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Subject: *Opportunities Exist to Improve Future Comprehensive Master Plans for Changing U.S. Defense Infrastructure Overseas*

After the end of the Cold War and the fall of the Berlin Wall in 1989, the U.S. military's overseas presence began to change. Force structure was reduced or relocated and the number of overseas military installations was decreased, often dramatically. Much of the Department of Defense's (DOD) remaining overseas infrastructure—installations and facilities used to support U.S. forces overseas—remained organized around Cold War strategic concepts, even though new threats, new deployment concepts, and new geopolitical realities have emerged. Recently, DOD's *Quadrennial Defense Review Report*¹ addressed, among other issues, further reorienting the U.S. military global posture. The report called for developing a permanent overseas basing system that provides U.S. forces greater flexibility in critical areas of the world, as well as providing temporary access to facilities in foreign countries. In 2004, President Bush announced what was described as the most comprehensive restructuring of U.S. military forces overseas since the end of the Korean War. Closely thereafter, DOD issued a report entitled *Strengthening U.S. Global Defense Posture*,² also referred to as the integrated global presence and basing strategy, that outlined adjustments in the various theaters overseas. While the strategy is intended to enhance flexibility and achieve efficiencies, new facilities totaling billions of dollars will be required according to DOD plans.

The Senate Appropriations Committee has expressed concern about the use of military construction budget authority for projects at overseas bases that may soon be obsolete due to changes being considered by DOD military services as well as the need for a more complete picture of future requirements than is typically available in annual budget requests. Accordingly, the conference report³ accompanying the fiscal year 2004 military construction appropriation bill directed DOD⁴ to prepare detailed comprehensive master plans for changing infrastructure requirements for U.S. military facilities in each of the overseas regional commands. In that regard, DOD was required to provide a baseline report on these plans with yearly updates on the status of those plans and their implementation with annual military construction budget submissions through 2009. Additionally, the fiscal year 2004

¹ DOD, *Quadrennial Defense Review Report* (Washington, D.C.: Sept. 30, 2001).

² DOD, *Strengthening U.S. Global Defense Posture* (Washington, D.C.: Sept. 17, 2004).

³ H.R. Conf. Rep. No. 108-342, at 17 (2003).

⁴ Although not specifically requested in the conference report, the Office of the Secretary of Defense asked the overseas regional commands to prepare comprehensive master plans for their areas of responsibility.

Senate military construction appropriation bill report⁵ required those plans to identify precise facility requirements, the status of properties being returned to host nations, and the funding requirements as well as the division of funding responsibilities between the United States and cognizant host nations. The Senate report also directed us to monitor the master plans developed and implemented for the overseas regional commands and to provide the congressional defense committees with annual assessment reports through fiscal year 2008. Our reports are to include an assessment of the status of the plans; the associated costs; host nation burden-sharing implications; and other relevant information involving property returns to host nations, including residual value⁶ and environmental remediation issues.

This is our second report that responds to the reporting requirements contained in the fiscal year 2004 Senate military construction appropriation bill report. In our prior work,⁷ we found that the overseas regional commands we visited at that time were awaiting decisions on the integrated global presence and basing strategy, as well as final guidance from the Office of the Secretary of Defense (OSD) before completing their master plans for overseas facilities. OSD provided initial guidance in February 2004 to aid the commands in developing their plans. However, that guidance did not include requirements to address environmental remediation, multiple U.S. funding sources available to support infrastructure changes, or residual property values—information that others and we would need to track the commands' progress in implementing overseas basing changes. Accordingly, we recommended in our July 2004 report that OSD include these requirements in its final guidance to the overseas regional commands. In issuing further guidance in October 2004,⁸ OSD included requirements to identify information on environmental remediation in accordance with status-of-forces agreements⁹ and on multiple U.S. funding sources available to support infrastructure changes, but not residual property value issues.

For this report, we completed a more extensive assessment of that guidance and its use in developing the overseas master plans DOD submitted to Congress on March 2005. This report discusses the extent to which (1) OSD has provided sufficient guidance to overseas regional commands to meet the reporting requirements contained in congressional mandates and as suggested by GAO; and (2) overseas regional commands complied with the reporting requirements and in doing so, provided information in a complete, clear, and consistent manner, and whether improvements in guidance and reporting were needed.

