



United States Government Accountability Office
Washington, DC 20548

July 2, 2009

The Honorable Tim Johnson
Chairman

The Honorable Kay Bailey Hutchison
Ranking Member

Subcommittee on Military Construction, Veterans' Affairs, and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Chet Edwards
Chairman

The Honorable Zach Wamp
Ranking Member

Subcommittee on Military Construction, Veterans' Affairs, and Related Agencies
Committee on Appropriations
House of Representatives

Subject: *Force Structure: Actions Needed to Improve DOD's Ability to Manage, Assess, and Report on Global Defense Posture Initiatives*

In its ongoing global realignment of U.S. forces and installations, the Department of Defense (DOD) plans to reduce the number of troops permanently stationed overseas, consolidate overseas bases, and establish a network of smaller forward locations with limited personnel. Realigning the U.S. overseas posture involves closing obsolete and redundant bases, constructing new facilities costing billions of dollars, and ensuring that other needed infrastructure is in place to support realigned forces and missions. These significant changes to force structure both in the United States and overseas are being implemented to enhance operational efficiencies and ensure access during future contingency operations. DOD requests for overseas military construction projects extend around the world including Europe, the Pacific, Southwest Asia, and Central America. For fiscal year 2010, DOD requested approximately \$1.5 billion, or 7 percent, of the regular military construction request for overseas military construction. The Congress has supported the DOD's efforts to reassess and realign its overseas posture to better respond to emerging security challenges, but the Senate Appropriations Committee has expressed concerns about the department's ability to effectively manage and accomplish such an ambitious program as well as the fidelity of the global basing plan given the rapidly changing global security environment.

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The Senate reports accompanying the fiscal year 2008 and 2009 military construction appropriation bills directed DOD to prepare updated reports on the Global Defense Posture initiative to accompany the department's budget submission through fiscal year 2014.¹ In October 2008, DOD transmitted a report to Congress entitled *Strengthening U.S. Global Defense Posture* responding to the Senate report requirement. The Senate report accompanying the fiscal year 2008 military construction appropriation bill also directed GAO to assess the department's updated 2008 Report to Congress and the department's progress in implementing the strategy, with an emphasis on certain specific matters from which GAO derived the following three objectives: (1) determine whether the department has an integrated process for reassessing and adjusting its overseas presence and basing strategy; (2) identify the extent of DOD progress in establishing its proposed network of future Forward Operating Sites (FOS) and Cooperative Security Locations (CSL); and (3) compare how DOD's projected costs for implementing its overseas presence and basing strategy compare with initial estimates. On May 28, 2009, we provided your office with a briefing on the above matters (see enclosure I). This letter summarizes the results of that briefing, which has been modified to reflect discussions with DOD officials during our exit conference on June 4, 2009. Our scope and methodology are also discussed in the attached briefing slides.

We conducted this performance audit from November 2008 through July 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary of Results

DOD Process for Adjusting Global Posture

The Department of Defense has taken positive steps toward establishing an integrated process to assess and adjust global defense posture; however, we identified two shortcomings in the department's approach. In February 2008, DOD established the Global Posture Executive Council to be the first formal governance body responsible for facilitating posture decisions and overseeing the assessment and implementation of posture plans. The Executive Council and the supporting Global Posture Integration Team include senior and staff-level representatives, respectively, from OSD offices and Joint Staff directorates, the combatant commands, the services, and the State Department. In the past year, the Executive Council has contributed to DOD decisions on significant posture-related matters, such as the location of the U.S. Africa Command headquarters and global mobility infrastructure. Stakeholder organizations we communicated with have consistently characterized the Executive Council's establishment as an improvement over the previously informal approach.

¹ S. Rep. No. 110-85, at 13-14 (2007). S. Rep. No. 110-428, at 10 (2008).

