most common measures used to evaluate the cost effectiveness of various aspects of an aircraft program are expressed as the cost per flying hour or per passenger mile (one passenger flying one mile). These measures may be developed using the standard aircraft program cost elements (see § 101-37.201) and include, but are not limited to: maintenance costs/flying hours, fuel and other fluids/flying hours, and variable cost/passenger mile. GSA will coordinate the development of other specific cost-effectiveness measures with the appropriate Interagency Committee for Aviation Policy subcommittees (ICAP).

(a) Maintenance costs per flying hour. Maintenance costs per flying hour identifies on an aggregate basis relative cost effectiveness of maintenance alternatives. This measure is among those necessary to identify and justify procurement of less costly aircraft.

(b) Fuel and other fluids cost per flying hour. Fuel per flying hour identifies the relative fuel efficiency of an individual aircraft. The measure identifies the requirement to replace inefficient engines or to eliminate fuel inefficient aircraft from the fleet.

(c) *Crew costs-fixed per flying hour.* When based on the total fixed crew costs and flying hours, can be used to determine the impact of crew utilization on overall operating costs; can also be used to compare crew utilization and salary levels among different agency or bureau aircraft programs.

(d) Operations overhead per flying hour. Operations overhead may be used on an aggregate basis (i.e., total operations overhead expenditures divided by hours flown) to compare the overhead activities in direct support of aircraft operations among agencies or bureaus. This factor can indicate excess overhead support costs.

(e) Administrative overhead per flying hour. Administrative overhead may be used on an aggregate basis (i.e., total administrative overhead divided by hours flown) to compare the level of administrative support to other agencies and bureaus.

4. Subpart 101–37.3 is revised to read as follows:

Subpart 101–37.3—Cost Comparisons for Acquiring and Using Aircraft

Sec.	
101-37.300	General.
101-37.301	Applicability.
101-37.302	[Reserved]
101-37.303	[Reserved]
101-37.304	Variable cost rate.
101-37.305	Acquisition and management.

Subpart 101–37.3—Cost Comparisons for Acquiring and Using Aircraft

§101-37.300 General.

The provisions of this subpart prescribe policies and procedures for conducting cost comparisons for the acquisition, use, or lease of aircraft. This subpart incorporates selected provisions of OMB Circulars A–76 and A–126.

§101–37.301 Applicability.

This subpart applies to all agencies in the executive branch of the Federal Government. It does not apply to the United States Postal Service, to the Government of the District of Columbia, or to non-Federal organizations receiving Federal loans, contracts, or grants.

§101-37.302 [Reserved]

§101-37.303 [Reserved]

§101–37.304 Variable cost rate.

For the purpose of comparing costs (Government, commercial charter, and airline) associated with passenger transportation flights, as required by § 101–37.406, the agency should develop a variable cost rate for each aircraft or aircraft type as follows:

(a) Accumulate or allocate to the aircraft or aircraft type all historical costs, for the previous 12 months, grouped under the variable cost category defined in § 101-37.201. These costs should be obtained from the agency's accounting system.

(b) Adjust the historical variable costs for inflation and for any known upcoming cost changes to determine the projected variable cost. The inflation factor used should conform to the provisions of OMB Circular A–76.

(c) Divide the projected variable cost of the aircraft or aircraft type by the projected annual flying hours for the aircraft or aircraft type to compute the variable cost rate (per flying hour).

(d) To compute the variable cost for a proposed trip, multiply the variable cost rate by the estimated number of flying hours for the trip. The number of flying hours should include:

(1) If no follow-up trip is scheduled, all time required to position the aircraft to begin the trip and to return the aircraft to its normal base of operations.

(2) If a follow-on trip requires repositioning, the cost for respositioning should be charged to the associated follow-on trip.

(3) If an aircraft supports a multi-leg trip (a series of flights scheduled sequentially), the use of the aircraft for the total trip may be justified by comparing the total variable cost of the entire trip to the commercial aircraft cost (including charter) for all legs of the trip.

§101–37.305 Acquisition and management.

(a) The number and size of aircraft acquired by an agency and the capacity of those aircraft to carry passengers and cargo shall not exceed the level necessary to meet the agency's mission requirements.

(b) Agencies must comply with OMB Circular A–76 before purchasing, leasing, or otherwise acquiring aircraft and related services to assure that these services cannot be obtained from and operated by the private sector more cost effectively.

(c) Agencies shall review on a 5-year cycle the continuing need for all of their aircraft and the cost effectiveness of their aircraft operations in accordance with OMB approved cost justification methodologies. A copy of each agency review shall be submitted to GSA when completed and to OMB with the agency's next budget submission. Agencies shall report any excess aircraft and release all aircraft that are not fully justified by these reviews.

(d) Agencies shall use their aircraft in the most cost effective way to meet their requirements.

Subpart 101–37.4—Use of Government-Owned and Operated Aircraft

§101-37.401 [Reserved]

5. Section 101–37.401 is removed and reserved.

6. Section 101–37.404 is revised to read as follows:

§101–37.404 Approving the use of Government aircraft for transportation of passengers.

(a) Use of Government aircraft for official travel may be approved only by the agency head or official(s) designated by the agency head.

(b) Whenever a Government aircraft used to fulfill a mission requirement is used also to transport senior Federal officials, members of their families or other non-Federal travelers on a space available basis (except as authorized under 10 U.S.C. 4744 and regulations implementing that statute), the agency that is conducting the mission shall certify in writing prior to the flight that the aircraft is scheduled to perform a bona fide mission activity, and that the minimum mission requirements have not been exceeded in order to transport such space available travelers. In emergency situations, an after-the-fact written certification by the agency is permitted.