To address our objectives, we met with OSD officials to discuss the level of guidance available to the commands to facilitate consistent preparation of overseas master plans and whether those plans meet the requirements for information contained in congressional mandates and as suggested by GAO. We also visited overseas regional commands—the Pacific Command (PACOM), including U.S. Forces Korea and U.S. Forces Japan; European Command (EUCOM); and Central Command (CENTCOM)—to see firsthand selected installations and military construction projects and discuss OSD's guidance and the various

⁵ S. Rep. No. 108-82, at 13-14 (2003).

⁶ Residual value is the negotiated dollar value of U.S.-constructed or improved facilities that are turned over to host nations. DOD policy is to obtain the maximum residual value permissible.

⁷ GAO, *Defense Infrastructure: Factors Affecting U.S. Infrastructure Costs Overseas and the Development of Comprehensive Master Plans*, GAO-04-609 (Washington, D.C.: July 15, 2004).

⁸ DOD, Under Secretary of Defense for Acquisition, Technology and Logistics, *Overseas Master Plans* (Washington, D.C.: Oct. 8, 2004).

⁹ Status-of-forces agreements determine the legal status of U.S. armed forces stationed abroad, often including some provisions for environmental remediation of U.S.-generated requirements.

factors that can affect U.S. infrastructure requirements and costs overseas.¹⁰ Once the master plans were issued, we reviewed them to determine the extent to which they complied with the reporting requirements and provided information in a complete, clear, and consistent manner, and discussed whether improvements in the guidance and reporting were needed with OSD and command officials.

We conducted our review from October 2004 through May 2005 in accordance with generally accepted government auditing standards. (See encl. I for more information on our scope and methodology.)

Results in Brief

The scope of OSD's guidance issued to date generally exceeded the reporting requirements established by Congress for the comprehensive master plans and included most additional reporting elements previously recommended by us, except for residual value. We believe that where the guidance requires overseas regional commands to provide greater specificity than identified by the congressional mandates, doing so is appropriate and adds value because this provides a more complete picture of future infrastructure requirements and associated funding levels. However, OSD did not include residual value in its guidance to the commands because officials continue to believe that residual value—which is based on the reuse of property being turned over to the host nation, and often diminished by actual or anticipated environmental remediation costs—cannot be readily predicted and therefore should not be assumed in the master plans. We believe that, without fully explaining the challenges commands experience in obtaining residual values for properties being returned to host nations or the implications, if any, for U.S. funding requirements, Congress and other users of the plans do not have a complete understanding of the potential impacts and limitations of residual value on future funding levels.

The overseas regional commands generally complied with the reporting requirements defined by OSD, and by extension of Congress, but varied in the extent to which they provided complete, clear, and consistent information in their master plans. This is due, in part, to the limitations in information that could be provided because of three key factors we identified: ongoing negotiations with host nations, continuing evolution of U.S. overseas basing strategy, and differences in interpretation of OSD guidance by commands. Opportunities exist to improve the completeness, clarity, and consistency of the commands' reporting of various items—host nation agreements and funding levels; U.S. funding levels and sources; environmental remediation and restoration issues; population levels; and facility requirements and funding levels for Hawaii, Guam, U.S. territories, and insular areas in the Pacific.¹¹ Also, the plans do not yet provide a definitive picture of future U.S. funding requirements, particularly for new locations. Specifically, the master plans did not provide information on U.S. funding sources in addition to military construction appropriations that may be used for ongoing and future infrastructure changes. An OSD official explained that though some of these data were initially collected, they were too voluminous and too detailed to be included. Still, master plans that provided a greater degree of information

¹⁰ For the purposes of this report, we did not include Southern Command in our analysis because this command has significantly fewer facilities overseas than the other regional commands in the Pacific, Europe, and Central Asia.

¹¹ Although Hawaii, Guam, U.S. territories, and other insular areas technically were not considered overseas locations for this year's master plans, in this case several of these locations nevertheless are important components and factor significantly into future strategic considerations within PACOM's area of responsibility.

encompassing the various sources of U.S. funding or, at a minimum, total funding levels by type, would better assist users in monitoring changes in U.S. funding levels due to changing infrastructure requirements. In several other instances, the lack of supplementary narrative to better explain the assumptions used or reasons data were omitted diminished the usefulness of the plans. Also, examples of better reporting by individual overseas regional commands on selected data elements provided insights into how collective reporting among all commands could be enhanced to provide more complete, clear, and consistent information. Specifically, the detailed reporting by EUCOM of individual construction projects according to military service, country, and base category¹² at the installation level provided a more complete and consistent basis for tracking progress and annual changes in its master plan. Also, CENTCOM provided a more concise depiction of the anticipated strategic end state in terms of the expected sites and capabilities to support its objectives as of 2010. Without more complete, clear, and consistent reporting by individual overseas commands in the master plans, Congress and other users lack the best available data on which to track infrastructure requirements and changes from year to year and between commands.

