although a PEO restructuring occurred concurrently with the AFMC reorganization and was implemented with the reorganization, no changes occurred in the PEO reporting chain to the Service Acquisition Executive.

In the next sections, we address each of the elements of the FY 2013 NDAA.

## Element 1

Overall, we assess that the FY 2012 reorganization of AFMC created numerous opportunities for increasing effectiveness and efficiency. By eliminating 1,051 civilian manpower positions from staff and administrative overhead positions while retaining line positions, the command achieves an annual savings of \$109 million in FY 2011 dollars. To the extent that AFMC can continue to perform its missions as or more effectively than before the reorganization, this annual savings yields more efficient operations.

In assessing the effectiveness and efficiency of the reorganization, we note that (1) organization is just one component of doctrine, organization, training, materiel, leadership and education, personnel, and facilities, together with policy (DOTMLPF-P) that contributes to effectiveness and efficiency; (2) many of the benefits and possible problems associated with the reorganization will take a much longer time frame to come to full fruition; and (3) factors outside AFMC's control, such as budgetary constraints, also contribute. Despite these challenges, by using relatively established principles from organizational theory, it is possible to assess (1) the opportunities and challenges for effectiveness and efficiency created by the structural changes of the reorganization; (2) the extent to which these align with stated assigned missions and stated goals and priorities; and (3) the extent to which the Air Force has exploited the opportunities and mitigated the challenges.

We compared the key elements that changed during the reorganization in terms of organizational design. In these terms, we assess that the creation of centers that are mission

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<sup>2</sup> Designated Acquisition Officials (DAOs) were individuals, acting in lieu of Program Executive Officers (PEOs), who were "dedicated to executive management at Air Logistics Centers of delegated ACAT II or ACAT III programs expending investment dollars." DAOs were chartered by and were accountable to the Service Acquisition Executive. Air Force Instruction 63-101, *Acquisition and Sustainment Life Cycle Management*, Washington, D.C., April 17, 2009, Incorporating Through Change 3, October 26, 2010, p. 209.

aligned, the design of formal reporting relationships, standardization, centralization of decision rights, and placement of the seams in the organization all facilitate the overall missions assigned to AFMC and are consistent with Air Force and OSD goals and priorities.

More seams were removed by the reorganization than were introduced. We identified three new seams of concern: (1) between the Air Logistics Complexes and the product support-focused program offices that resided in the Air Logistics Centers before the reorganization; (2) between the 96th Test Wing (96 TW) and the Armament Directorate at Eglin; and (3) between the Office of the PEO for Strategic Systems and the AFNWC. AFMC has put safeguards in place in the form of horizontal integration mechanisms roughly in proportion to the severity of each seam. It is too soon to know with confidence how effective each of these will be, but there are opportunities to continuously monitor the status and revisit the mitigations as needed.

AFMC is continuing to exploit the opportunities enabled by the reorganization. We group these efforts into five categories: process standardization, policy rationalization, better resource allocation, having a single face to the customer for the major AFMC missions, and providing a unified culture for major AFMC mission areas. These numerous initiatives span all centers and headquarters staff and are either early in their implementation or in the process of being implemented. AFMC directs that all endure as continuous process improvement. Headquarters AFMC and each center are developing metrics to track mission performance.

## Elements 2 and 3

The reorganization did not relocate any test and evaluation (T&E) functions or activities. Hence, no synergies were altered due to collocation among (1) S&T, acquisition, and test; or (2) between DT&E and OT&E, either within AFMC or with other commands.

The two changes to the Air Force T&E community were (1) to merge the base support and test wings at Edwards and Eglin; and (2) to place all three test units in AFMC (96 TW, 412 TW, and Arnold Engineering Development Complex) under a center dedicated to DT&E (AFTC). By doing so, the reorganization eliminated the common center at Eglin to which the test wing for weapons and the armament directorate reported. Only the second change has potential to affect synergies between S&T, acquisition, and test.

Mitigations are in place to bridge the seam between the weapons (armament) acquisition and test missions in the form of monthly meetings of the Air Armament Enterprise Forum and quarterly meetings of Science and Engineering Resource Council. Issues could arise, but it is too early in this reorganization to see many impacts. Nevertheless, we did not observe any synergies that existed prior to the reorganization between acquisition and test that we assess cannot be replicated under the new organizational construct. As all S&T activities remain under AFRL and were not affected by the reorganization, no synergies that existed before the reorganization between S&T and either acquisition or test have been altered. Any synergies between S&T and the test and acquisition communities that existed prior to the reorganization did so with the S&T

area reporting to a separate chain of command than the test and acquisition communities. Because of the ability to transfer civilians with weapons expertise among S&T, test, and acquisition, and the benefits of proximity (especially for classified discussions), key stakeholders at Eglin attribute synergies there more to collocation than to reporting chain commonality.

No organizational design changes from the reorganization are expected to affect the other major commands' (MAJCOMs') abilities to carry out their OT&E or FOT&E responsibilities. The synergies between OT&E (53 Wing [WG]) and DT&E (96 TW) at Eglin are due to collocation, which enable some sharing of resources, and has not been changed by the reorganization. We also examined any implications of the reorganization on other MAJCOMs' abilities to carry out their OT&E or FOT&E responsibilities. We contacted the commander of the Air Force Operational Test and Evaluation Center, the commander of the U.S. Air Force Warfare Center, and the 53 WG that performs OT&E. None had seen any issues emerging from the AFMC reorganization that would impact their abilities to perform their test responsibilities and did not foresee any issues. We also contacted the commander or vice commander of Air Combat Command, Air Mobility Command, Air Education and Training Command, and Air Force Special Operations Command. We asked each whether the FY 2012 AFMC reorganization has caused any impacts on their command's abilities to carry out OT&E and follow-on OT&E missions. If there have been no noticeable impacts, we asked that they indicate that observation. If some issues have arisen, positive or negative, we asked them to document those and any communication that they had with AFMC regarding any concerns. Each responded in the June–July 2013 time frame that no impacts have been observed that were caused by the reorganization.

## Element 4

At RAND's request, the office of the Air Force General Counsel assesses that:

The AFMC reorganization is in adherence with Section 2687. The reorganization is complex, and it reduces staff and restructures reporting chains, but such actions do not trigger the statute. Rather, the significant facts from a legal perspective are that the number of installations will not be reduced and civilian personnel positions will not be relocated. Accordingly, none of the actions to be taken constitute a base closure or a base realignment as defined by the law, and none of the statute's procedural requirements respecting closures and realignments are required to be accomplished.

## Element 5

The services have the right and responsibility to organize. Under some circumstances, coordination with OSD is needed. Actions that cause a significant change to the T&E capability of a Major Range and Test Facilities Base (MRTFB) must be approved by the director of the

Test Resource Management Center (TRMC).<sup>3</sup> And, since the Defense Acquisition Executive has statutory responsibilities for the defense acquisition workforce,<sup>4</sup> continued lines of communication between the SAE and the Under Secretary of Defense for Acquisition, Technology, and Logistics are vital to managing the acquisition workforce.

In the case of the FY 2012 reorganization of AFMC, no changes were made that affect the T&E capabilities of an MRTFB.

The Air Force shared its plans for the FY 2012 AFMC reorganization with both the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics [OUSD(AT&L)] and TRMC prior to the announcement on November 2, 2011. We found no evidence that any substantive concerns were raised by OSD.

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<sup>3</sup> DoDI 3200.18, 2010.

<sup>4</sup> 10 U.S.C. Section 1702.