Despite these positive steps, we identified two weaknesses in DOD's approach. First, DOD has not reported on global posture matters in a comprehensive manner. DOD strategic planning guidance defines global defense posture in terms of three elements: host nation relationships, DOD's facilities and military presence in country, and DOD activities overseas. Stakeholders we contacted described global defense posture in terms of their primary functions, such as U.S. Southern Command's reference to conducting military operations in coordination with interagency partners or the U.S. Navy's depiction of posture in terms of where its maritime platforms and assets are stationed around the world. However, OSD Policy officials acknowledged DOD's global posture reports have emphasized only initiatives that have a direct impact on facility requirements, because the congressional direction to produce the report emphasized military construction costs. As a result, Congress may not have the full context in which to consider DOD's global posture requirements. Second, geographic combatant commands have not established a consistent approach to monitor initiative implementation, assess progress, and periodically report on results because DOD has not yet developed global posture implementation guidance. When the Executive Council was established, the Deputy Secretary of Defense required OSD Policy to develop an implementing instruction that would address in more detail the global defense posture process and components' roles. OSD Policy officials stated this guidance has not yet been developed because their initial focus was on establishing the Executive Council and the Integration Team, supporting significant DOD decisions on posture-related matters, and preparing the *2008 Global Defense Posture Report to Congress*. OSD Policy officials indicated they plan on developing such guidance after the conclusion of the Quadrennial Defense Review, but did not specify by what date. Therefore, as combatant commands implement complex and interrelated initiatives, they lack guidance from OSD regarding the management of stakeholder concerns, the identification of potential challenges, or the status of mitigation strategies.

Progress in Establishing Operating Locations

In the 2008 Report to Congress, the department reiterated its intent to establish a network of Forward Operating Sites and Cooperative Security Locations and summarized diplomatic efforts to date, but did not provide a full listing of the current number of planned locations. According to DOD officials who prepared the report, they focused the report on updating the status of initiatives contained in DOD's original 2004 Report to Congress, omitting new and emerging requirements. DOD strategic planning guidance issued in 2008 requires each geographic combatant command to produce a theater campaign plan and specific posture requirements for

its given area of responsibility.² These plans and posture requirements are to be updated annually, and posture requirements will continue to be modified based on these plans. Because of the potentially significant operating and support costs that future locations may entail, the services resist assuming management and funding responsibilities for them. We have previously reported that DOD lacks specific criteria or a process for assigning lead responsibility at future locations, and DOD has yet to resolve this issue.³ Without criteria or a process to assign responsibilities, management and funding for future locations may continue to be a contentious issue as the services face increasing demands for the resources they are provided.

Global Posture Costs

DOD has not fully defined or reported total costs for DOD's global posture strategy. DOD's 2008 Report to Congress estimates the total cost for all global defense posture initiatives at \$9 to \$12 billion, which is essentially unchanged from the amount reported in 2004. DOD's cost estimate for the 2008 Report to Congress was based on the data used to develop the DOD fiscal year 2009 budget request. Approximately \$3.4 billion of DOD's estimate covers funding from fiscal year 2007 through fiscal year 2013. The remainder of the \$9 to \$12 billion cost estimate is allocated to an unspecified period beyond 2013. However, the DOD's cost estimate likely understates the total costs associated with restructuring DOD's global posture, because it does not report the total cost of each initiative, assumptions about host nation support, the full share of U.S. obligations, or sustainment costs. For example, regarding the relocation of Marine Corps forces from Okinawa to Guam, which is part of a larger effort to realign U.S. military forces in Japan, data supporting the *2008 Global Defense Posture Report to Congress* identifies \$2.3 billion programmed for this initiative, but costs could be much higher.⁴ An agreement signed in February 2009 between the U.S. and Japan for the relocation of Marine Corps forces from Okinawa to Guam reaffirmed a previous estimate of the U.S. share of costs as over \$4 billion.⁵ However, as we testified in May 2008, the U.S. costs are estimated to be at least \$7.5

² According to the *Guidance on Employment of the Force* and the *Joint Strategic Capabilities Plan for FY 2008*, CJCSI 3110.01G (Mar. 1, 2008), each of the geographic combatant commanders is now required to produce a Theater Campaign Plan. Furthermore, each geographic combatant commander (except U.S. Northern Command) is also required to develop Theater Posture Plans as annexes to the Theater Campaign Plan. The theater posture plans would provide an overview of posture requirements, identify major ongoing and new posture initiatives, the general status of efforts to develop and execute requirements, identify existing or emerging risks, elaborate on costs, and itemize information on each specific location or installation, including current and planned military construction requirements and the status of relevant host nation arrangements. Beginning in 2008, the geographic combatant commands would annually submit their theater posture plans to OSD Policy, OSD Acquisition, Technology & Logistics, and the Joint Staff for review.

³ GAO, *Defense Management: Comprehensive Strategy and Annual Reporting Are Needed to Measure Progress and Costs of DOD's Global Posture Restructuring*, GAO-06-852 (Washington, D.C.: Sept. 13, 2006).