We are making recommendations to the Secretary of Defense that are intended to make future comprehensive master plans more complete, clear, and consistent to facilitate annual review and oversight by Congress and other users of the plans. In comments on a draft of this report, DOD agreed with four of our recommendations and disagreed with three. Specifically, it disagreed with our recommendations that (1) overseas regional commands briefly explain the status and challenges for host nation negotiations and results pertaining to host nation funding levels, including those for special bilateral agreements; (2) overseas regional commands report voluntary environmental remediation and restoration initiatives that support planned infrastructure requirements; and (3) PACOM provide information on facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific in future comprehensive master plans and updates. We continue to believe these latter recommendations have merit and have added a matter for congressional consideration regarding them.

Background

In recent years, DOD has been undergoing a transformation to develop a defense strategy and force structure capable of meeting changing global threats. As part of its transformation, DOD has been reexamining overseas basing requirements to allow for greater U.S. military flexibility to combat the conventional and asymmetric threats worldwide. U.S. military presence overseas has been converting from a posture established on familiar terrain to counter a known threat to one that is intended to be capable of projecting forces from strategic locations into relatively unknown areas in an uncertain threat environment. In September 2001, DOD issued a *Quadrennial Defense Review Report*, which addressed, among other issues, reorienting the U.S. military global posture. The report called for developing a permanent basing system that provides greater flexibility for U.S. forces in critical areas of the world as well as providing temporary access to facilities in foreign

¹² DOD's *Strengthening U.S. Global Defense Posture* provided new base category definitions—main operating bases, forward operating sites, and cooperative security locations. Main operating bases, with permanently stationed combat forces and robust infrastructure, are characterized by command and control structures and family support facilities. Forward operating sites are expandable “warm facilities” maintained with a limited rotational U.S. military support presence and possibly prepositioned equipment. Cooperative security locations are facilities with little or no permanent U.S. presence and will provide contingency access while being a focal point for security cooperation activities.

countries that enable U.S. forces to train and operate in the absence of permanent ranges and bases.

In August 2004, President Bush announced what was described as the most comprehensive restructuring of U.S. military forces overseas since the end of the Korean War. The initiative is intended to close bases no longer needed to meet Cold War threats, as well as bring home many U.S. forces while stationing more flexible, deployable capabilities in strategic locations around the world. Closely thereafter, DOD issued a report entitled *Strengthening U.S. Global Defense Posture*, also referred to as the integrated global presence and basing strategy. This strategy is the culmination of various DOD studies including the overseas basing and requirements study, the overseas presence study, and the U.S. global posture study. The most recent military construction appropriation request for fiscal year 2006 included approximately \$5.9 billion for military construction and family housing, nearly \$1 billion (16.9 percent) of which is designated for specific overseas locations, mostly comprising enduring installations, and not for new and emerging requirements outside existing basing structures.¹³

For several years, the Senate Appropriations Committee has expressed concern regarding the progress DOD has made in updating the overseas basing structure to reflect the new realities of an uncertain threat environment. The committee also expressed concern about the use of military construction budget authority for projects at installations that may soon be obsolete due to overseas presence and basing changes under consideration, as well as a history of changing requirements that sometimes occurred following changes in command leadership. Consequently, in the Senate report accompanying the fiscal year 2004 military construction appropriation bill, the Senate Appropriations Committee directed DOD to prepare comprehensive master plans identifying the infrastructure requirements for U.S. military facilities in each of its overseas regional commands. Subsequently, similar action was directed by the conference report accompanying the 2004 military construction appropriation bill. The conference report also required DOD to provide a report on the status and implementation of those plans with each yearly military construction budget submission through fiscal year 2009.

The Senate Appropriations Committee also directed GAO to monitor the comprehensive master plans being developed and implemented for the overseas regional commands and to provide the congressional defense committees with a report each year through fiscal year 2008 giving an assessment of the status of the plans; associated costs; burden-sharing implications; and other relevant information involving property returns to host nations, including environmental remediation issues and residual values. In July 2004, we reported the overseas regional commands were awaiting decisions on the integrated global presence and basing strategy and final OSD guidance regarding the development of detailed, comprehensive master plans, and that they continued to develop and implement plans for installations they believe will have an enduring presence in future years.¹⁴ Additionally, we reported various factors, such as residual property value, environmental remediation, and the availability of multiple U.S. funding sources, that affect the cost of U.S. infrastructure overseas as well as the development of comprehensive master plans. We recommended the overseas regional commands address these factors in their comprehensive master plans and the extent to which they may affect implementation of the plans.

