

**Notes on Updated Information Relating to the
Air Force Institute of Technology Graduate Education Program
1998 Cost/Benefit Analysis
Prepared by Booz-Allen & Hamilton Inc.**

In 1998, Booz-Allen & Hamilton prepared a cost/benefit analysis of the graduate education program of the Air Force Institute of Technology (AFIT). The report was prepared in response to language in a report by the House Appropriations Committee at the request of Rep. Dave Hobson.

The analysis contained a series of measurements of the costs and benefits of a “restructured” AFIT compared to the costs and benefits of both a single-source civilian alternative and a multisource civilian alternative. The study methodology is too complex to perform a simple update of the 1998 study, and would require extensive additional data gathering to offer a full comparison between conditions today and when the study was conducted. However, some information is accessible which might provide some relevant comparisons.

The 1998 analysis showed the graduate education component of the AFIT budget (PE 84752) as \$19.9 million in fiscal year 1999 (fiscal year 1997 dollars). It includes military and civilian pay, as well as operations and maintenance (O&M) costs. This supported 442 student-years of graduate instruction, which equals \$45,000 per student year. Adjusting for inflation, this would be about \$50,000 in fiscal year 2005 dollars.

For the current year (fiscal year 2005), the budget for AFIT graduate education is \$41.3 million; however, the student load is 1,097. This yields a cost per student year of \$37,600, which is 75.2 percent of the cost per student-year in fiscal year 1999. The reason for this decrease in cost per student-year is largely due to the efficiencies inherent in educating a larger student body. Costs may have decreased as a result of other increased operational efficiencies introduced in management practices. Because of the reasons for the increased efficiency (resulting from larger economies of scale at AFIT), there is no reason to believe that the alternatives would share that efficiency increase.

Section V of the 1998 analysis describes the benefits of AFIT, both qualitative and quantitative in nature, and assigns a weighting scheme to measure those benefits. While there has been no systematic review of the benefits offered by AFIT, a cursory examination of Air Force graduate education needs filled by AFIT suggests that the benefits described in Section V of the 1998 analysis have not changed. It cannot be determined without more extensive review whether the benefits of alternatives have changed. However, given that the relevant benefits were almost exclusively the result of a military-focused, Defense Department controlled educational environment, it is unlikely that the benefits offered by the alternatives would show an increase.

Based on a limited review of updated data to the 1998 study, it can be suggested that AFIT provides equivalent benefits it provided in 1998 but at rate that is 25 percent more cost-effective. Therefore, the case for AFIT providing a greater cost/benefit than alternatives is probably stronger today than in 1998. The conclusion of the 1998 study probably remains just as valid if not more than at the time of the original report. (“The USAF should maintain the restructured AFIT as the institution to satisfy its [Graduate Education Program] objectives. Of the alternatives evaluated, a restructured AFIT provides the most cost-effective solution.”)