⁴ The \$2.3 billion estimated by DOD in the 2008 Report covers funding from fiscal year 2007 through fiscal year 2013.

⁵ Agreement Between the Government of the United States and the Government of Japan Concerning the Implementation of the Relocation of III Marine Expeditionary Force Personnel and Their Dependents from Okinawa to Guam, Feb. 17, 2009.

billion, and this estimate does not include other related costs, such as the costs to move and accommodate Marine Corps units from locations other than Okinawa to Guam, the costs associated with the development of training ranges and facilities on nearby islands, or the additional funding the Governor of Guam has recently testified is necessary for fiscal year 2010 to help fund Guam's needs in support of the military buildup.^{6,7} The Office of Management and Budget and professional cost analysis organizations have identified key characteristics of a high-quality, reliable cost estimate, which GAO recently summarized in a cost estimating and assessment guide.⁸ A high-quality, reliable cost estimate should be well documented, comprehensive, accurate, and credible. The 2008 Report to Congress does not reflect these characteristics because DOD lacks a reliable process for developing credible global defense posture cost estimates. OSD initiated the cost estimate by issuing data calls to approximately 40 service components, whereby the lack of a common definition for posture permitted each component to decide subjectively which elements to include. Furthermore, OSD did not provide specific guidance on how to treat assumptions regarding host nation contributions. Moreover, according to the officials, the congressional direction to produce the 2008 Report to Congress required DOD to provide only the cost to date of implementing the military construction elements of the strategy.

Conclusions

Insufficient information exists to fully evaluate DOD's progress in implementing the Global Posture Strategy, and Congress has not received a comprehensive view of the department's efforts or related total costs to realign its global defense posture. Additionally, global defense posture realignment efforts will continue to evolve as department objectives, priorities, and combatant command plans adapt to a dynamic international security environment. While the department has taken some positive steps to establish an approach to manage this effort, the weaknesses we have identified may limit its effectiveness and the information the department provides to Congress.

Recommendations for Executive Action

To build on the steps taken by DOD toward establishing an integrated process to assess and adjust global defense posture and more fully report on progress and costs, we are recommending that the Secretary of Defense take the following five actions:

⁶ Felix P. Camacho, Governor of Guam, *Military Buildup on Guam: Hearing before the Senate Committee on Energy and Natural Resources*, Statement of Felix P. Camacho, Governor of Guam, 110th Congress, 2nd Session (2008).

⁷ GAO, *Defense Infrastructure: Planning Efforts for the Proposed Military Buildup on Guam Are in Their Initial Stages, with Many Challenges Yet to Be Addressed*, GAO-08-722T (Washington, D.C.: May 1, 2008).

⁸ GAO, *Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, D.C.: March 2009).

- Direct the Under Secretary of Defense for Policy to:
 - o issue guidance establishing a definition and common terms of reference for global defense posture;
 - o develop guidance, in conjunction with the Chairman of the Joint Chiefs of Staff, requiring the geographic combatant commands to establish an approach to monitor initiative implementation, assess progress, and report on results;
 - o establish criteria and a process for selecting and assigning lead service responsibilities for future locations; and
 - o modify the annual *DOD Global Defense Posture Report to Congress* to include the following elements:
 - a definition of global defense posture and how this is applied in identifying initiatives in the report;
 - a comprehensive list of all locations that fall under the definition;
 - the identification of lead service responsibilities to manage and fund each location; and,
 - a total cost estimate to complete each initiative, including expected U.S. government funding and anticipated host nation contributions.
- Direct the Under Secretary of Defense Comptroller to develop a requirement and appropriate guidance for constructing an estimate of total global defense posture costs, which reflects the basic characteristics of a credible cost estimate as discussed in GAO's Cost Estimating Guide.

Agency Comments

In written comments on a draft of this report, DOD agreed with our five recommendations, and indicated specific steps will be taken to address them. The department stated the Under Secretary of Defense (Policy) is developing a definition and framework for the global defense posture in the 2010 Quadrennial Defense Review. A working definition will be published in the *2009 DOD Global Defense Posture Report to Congress* and finalized with the completion of the Quadrennial Defense Review. The department also stated guidance will be developed to establish an integrated approach to monitor initiative implementation, assess progress, and report results. Furthermore, DOD commented that the Secretary of Defense will direct the Undersecretary of Defense (Policy) to establish a criteria and process for selecting and assigning lead service responsibilities, which will leverage existing business rules that govern the financial management arrangements between combatant command support agents and combatant commands. The department also agreed the *DOD Global Defense Posture Report* should be modified to provide a definition, a list of posture locations, and an identification of lead service responsibilities. However, the department was not clear on how it would modify the report to reflect the total costs to complete each initiative. Reporting these costs is an important component of our recommendation. The department did, however, agree with our fifth recommendation to develop a requirement and appropriate