¹³ These figures exclude the amounts requested by DOD for the base realignment and closure process and unspecified sites, which include funding for minor construction, planning and design, operating expenses, and other construction-related activities.

¹⁴ GAO-04-609.

Within the department, the Under Secretary of Defense for Acquisition, Technology and Logistics was tasked with fulfilling the reporting requirement of these congressional mandates. In turn, the Under Secretary assigned the overseas regional commands responsibility for preparing detailed, comprehensive master plans for their area of responsibility. The guidance instructed the overseas regional commands to draft plans identifying precise facility requirements, status of properties being returned to host nations, funding requirements, the division of funding responsibilities between the United States and cognizant host nations, multiple U.S. funding sources, and environmental remediation.

OSD Guidance Generally Exceeded Congressional Reporting Requirements

To its credit, the scope of OSD's guidance generally exceeded the reporting requirements mandated by Congress and included most additional reporting elements suggested by us, except for residual value information. (See table 1.) However, we continue to believe OSD should require commands to report on residual value or, at a minimum, the issues associated with obtaining residual value returned to the control of each host nation, because of the potential implications for U.S. funding requirements.

Table 1: Comparison of OSD's Guidance with the Reporting Requirements Contained in Congressional Mandates and as Suggested by GAO

Mandated requirements	OSD guidance
Report on:	
Precise facility requirements	Precise facility requirements (on a regional basis) ^a -- Broad purpose and planned capability -- Equipment and aircraft -- Estimated U.S. military population (permanent and rotational capacity—specifically surge)
Status of property returns	Status of property returns
Funding requirements	Funding requirements: -- Projects and costs proposed for fiscal year 2006 military construction bill -- Projects and costs proposed for fiscal years 2007-2011 (cumulative)
Division of funding responsibilities between U.S. and host nations	Projects funded by host nations
Prior GAO recommendations	
Report on:	
Multiple U.S. funding sources available	Funding requirements (breakdown by military construction, operation and maintenance, etc.)
Environmental remediation issues	Environmental remediation issues ^b
Residual value issues	Not included

Source: GAO analysis of OSD's guidance, the fiscal year 2004 Senate Military Construction Appropriation Bill Report, and our prior recommendations.

^a Commands have the flexibility to define regional as installation, town, country, and geographic area or in a way that is most effective and applicable to communicate their situation.

^b To the extent there are any environmental remediation issues in accordance with requirements of status-of-forces agreements, they should be addressed.

OSD's guidance generally exceeded the reporting requirements mandated by Congress, and we believe that those instances when it requires overseas regional commands to provide

greater specificity than identified by the congressional mandates are appropriate and have the potential to provide a more complete picture of changing infrastructure requirements overseas. For example, the guidance requires the overseas regional commands to provide greater specificity in precise facility requirements in terms of reporting details on military capabilities and population changes than identified by the mandates. Similarly, the guidance requires the commands to provide greater specificity in funding requirements for military construction projects proposed for the fiscal year 2006 military construction budget submission, than identified by the mandates. In addition, the scope of OSD's guidance included most reporting elements recommended by us in our prior report,¹⁵ except for information on residual value issues. According to an OSD official, residual value, typically received in the form of construction services, was excluded from the guidance because it is based on the reuse of property being turned over to the host nation, which is limited for most categories of military facilities, and is often reduced by actual or anticipated environmental remediation costs. Consequently, it cannot be readily predicted and therefore should not be assumed in the master plans. However, since these issues vary by host nation and may not be clear to all users of the plans, we continue to believe OSD should require commands, at a minimum, to explain the issues with obtaining residual value in each host nation and report the implications for U.S. funding requirements.

Commands Generally Complied with OSD Guidance and Congressional Reporting Requirements, but Varied in Completeness, Clarity, and Consistency

The overseas regional commands generally complied with the reporting requirements defined by OSD, and by extension the congressional mandates for reporting, where information was provided.¹⁶ However, the plans do not yet provide a definitive picture of future funding requirements, particularly for new locations, because they varied in the extent to which they included complete, clear, and consistent information. This is due, in part, to the limitations in information that could be provided because of ongoing negotiations with host governments, the continuing evolution of U.S. overseas basing strategy, and differences commands had in interpreting OSD guidance—which provides the commands flexibility to define regional as installation, town, country, geographic area (e.g., southern Europe), or in a way that is most effective and applicable to communicate their situation. Also, reporting by some commands was better than others for selected areas and offered insights into how overall reporting can be improved.