**TOTAL MANPOWER IMPLICATIONS OF THE DOD RECOMMENDATION
(EXCLUDES CONTRACTORS)**

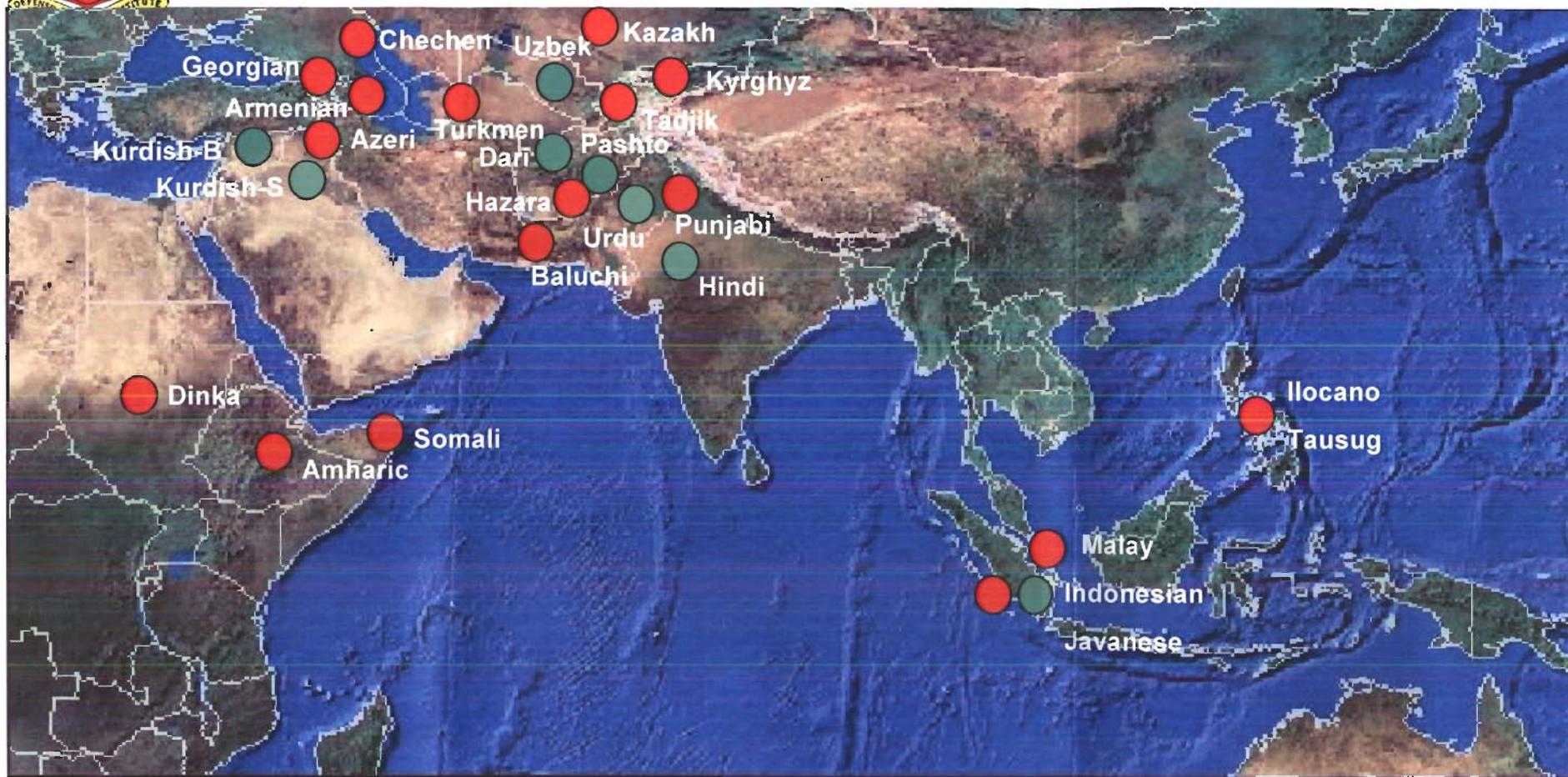
The total number of jobs affected by this action is **6239** civilian and **205** military. Due to force future force reduction projections and BRAC savings gained from combining locations it is anticipated that there will be a reduction of **1931** positions. This leaves a net of **4513** positions that will be moving to one of the three designated DFAS locations.

The table below shows the approximate number of positions currently at each of the three gaining sites and the number of positions to be gained under the DoD recommendation.