guidance for developing an estimate of global defense posture costs which reflects the basic characteristics of a credible cost estimate. The department agreed that understanding the costs associated with ongoing global defense posture initiatives/realignments or new global defense posture initiatives is an important piece of the decision-making process, and stated the department's guidance for upcoming submission of Theater Posture Plans includes a requirement for combatant commands to provide credible cost estimates for global defense posture initiatives. If future DOD Global Defense Posture Reports include credible cost estimates developed through this process, and the department takes the other steps outlined in its comments, we believe these actions will address the intent of our recommendations. DOD's comments are reprinted in their entirety in enclosure II.

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We are sending copies of this report to appropriate congressional committees, the Secretary of Defense, and appropriate DOD organizations. In addition, this report will be available at no charge on our Web site at <http://www.gao.gov>. If you or your staff have any questions about this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure III.

A handwritten signature in black ink, reading "John H. Pendleton". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Pendleton, Director
Defense Capabilities and Management

Enclosures - 3



Review of the Department of Defense 2008 Global Defense Posture Report to Congress

**Force Structure:
Actions Needed to Improve DOD's Ability To
Manage, Assess, and Report on Global Defense
Posture Initiatives**



Review of DOD Global Posture Report Agenda

- Introduction
- Reporting Objectives
- Overall Assessment
- Background
- Summary of Results
- Conclusions
- Recommendations
- Scope and Methodology



Review of DOD Global Posture Report Introduction

FY2008 Military Construction and Veterans' Affairs and Related Agencies Appropriation Bill; Senate Report 110-85

- DOD request for \$1.2 billion in FY2008 for overseas military construction represented approximately 10 percent of total military construction request
- Concerns about:
 - ability of DOD to efficiently manage ambitious and overlapping global realignment and construction program
 - fidelity of DOD's basing plan given current fluidity of the global security environment
- As reported by GAO, DOD has not established a comprehensive and routine process to inform Congress on status of strategy implementation (GAO-06-852, Sept. 2006)

FY2009 Military Construction and Veterans' Affairs and Related Agencies Appropriation Bill; Senate Report 110-428

- DOD is required to submit annually updated reports with the administration's budget submissions each year through fiscal year 2014



Review of DOD Global Posture Report Reporting Objectives

The Committee directed the Government Accountability Office to assess the department's October 2008 Report to Congress and the department's progress in implementing the strategy with an emphasis on certain specific matters from which GAO has derived the following three key objectives:

- 1) an analysis of whether the department has an integrated process for reassessing and adjusting its overseas presence and basing strategy;
- 2) an update on DOD's progress in establishing its network of future Forward Operating Sites (FOS) and Cooperative Security Locations (CSL); and
- 3) a comparison of how DOD's projected costs for implementing its overseas presence and basing strategy compare with initial estimates.



Review of DOD Global Posture Report Overall Assessment

Although DOD's report responds to the reporting requirements set forth by the Senate Report language, it does not provide a comprehensive view of DOD's global posture strategy or implementation status. We identified challenges in each of the areas we were asked to address:

- DOD has begun to establish an integrated process to assess and adjust the posture strategy, but global posture is not consistently defined, and combatant command mechanisms for monitoring, assessing, and reporting on implementation are not yet in place.
- Operating locations are not fully identified and management and funding responsibilities are unclear.
- Costs are not fully defined or reported.



Review of DOD Global Posture Report Background

Global Defense Posture Requirement Development Process

- Strategic DOD guidance, the Guidance on Employment of the Force and the Joint Strategic Capabilities Plan, sets priorities for combatant command activities.
- The Guidance on Employment of the Force is used mainly by the combatant commanders to guide the development of campaign and contingency plans.
- The Joint Strategic Capabilities Plan specifically tasks combatant commanders to develop campaign, contingency, and posture plans consistent with the Guidance on Employment of the Force.
- Per this guidance:
 - Each of the geographic combatant commanders is required to produce a Theater Campaign Plan, which translates strategic objectives into operational and contingency plans and integrates them with normal routine peacetime and security cooperation activities.
 - Each geographic combatant commander (except U.S. Northern Command) is also required to develop Theater Posture Plans as annexes to the theater campaign plan.
 - Theater posture plans provide an overview of posture requirements, identify major ongoing and new posture initiatives, and itemize information on each specific location or installation, including current and planned military construction requirements and the status of relevant host nation arrangements.



