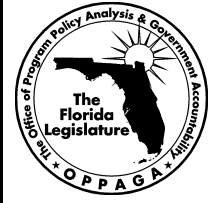




Office of Program Policy Analysis And Government Accountability



John W. Turcotte, Director

April 1997

Follow-Up Report on the Review of the State Executive Aircraft Pool

Abstract

While the Department of Management Services (DMS) has taken steps to reduce the costs of operation, the state aircraft pool remains expensive to operate. The Legislature should decide what level of air service the state should provide its executives and under what conditions other employees may use state aircraft in lieu of commercial service.

flight service is prioritized, as specified in Rule 60B-4.006(3a-b), F.A.C. The Governor has top priority; regular state employees are lowest priority and can be "bumped" by those of any higher priority.

The Executive Aircraft Pool is funded through the Bureau of Aircraft Trust Fund, which receives monies from user fees and transfers from general revenue. For fiscal year 1996-97, the Trust Fund received \$1.2 million from general revenue and approximately \$1 million from user charges for a total appropriation of \$2.2 million.

Purpose

In accordance with s. 11.45(7)(f), F.S., this follow-up report informs the Legislature of actions taken by the Department of Management Services in response to Report No. 95-05, issued September 14, 1995. This report presents our assessment of the extent to which the Department has addressed our findings and recommendations.

Prior Findings

We determined that: 53% of the aircraft users were priority 2 and priority 3 employees; 72% of flights were near airports with commercial service available; and, DMS flights were significantly more expensive than commercial airlines. For the 1994 flights we examined carrying only priority 3 passengers, the state could have saved \$110,000 if commercial airlines had been used instead of the executive aircraft pool. In addition, we identified 80 flights that carried lower priority state employees to cities with commercial service. These trips cost the state an additional \$108,000 using the executive aircraft pool. We also found that agencies have little incentive to use commercial airlines, as DMS only charges approximately a quarter of the actual cost of operation. Because of this, DMS will continue to need more than \$1 million annually from the General Revenue Fund to support aircraft operations. Finally, we found DMS in compliance with aircraft manufacturer maintenance schedules and applicable Federal Aviation Administration regulations.

Background

The Executive Aircraft Pool consists of four aircraft that are available on a 24-hour basis for state officials and employees on a prioritized basis.¹ These aircraft essentially operate as a charter service. DMS claims this service enables executives to travel to locations where commercial airline service is limited or not available, and saves these persons time by avoiding airport delays. The

We offered the Legislature three options for cost reduction :

- Raising agency fees;

¹ By rule, DMS has three priority levels: priority 1 are the Governor, Lt. Governor, Chief Justice of the Supreme Court, Cabinet Officers, the President of the Senate and the Speaker of the House; priority 2 are the Supreme Court Justices, chairs of legislative committees and state agency and commission heads; priority 3 are all other state employees.

- Downsizing the aircraft fleet; and
- Privatizing executive air transportation.

DMS could raise the cost to agencies, which would probably reduce agency use of the aircraft. This option could also lead to reducing the number of aircraft needed to perform executive air service.

DMS could sell one of its aircraft, as our analysis showed that 91% of all priority 1 flights and 78% of all priority 1 and priority 2 flights could be accomplished with only two planes. A third plane would be in reserve for emergency purposes. At the time of our review, the two oldest planes had a market value of \$1 million. With downsizing, DMS would also save by reducing staff.

We also looked at privatizing the executive air service; however, private companies would not provide cost estimates for the same level of service DMS provides (notably 24-hour on call and flying with two pilots instead of one). Potential disadvantages to this option included safety and security concerns.

Current Status

The Executive Aircraft Pool still flies four aircraft under the same rules that were operative at the time of our review. There are 20 full-time employees assigned to the Bureau of Aircraft, including 12 pilots, while others provide administrative and maintenance support for the program. The Legislature appropriated \$2,260,035 for Fiscal Year 1996-97.

Actions Taken

The Secretary has noted that the Department's position with respect to cost recovery and downsizing the aircraft pool had not changed from his initial response in 1995. At that time, the Secretary noted that, "The Executive Aircraft Pool is not intended to be as cost effective as commercial airline travel. Rather it is a time management tool for the State's executive management." He also noted that the aircraft are an integral part of Florida's disaster

preparedness programs.

DMS believes that if it assesses full cost recovery charges, the planes will sit idle for longer periods of time, yet the state will still incur fixed costs, such as insurance, salaries, etc. Having the planes sit idle is not an efficient use of these state resources. However, since our review, DMS has instituted two program improvements. DMS reports raising the cost per hour charged to state agencies from prices that ranged from \$210 to \$305 per hour to \$310 to \$440 per hour dependent on the type aircraft used. The second improvement is a bulk fuel delivery/storage program that allows the Department to pay \$1.55 per gallon instead of the current retail price of \$2.25 per gallon. DMS reports using approximately 80,000 gallons annually, so its fuel contract can save the Department \$56,000 annually over retail prices.

OPPAGA Comments

OPPAGA continues to believe that flying state aircraft is a costly operation, and cannot reach the economies of scale reached by commercial air service. We recommend the Legislature decide the amount of air service it wants to provide state executives and other state employees when traveling to areas with commercial service. As the total flight hours remained fairly stable since our review, we continue to believe that if only the Governor's Office is to be served, this could be accomplished with two aircraft. Should Cabinet members be included, the majority of their flights and the Governor's flights could be accomplished with three aircraft (two in service and one in reserve). The Legislature may also want to consider directing DMS to establish new, more stringent criteria for use of state aircraft by lower priority state employees when they are traveling to destinations where commercial air service is available.

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302). Web site: <http://www.state.fl.us/oppaga/>

Project Supervised by: Thomas S. Roth (904/488-1024)

Project Conducted by: Margaret O. Smyly (904/487-9252)