More complete, clear, and consistent reporting by individual overseas commands on selected data elements could further enhance future comprehensive master plans and their implementation. For example:

- While several of the planned infrastructure requirements reported are not based on finalized, negotiated agreements with host nations, none of the commands fully explained the status of negotiations or challenges for finalizing these agreements, or provided complete data for host nation funding levels presented in the plans. These agreements depend largely on the political environment and economic conditions in host nations. Such arrangements can impact the extent of host nation support—access or funding levels—to U.S. forces, and accordingly, may increase or decrease U.S.-funded costs for future infrastructure changes. This year, the EUCOM master

¹⁵ GAO-04-609.

¹⁶ While CENTCOM generally complied with the reporting requirements defined by OSD guidance, it excluded any discussion of Iraq.

plan referenced locations that have not been fully negotiated with host nations. While this type of information was useful in presenting a picture of potential infrastructure sites in the future, EUCOM did not provide explanatory information regarding the status of negotiations or challenges for finalizing these host nation agreements. Another command referenced a multilateral project, but did not identify any host nation funding in its plan or fully explain the reasons for this omission. Also, the magnitude of expected host nation funding identified in another command's plan appeared questionable, absent any narrative explanation regarding status of negotiations given the historically low host nation funding levels in the region compared with the projected funding requirements identified in the plan. Lastly, PACOM's schedule of host nation funding did not fully incorporate projects and funding levels initiated through special bilateral agreements negotiated with host nations, such as those that established the Special Action Committee on Okinawa and Yongsan relocation plan, or fully explain the reasons for these omissions. Without explaining the status of negotiations and challenges for obtaining host nation agreements and fully reporting host nation funding levels using common time frames, it is difficult for users to determine the extent to which reported infrastructure changes and associated costs are likely to occur and whether reported host nation funding levels are realistic or complete where funding amounts were provided. Until all planned infrastructure requirements are agreed to by the affected host nation or nations, overseas regional commands will remain uncertain of total future infrastructure requirements and associated costs.

- Although required by OSD guidance, the regional commands did not provide information on U.S. funding sources in addition to military construction appropriations that may be used to finance current and future infrastructure requirements. An OSD official explained that some of these data were initially collected and judged to be too voluminous and detailed to include in the master plans. Still, inclusion of these types of funding data in future master plans or, at a minimum, reporting totals by funding type, would provide users a more complete baseline to better monitor all U.S. funding sources that may be used to finance current and future infrastructure requirements.
- Although required by OSD guidance, none of the regional commands identified environmental remediation and restoration issues in their master plans. While we recognize OSD guidance limited the reporting requirement to those matters in accordance with the requirements of the status-of-forces agreements, command officials told us during subsequent discussions about a number of voluntary environmental remediation and restoration initiatives that will entail substantial funding—some may total more than \$1 million—in support of planned infrastructure requirements outlined in the master plans. Without their inclusion or an explanation for their exclusion, it is difficult for users to compare and comprehend how environmental remediation and restoration activities and costs have varied by location and from year to year, and how these costs may impact planned U.S. funding levels.
- Several of the reported actual or projected population levels at specific locations appear questionable when compared to the applicable base categories and funding requirements identified in the plans. Specifically, CENTCOM's plan did not provide an explanation of how its seemingly smaller bases could accommodate large numbers of people without a corresponding increase in facilities. During subsequent discussions, CENTCOM officials were able to explain that many of its reported population and

funding requirements are based on real-time conditions at the installations and on the seeming different interpretations of identified base categories, such as forward operating sites and cooperative security locations. Still, without an adequate explanation of these conditions, users are unable to determine whether facilities and facility funding can adequately support the reported population—stationed or surge. Given the seemingly differences in interpretation and usage of terminology related to forward operating sites and cooperative security locations, additional narrative information regarding how each command is interpreting and applying these basing concepts would provide users a clearer picture of the infrastructure requirements at these sites.