Review of DOD Global Posture Report

Objective 1: Process to Assess and Adjust Posture

Positive Steps Taken To Date

- Global Posture Executive Council (GPEC) and the Global Posture Integration Team (GPIT) established on February 28, 2008
 - GPEC -- senior leadership body to facilitate global defense posture decision-making and recommend courses of action; includes OSD, the Joint Staff, Services, Combatant Commands and Department of State
 - GPIT -- staff-level team drawn from GPEC member organizations to manage day-to-day posture activities; overlap with Quadrennial Defense Review issue team on posture
- GPEC meets on a quarterly basis; recent matters addressed include:
 - Location of U.S. Africa Command Headquarters
 - Global en route and mobility infrastructure
 - Overall posture of U.S. Special Operations Command



Review of DOD Global Posture Report

Objective 1: Process to Assess and Adjust Posture

Shortcomings Identified

- DOD has not reported on global defense posture matters in a comprehensive manner:
 - A definition in the 2004 Report to Congress states that global defense posture consists of five elements: relationships, activities, facilities, legal arrangements, and global sourcing and surge.
 - A definition in current DOD strategic planning guidance consists of three elements: host nation relationships, DOD's facilities and military presence in country, and DOD activities overseas.
 - Stakeholders we contacted held differing perspectives as to what constitutes global defense posture; for example:
 - U.S. Southern Command – includes coordination with interagency partners
 - U.S. Navy – afloat platforms and assets
- OSD Policy officials acknowledged DOD's global posture reports have emphasized only initiatives that have a direct impact on facility requirements, because the congressional direction to produce the report emphasized military construction costs.
- As a result, Congress may not have the full context in which to consider DOD's global posture requirements.



Review of DOD Global Posture Report

Objective 1: Process to Assess and Adjust Posture

Shortcomings Identified (cont.)

- Combatant commands have different approaches to monitoring and assessing initiative implementation and identifying needed adjustments.
 - U.S. Pacific Command and U.S. Central Command have no formal structures.
 - Officials at U.S. Southern Command indicated the command has established corresponding bodies to bring together key stakeholders at the theater level.
 - No requirement to establish an approach to monitor initiative implementation, assess progress, and periodically report on results currently exists.



Review of DOD Global Posture Report

Objective 1: Process to Assess and Adjust Posture

Contributing Factors

- DOD has not yet developed guidance that defines global posture or the mechanisms needed to monitor and assess initiative implementation, identify adjustments that are needed, and report progress.
 - The Deputy Secretary of Defense directed OSD Policy to develop an implementing instruction that would address in more detail the global defense posture process and components' roles when GPEC was established.
- According to OSD officials, they are developing a more comprehensive definition of global defense posture as part of the QDR, which will then be incorporated into DOD guidance, but they did not specify by what date.
- According to OSD Policy officials, establishing the GPEC and GPIT, supporting significant DOD decisions on posture-related matters, and completing the 2008 Report to Congress were the first priorities.



Review of DOD Global Posture Report

Objective 2: Progress in Establishing Future Locations

DOD provided limited information on the status of efforts to establish a network of Forward Operating Sites and Cooperative Security Locations

- 2008 Report to Congress did not provide a complete list of Forward Operating Sites (FOS) and Cooperative Security Locations (CSL).
- The 2008 Report to Congress summarized the status of host nation consultations and negotiations, but did not provide details for each affected location.
- Services resist assuming responsibilities for future locations and enhancements to legacy locations because of the potentially significant operating and support costs they may entail.
- Additional uncertainties remain regarding the establishment of the FOS and CSL network:
 - Theater security cooperation planning continues to evolve and will drive future posture requirements.
 - Geographic combatant command theater campaign plans provide the basis for posture requirements; however, the Secretary of Defense has only approved the U.S. Pacific Command's submission.
 - One service's implementation plan identified details for a number of FOS and CSL locations under its responsibility as "to be determined".