INSTALLATION	TABLE OF PERSONNEL CHANGES					
	CURRENT		DOD PROPOSAL NET GAIN		DOD PROPOSAL FINAL	
	MIL	CIV	MIL	CIV	MIL	CIV
DFAS Denver, CO	41	1,314	13	73	54	1,387
DFAS Columbus, OH	0	1,999	66	1,224	66	3,223
DFAS Indianapolis, IN	57	2,288	92	2,848	149	5,136



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 Active Resident Program

 Contingency List

The Air Force Institute of Technology and Dayton

The Air Force Institute of Technology (AFIT) offers graduate military education that is focused to meet the unique technical, operational and acquisition challenges of the Air Force and DoD. Its predominantly military and experienced civilian faculty provides a direct connection to the Air Force mission that allows them to fully support Air Force and Defense Department operational needs. AFIT's location at Wright-Patterson Air Force Base (WPAFB) provides unique access to the Air Force's premier acquisition, research, intelligence, and logistics centers. Further, local Dayton area universities, support from the State of Ohio, and nearby large commercial aerospace presence provide AFIT with technical military capability unequalled by any other government, public or private institution.

Why AFIT Should Remain in Dayton

- **As the center of Air Force research, WPAFB is the best place to teach Air Force graduate engineering students.** AFIT students are colocated with about 2,000 scientists and engineers of the Air Force Research Laboratory (AFRL), one of the largest concentrations of scientists at a single location in the world. This gives AFIT students unparalleled access to some of the best scientific minds in DoD and to some of the most extensive and up-to-date laboratories dealing with defense-related research.
- **WPAFB is the logical place to provide acquisition and logistics education for AF officers.** WPAFB includes the Headquarters of the Air Force Materiel Command (HQ AFMC), which supports acquisition and logistics. This gives students immediate access to all the program offices, planning staffs and data libraries located at WPAFB.
- **AFIT is also co-located with other primary customers at WPAFB.** These customers include the Aeronautical Systems Center (ASC), and National Air and Space Intelligence Center (NASIC). This colocation helps ensure instruction is tightly focused on the customer's needs and provides additional educational resources.
- **The Wright-Patterson area has a low cost of living.** For example, the Basic Housing Allowance for a Captain with dependents is \$1101 a month at WPAFB, but it is more than twice that amount (\$2291 a month) in Monterey. Relocation of AFIT to a higher cost area could increase the Defense Department's housing costs by millions of dollars.
- **AFIT can offer coursework in classified technology.** AFIT was able to teach about stealth technology to Air Force officers who went on to develop and operate stealth aircraft. That could only happen because the technology was being developed in the classified laboratories at WPAFB.
- **Dayton area engineering schools assist AFIT.** Through the Dayton Area Graduate Studies Institute (DAGSI), AFIT students can take courses at the University of Dayton and Wright State University. This increases course offerings for AFIT students and helps cut down on redundancy. AFIT is also a member of the Ohio Aerospace Institute, a state-wide collaboration to support aerospace research.
- **Because AFIT is located on a large military base, there is ample room to expand.** This would enable AFIT to take on additional Air Force or joint service needs in the future.

Why AFIT Should Not be Privatized

- **Privatizing AFIT will not save money.** A survey conducted in 1997 demonstrated that contracting out AFIT's military specific course requirements to private universities would cost about the same as performing the work at AFIT. A formal study the following year concluded the cost and benefits of AFIT were more favorable than privatization.
- **AFIT provides graduate programs that are specifically tailored to meet Air Force requirements.** All programs are subjected to periodic program reviews by Air Force organizations which use AFIT and by senior Air Force leadership. AFIT already contracts out programs that do not require a military focus. What has remained at AFIT are truly unique military programs of focused study and research.
- **AFIT student research is focused to fill specific Air Force needs which saves the Air Force money.** In fiscal year 2004, AFIT students conducted research estimated to save the Air Force \$29.6 million. If Air Force graduate students went to private universities, they would conduct research on non-Air Force topics. Virtually all AFIT faculty research is in support of a current Air Force requirement.
- **AFIT supports students in focusing their course work and their research to prepare for their follow-on military assignments.** AFIT programs and student research are sponsored by the Air Force organization that will be hosting the students in their next assignment after graduation. Students obtain a focused military graduate education that in many cases, allows them to arrive with 19 months of relevant experience before they ever start the job.



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