- In compliance with OSD's guidance defining overseas locations, the commands reported on requirements and funding for U.S. facilities in foreign countries and, thus, excluded the 50 states and U.S. territories. Based on the guidance, PACOM included Japan, South Korea, Diego Garcia, and several other countries located in its area of responsibility and excluded any detailed discussion of facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific—strategic basing locations in the theater. Officials explained that Hawaii and Guam were excluded in part because they were included in DOD's ongoing base closure and realignment process. However, the omission of these locations does not provide users full representation of U.S. military presence, infrastructure requirements, and associated U.S. funding levels in the Pacific. Given that they are increasingly integral to achieving PACOM's strategic objectives and that the base closure and realignment decisions will be finalized later this year, their inclusion in future PACOM master plans would provide users more complete information so they can comprehend the full magnitude of facility requirements and associated costs in the Pacific.

Further, instances of better reporting by individual overseas commands on selected data elements provided insights into how collective reporting among all commands could be enhanced to provide more complete, clear, and consistent information. For example:

- The detailed reporting by EUCOM of precise facility requirements regarding planned construction projects provided a clearer and more complete basis for identifying requirements for fiscal years 2006 through 2011 and tracking progress and changes from year to year than did the other commands. Specifically, EUCOM listed projects by military service and base category¹⁷ at the installation level, while PACOM rolled up projects into three broad regions—Japan, South Korea, and Diego Garcia—or by base category. As a result, we could readily identify estimated costs for EUCOM's construction projects at specific localities, to the extent information was available and provided, but could not complete a similar analysis for PACOM's projects.
- The detailed reporting by CENTCOM of an anticipated strategic end state of its overseas basing infrastructure as of 2010, although not specifically required by OSD guidance, provided a clearer and more complete basis for tracking progress in meeting its infrastructure objectives for the region than did the other commands. Specifically, CENTCOM provided a concise depiction of expected locations and capabilities to support its objectives as of 2010, while EUCOM highlighted infrastructure consolidations and troop movements and PACOM limited this type of

¹⁷ See note 12.

analysis to South Korea. Such information would have been useful from each command, but would require additional guidance on this issue from DOD to ensure consistency in reporting.

Conclusions

To its credit, DOD's completion of this year's overseas master plans provides a more complete picture of future facility and funding requirements for changing U.S. defense infrastructure overseas than is available in other DOD reports, documents, and annual budget requests. It is obvious that the preparation of the master plans required significant effort on the part of OSD and the overseas regional commands. Still, opportunities exist to improve the guidance and term definitions to help overseas regional commands provide more complete, clear, and consistent information and present a more definitive picture of infrastructure and funding requirements, particularly for new locations, in the future. The less than definitive picture in this year's plans was due, in part, to the limitations in information that could be provided because of three key factors we identified: ongoing negotiations with host nations, continuing evolution of U.S. overseas basing strategy, and differences commands had in interpretation of OSD guidance. Since we have previously recommended that overseas regional commands address the extent to which residual value issues could affect U.S. funding requirements in our prior report, we are not including it again in this report. However, since residual value issues vary by host nation and may not be clear to all users of the plans, we consider it an open and continuing recommendation from our prior report. Additionally, without more complete, clear, and consistent reporting of various items—host nation agreements and funding levels, including special bilateral agreements; U.S. funding levels and sources in addition to military construction funds; environmental remediation and restoration issues; population levels; and facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific—across future master plans, users do not have the best data available to facilitate their annual review and oversight. Also, individual master plans provide examples of how selected data elements could be reported to enhance future plans and their implementation. Specifically, without the detailed reporting of individual construction projects as EUCOM did in its plan and the anticipated strategic end state of the command's overseas basing infrastructure as of 2010 as CENTCOM did in its plan, Congress and other users do not have the best available and consistent data on which to track progress and changes from year to year and between commands. In many of these instances, providing supplementary narrative explanation of the assumptions used or reasons data were omitted could improve the usefulness of the comprehensive master plans.

Recommendations for Executive Action

To improve reporting of and make future comprehensive master plans and updates more complete, clear, and consistent to facilitate annual review and oversight by Congress and other users, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to revise OSD's guidance to require that

- overseas regional commands (1) briefly explain the status of negotiations and challenges for reported host nation agreements and (2) fully report host nation funding levels, including those for special bilateral agreements;
- overseas regional commands report information on U.S. funding sources in addition to military construction appropriations that may be used to finance current and future

infrastructure requirements or, at a minimum, the totals for these other U.S. funding sources;

- overseas regional commands report environmental remediation and restoration initiatives that support planned infrastructure requirements outlined in the master plans;
- overseas regional commands briefly explain any significant variances in population levels and usage of terminology related to the three base categories—main operating bases, forward operating sites, and cooperative security locations;
- PACOM provide information on facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific;
- overseas regional commands follow the presentation of individual construction projects as EUCOM did in its plan; and
- overseas regional commands follow the presentation of the strategic end state of their overseas basing infrastructure using a common date as CENTCOM did in its plan.