Review of DOD Global Posture Report

Objective 2: Progress in Establishing Future Locations

Contributing Factors

- DOD has not established the criteria and a process for selecting and assigning lead service responsibilities for future locations.
 - Prior recommendation in GAO-06-852 to establish a process to prioritize, assign management responsibility for, and fund the network of operating locations has not been addressed.
 - DOD agreed with our recommendation and stated their intent to establish a process to prioritize, assign management responsibility for, and fund the network of operating locations that DOD is planning.
 - However, corrective actions taken since then did not address the recommendation.
 - Future budget constraints may make reaching agreement with the services more difficult.



Review of DOD Global Posture Report

Objective 3: Cost of Global Posture Initiatives

The costs included in the 2008 Report to Congress are essentially unchanged from 2004

- Estimate for total global defense posture cost \$9 to \$12 billion, but the time period is unspecified.
- About \$3.4 billion covers funding from Fiscal Year 2007 through Fiscal Year 2013, with the remainder allocated to an unspecified period beyond 2013.
- Almost 90 percent of the estimate reflects planned military construction costs.
- The 2008 Report to Congress identified 2 initiatives that may increase these costs:
 - Realignment in Europe
 - Transformation in Korea

Office of Management and Budget and professional cost analysis organizations identify the following characteristics of a high quality cost estimate:

- ✓ Well documented
- ✓ Comprehensive
- ✓ Accurate
- ✓ Credible



Review of DOD Global Posture Report

Objective 3: Cost of Global Posture Initiatives

2008 Report to Congress Likely Underestimates Total Costs

- For example, regarding the relocation of Marine Corps forces from Okinawa to Guam, which is part of a larger effort to realign U.S. military forces in Japan, data supporting the 2008 Report to Congress identifies \$2.3 billion programmed for this initiative, but costs could be much higher.
- An agreement signed in February 2009 between the U.S. and Japan for the relocation of Marine Corps forces from Okinawa to Guam reaffirmed a previous estimate of the U.S. share of costs as over \$4 billion.
- In May 2008, GAO testified the Marine Corps buildup is estimated to cost \$7.5 billion*, not including:
 - costs to move and accommodate units from locations other than Okinawa to Guam
 - costs associated with the development of training ranges and facilities on nearby islands
 - costs of all other defense organizations that will be needed to support the additional military personnel and dependents on Guam
 - the Governor of Guam has testified approximately \$6.1 billion would be requested for fiscal year 2010 to help fund Guam's needs

* GAO, *Defense Infrastructure: Planning Efforts for the Proposed Military Buildup on Guam Are in Their Initial Stages, with Many Challenges Yet to Be Addressed*, GAO-08-722T (Washington, D.C.: May 1, 2008).

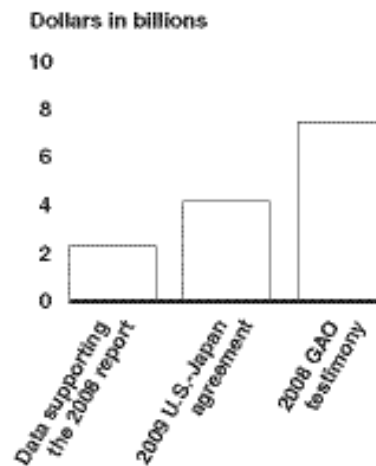
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Review of DOD Global Posture Report

Objective 3: Cost of Global Posture Initiatives

**Estimated Cost To United States
To Implement The Relocation Of
Marine Corps Forces From
Okinawa To Guam (\$B)**



Sources: OSD PA&E, OSD policy, and GAO.



Review of DOD Global Posture Report

Objective 3: Cost of Global Posture Initiatives

Uncertainties over host nation contributions could increase total U.S. costs

- The 2008 Report to Congress does not identify host nation contribution assumptions or how they are incorporated into the estimate.
- Host nation contributions can be bounded by bilateral agreements; any cost escalations may become U.S. responsibility.
- Service component officials in one geographic combatant command area of responsibility expressed skepticism about realizing over one billion dollars in host nation contributions for new projects through FY2015.
- If host nation contributions are not realized or costs escalate, U.S. Government could become responsible for these requirements or the posture requirement would have to be modified, deferred, or eliminated with the potential risk to military capabilities.

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Review of DOD Global Posture Report

Objective 3: Cost of Global Posture Initiatives

Contributing Factors

- DOD methodology focused on military construction costs in developing the 2008 Report to Congress estimate, which was consistent with the congressional direction to produce this report (Senate Report 110-85).
- However, some of the proposed posture initiatives could include other costs, such as operations and maintenance or personnel, that are not fully captured in DOD's cost estimate, and should be considered as global defense posture decisions are made.
- Moreover, DOD lacks a reliable process for developing credible global defense posture cost estimates
 - OSD initiated the cost estimate by issuing data calls to approximately 40 service components, whereby the lack of a common definition for posture permitted each component to make "judgment calls" on which elements to include.
 - OSD did not provide specific guidance on how to treat assumptions regarding host nation contributions.

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Review of DOD Global Posture Report Conclusions

- Insufficient information exists to fully evaluate DOD's progress in implementing the Global Posture Strategy and Congress has not received a comprehensive view of the department's efforts or related total costs to realign its global defense posture.
- Global defense posture realignment efforts will continue to evolve as department objectives, priorities, and combatant command plans adapt to a dynamic international security environment.
- While the department has taken some positive steps to establish an approach to manage this effort, the weaknesses we have identified may limit its effectiveness and the information the department provides to Congress.

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Review of DOD Global Posture Report Recommendations

To build on the steps taken by DOD toward establishing an integrated process to assess and adjust global defense posture and more fully report on progress and costs, we are recommending that the Secretary of Defense take the following five actions:

- Direct the Under Secretary of Defense for Policy to:
 - issue guidance establishing a definition and common terms of reference for global defense posture;
 - develop guidance, in conjunction with the Chairman of the Joint Chiefs of Staff, requiring the geographic combatant commands to establish an approach to monitor initiative implementation, assess progress, and report on results;
 - establish criteria and a process for selecting and assigning lead service responsibilities for future locations; and
 - modify the annual *DOD Global Defense Posture Report to Congress* to include the following elements:
 - a definition of global defense posture and how this is applied in identifying initiatives in the report;
 - a comprehensive list of all locations that fall under the definition;
 - the identification of lead service responsibilities to manage and fund each location; and,
 - a total cost estimate to complete each initiative, including expected U.S. government funding and anticipated host nation contributions.



Review of DOD Global Posture Report Recommendations (cont.)

- Direct the Under Secretary of Defense Comptroller to develop a requirement and appropriate guidance for constructing an estimate of total global defense posture costs, which reflects the basic characteristics of a credible cost estimate as discussed in GAO's Cost Estimating Guide.



Review of DOD Global Posture Report Scope and Methodology

To assess the Department's updated 2008 Report to Congress, the department's progress in implementing the strategy, and to address each of the three objectives, we interviewed and obtained documentation from officials in the:

- Office of the Secretary of Defense
- Joint Staff
- Departments of the Army, Air Force, and Navy
- U.S. Central Command, Army and Air Force Component Commands
- U.S. Pacific Command and all component commands
- U.S. Southern Command
- U.S. Special Operations Command
- U.S. Transportation Command
- Department of State, Bureau of Political Military Affairs

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Review of DOD Global Posture Report Scope and Methodology (cont.)

To determine whether the Department has an integrated process for reassessing and adjusting overseas posture, we examined relevant policies and procedures concerning management of global defense posture matters; interviewed officials about posture management issues at DOD, the aforementioned combatant commands, and the services; reviewed the minutes of GPEC quarterly meetings; and, obtained information on combatant command posture management approaches at U.S. Central Command, U.S. Pacific Command, and U.S. Southern Command.

To identify the extent to which DOD has achieved progress in establishing its proposed network of future Forward Operating Sites (FOS) and Cooperative Security Locations (CSL), we examined and analyzed the 2004 and 2008 DOD Global Defense Posture Reports to Congress, relevant DOD guidance to the combatant commands, combatant command posture requirements, DOD guidance on executive agency and combatant command relationships, and previous GAO reporting on the matter.



Review of DOD Global Posture Report Scope and Methodology (cont.)

To compare how DOD's 2008 estimates compared with initial estimates, we analyzed and assessed the cost estimate data included in the 2004 and 2008 DOD Global Defense Posture Reports to Congress; DOD, service and combatant command data on the cost estimates for posture initiatives; DOD guidance on developing cost data for posture initiatives; DOD's cost estimating methodology for the *2008 DOD Global Defense Posture Report to Congress*; and GAO guidance on estimating cost and the basic characteristics of credible cost estimates. We reviewed cost estimates associated with the U.S.-Japan Defense Policy Review Initiative, but we did not evaluate the estimates for validity.