Matters for Congressional Consideration

On the basis of DOD's comments on our recommendations, as discussed below, Congress may wish to consider requiring DOD in future comprehensive master plans and updates to (1) briefly explain the status of negotiations and challenges for reported host nation agreements and fully report host nation funding levels, including those for special bilateral agreements; (2) report environmental remediation and restoration initiatives that support planned infrastructure requirements outlined in the master plans; and (3) provide information on facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific.

Agency Comments and Our Evaluation

In commenting on a draft of this report, the Deputy Under Secretary of Defense for Installations and Environment concurred with four of our recommendations dealing with the presentation of U.S. funding levels and sources in addition to military construction funds; population levels and usage of terminology related to the three base categories; individual construction projects; and strategic end state using a common date. The Deputy Under Secretary of Defense did not concur with three of our recommendations that (1) overseas regional commands briefly explain the status and challenges for host nation negotiations and results pertaining to host nation funding levels, including those for special bilateral agreements; (2) overseas regional commands report voluntary environmental remediation and restoration initiatives that support planned infrastructure requirements outlined in the master plans; and (3) PACOM provide information on facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific. We disagree and believe implementation of our recommendations would improve the reporting of and make future comprehensive master plans and updates more complete, clear, and consistent to facilitate annual review and oversight by Congress and other users.

DOD stated that the master plans are not the appropriate vehicle to report the status of negotiations and the results of agreements pertaining to host nation funding, including those for special bilateral agreements, and noted that these types of data are maintained at the Departments of State and Defense levels. We disagree. Since the status of negotiations and the results of agreements pertaining to host nation funding, including those for special bilateral agreements, directly affect overseas regional commands and their plans for changing their infrastructure, we believe the master plans are an appropriate vehicle to report these types of data. In addition, the master plans are classified documents whose distribution is limited to U.S. officials with a need to know the status of ongoing negotiations and the results of agreements pertaining to host nation funding. Also, while this information may be maintained at the Departments of State and Defense levels, in practice overseas regional commands monitor the status of these negotiations as indicated by several of the planned infrastructure changes being reported in the current master plans—some of which are not based on finalized, negotiated agreements with host nations. Since none of the commands fully explained the status or challenges for finalizing these agreements, or provided complete data for host nation funding levels, these omissions make it difficult, if not impossible, for Congress and other users of the plans to determine the extent to which reported infrastructure changes and associated costs are likely to occur and whether reported host nation funding levels are realistic or complete.

DOD disagreed with our recommendation that the Under Secretary of Defense for Acquisition, Technology and Logistics revise OSD's guidance to require overseas regional commands report voluntary environmental remediation and restoration initiatives that support planned infrastructure requirements outlined in their master plans. DOD stated that its environmental policy overseas allows for remediation efforts only to eliminate known, imminent, and substantial endangerment to human health or the environment and does not authorize voluntary remediation initiatives. However, as recognized in our draft report, what actually occurs overseas is not reflected by DOD's comments. In reality, command officials told us about a number of voluntary environmental remediation and restoration initiatives they plan to implement that will entail substantial funding in support of planned infrastructure requirements. Indeed, DOD policy grants overseas regional commanders discretion to perform additional remediation to protect human health and safety. In any event, since these actions affect overall costs in these rebasing efforts, we continue to believe it is important to reflect these costs in the master plans. In addition, as we previously noted in this report, OSD guidance requested overseas regional commands to report information on environmental remediation and restoration activities taken in accordance with the status-of-forces agreements. Because none of the regional commands identified environmental remediation and restoration initiatives or costs in their master plans, it may lead Congress and other users of the plans to conclude incorrectly that regional commands do not incur any environmental-related costs even though they have voluntarily undertaken such initiatives in the past and may plan to do so again in the future. Accordingly, we believe that a narrative explanation of these initiatives and associated costs would provide a more complete picture of all activities associated with the U.S. defense infrastructure overseas. Therefore, we are amending our recommendation to state that the Under Secretary of Defense for Acquisition, Technology and Logistics should revise OSD guidance to require overseas regional commands to report all environmental remediation and restoration initiatives that support planned infrastructure requirements outlined in their master plans whether they are required by DOD policy, international agreement, or are performed under the authority granted to overseas regional commanders under DOD policy.