We conducted this performance audit from November 2008 through July 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Enclosure II: Comments from the Department of Defense



UNDER SECRETARY OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000

POLICY

JUN 29 2009

Mr. John Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Pendleton:

This is the Department of Defense (DoD) response to the GAO draft report, GAO-09-706R, "*FORCE STRUCTURE: Actions Needed to Improve DoD's Ability to Manage, Assess, and Report on Global Defense Posture Initiatives*," dated June 10, 2009 (GAO Code 351295). DoD concurs with all five of the recommendations in the report. Our response is attached.

Our point of contact for this action is Robert Presler, Office of the Deputy Under Secretary of Defense for Strategy, Plans and Forces, (703) 697-5401 or Robert.Presler@osd.mil.

Sincerely,

Michèle A. Flournoy

Attachment:
As stated



Enclosure II: Comments from the Department of Defense

GAO DRAFT REPORT – DATED JUNE 10, 2009
GAO CODE 351295 /GAO-09-706R

*“FORCE STRUCTURE: Actions Needed to Improve DoD’s Ability to Manage,
Assess, and Report on Global Defense Posture Initiatives”*

DEPARTMENT OF DEFENSE COMMENTS TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense (Policy) to issue guidance establishing a definition and common terms of reference for global defense posture.

DOD RESPONSE: Concur. A common definition of global defense posture will facilitate strong interdepartmental cooperation and improve coordination and implementation. The Under Secretary of Defense (Policy) is developing a definition and framework for global defense posture in the 2010 Quadrennial Defense Review. A working definition will be published in the 2009 DoD Global Defense Posture Report to Congress and finalized with the completion of the Quadrennial Defense Review.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense (Policy) to develop guidance, in conjunction with the Chairman of the Joint Chiefs of Staff, requiring the geographic combatant commands to establish an approach to monitor initiative implementation, assess progress, and report on results.

DOD RESPONSE: Concur. The Secretary of Defense will direct the Under Secretary of Defense (Policy) to develop guidance, in conjunction with the Chairman of the Joint Chiefs of Staff, to establish an integrated approach to monitor initiative implementation, assess progress, and report on results. This approach will ensure that the geographic combatant commands and the Services have an understanding of and provide input to initiative status, progress, and responsibilities.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense (Policy) to establish criteria and a process for selecting and assigning lead service responsibilities for future locations.

DOD RESPONSE: Concur. The Secretary of Defense will direct the Under Secretary of Defense (Policy) to establish criteria and a process for selecting and assigning lead Service responsibilities for future posture locations. This process will leverage existing Financial Management Regulations (FMR) business rules that govern the financial management arrangements between Combatant Command Support Agents (CSAs) and combatant commands.

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense direct the

Enclosure II: Comments from the Department of Defense

Under Secretary of Defense (Policy) to modify the annual DoD Global Defense Posture Report to Congress to include the following elements:

- a definition of global defense posture and how this is applied in identifying initiatives in the report;
- a comprehensive list of all locations that fall under the definition;
- the identification of lead service responsibilities to manage and fund each location; and,
- a total cost estimate to complete each initiative, including expected US government funding and anticipated host nation contributions.

DOD RESPONSE: Concur. The Department agrees that the DoD Global Defense Posture Report to Congress should be modified to provide a definition, a list of posture locations, and an identification of lead Service responsibilities. The report already includes identification of the cost to date of implementing the military construction elements of the strategy and updated estimates of the cost to complete the construction program for global posture initiatives.

RECOMMENDATION 5: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense Comptroller to develop a requirement and appropriate guidance for constructing an estimate of total global defense posture costs, which reflects the basic characteristics of a credible cost estimate as discussed in GAO's Cost Estimating Guide.

DOD RESPONSE: Concur. The Department agrees that understanding the costs associated with on-going global defense posture initiatives/realignments or new global defense posture initiatives is an important piece of the decision making process. The Department's guidance for the upcoming submission of the Theater Posture Plans already includes a requirement for the combatant commands to provide credible cost estimates for global defense posture initiatives, including host nation contributions, personnel costs, and infrastructure estimates associated with initiatives in their respective areas of responsibilities.

Enclosure III: GAO Contact and Staff Acknowledgements

GAO Contact

John Pendleton, (404) 679-1816 or pendletonj@gao.gov

Acknowledgments

In addition to the person named above, Robert L. Repasky, Assistant Director; Shirley Min; Joanne Landesman; Greg Marchand; Terry Richardson and Ricardo Marquez made key contributions to this report.

(351295)

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