DOD disagreed with our recommendation to require that PACOM provide information on facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific. It stated that Hawaii and U.S. territories in the Pacific were no different

from other U.S. facilities within the continental United States and that it was inappropriate to include them in overseas master plans. We continue to believe it is important to include this information, as the omission of these locations from PACOM's master plan provides Congress and other users an incomplete picture of the changing U.S. military presence in the Pacific and only a portion of the infrastructure and funding requirements associated with these changes. For example, in September 2004, the Commander, PACOM, testified before the Senate Armed Services Committee that the command was collocating the Stryker with high-speed vessels and airlift in Hawaii, deploying rotational bomber elements to Guam, stationing submarines in Guam, and had proposed moving an additional carrier strike group forward somewhere in the Pacific. Both Hawaii and Guam have been discussed as the potential site for this additional carrier strike group. In light of this, and because these locations are increasingly integral to achieving U.S. security objectives in the region, we believe that the inclusion of Hawaii, Guam, and other insular areas will provide a more complete picture of PACOM's infrastructure requirements and associated costs in the Pacific.

The Deputy Under Secretary's comments are included in enclosure II of this report.

We are sending copies of this report to interested congressional committees and members; the Secretary of Defense; the Secretaries of the Army, Navy, and Air Force; the Commandant of the Marine Corps; and Unified Combatant Commanders. The report is also available at no charge on GAO's Web Site at <http://www.gao.gov>.

If you or your staff have any questions on the matters discussed in this report, please contact me at (202) 512-5581 or holmanb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Alissa Czyz, Mark Little, Ricardo Marquez, Donna Rogers, and Nelson Torres were major contributors to this report.

A handwritten signature in black ink, reading "Barry W. Holman". The signature is fluid and cursive, with the first name "Barry" being more prominent and the last name "Holman" following in a similar style.

Barry W. Holman, Director
Defense Capabilities and Management

List of Congressional Addressees

The Honorable John Warner
Chairman
The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Ted Stevens
Chairman
The Honorable Daniel K. Inouye
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Kay Bailey Hutchison
Chair
The Honorable Dianne Feinstein
Ranking Minority Member
Subcommittee on Military Construction and
Veterans' Affairs
Committee on Appropriations
United States Senate

The Honorable Duncan L. Hunter
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable C.W. Bill Young
Chairman
The Honorable John P. Murtha
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

The Honorable James T. Walsh
Chairman
The Honorable Chet Edwards
Ranking Minority Member
Subcommittee on Military Quality of Life and
Veterans Affairs, and Related Agencies
Committee on Appropriations
House of Representatives

Scope and Methodology

To determine the extent to which OSD provided sufficient guidance to overseas regional commands to meet the reporting requirements contained in congressional mandates and suggested by GAO, we compared and contrasted OSD guidance to the reporting requirements provided in the congressional mandates and suggested previously by GAO. We also met with officials from OSD and each of the following commands and agencies: PACOM; EUCOM; CENTCOM; U.S. Army, Pacific; U.S. Pacific Fleet; U.S. Marine Corps Forces, Pacific; U.S. Pacific Air Force; U.S. Forces Korea; Eighth Army, South Korea; Seventh Air Force, South Korea; Army Installation Management Agency, South Korea Regional Office; Army Corps of Engineers, South Korea; U.S. Forces Japan; U.S. Army, Japan; U.S. Marine Corps Forces, Japan; U.S. Army, Europe; Commander, Naval Region Europe; U.S. Air Force, Europe; Army Installation Management Agency, Europe Regional Office; and Special Operations Command. In general, we discussed the reporting requirements contained in OSD's guidance, host nation agreements and associated issues, host nation funding levels, U.S. funding levels and sources, environmental remediation and restoration issues, property returns to host nations, and residual values likely to be obtained by the United States as a result of these property returns. We also analyzed available reports, documents, policies, directives, international agreements, and information and guidance pertaining to these factors. In South Korea, we also met with an official from the office of the Political Military Unit at the U.S. Embassy South Korea to discuss the U.S. diplomatic perspective on potential basing changes in South Korea, burden-sharing implications, and environmental remediation and restoration issues. We also met with an official from the Republic of South Korea Ministry of National Defense to obtain a host nation perspective on the status of implementation of master plans and burden-sharing implications for relocation of U.S. facilities in South Korea and to discuss funding and time frames for decisions by the Republic of South Korea. To see firsthand the condition of facilities and status of selected construction projects, we visited and toured the facilities at Camp Butler, Camp Foster, Marine Corps Air Station Futenma, and Yokota Air Base, Japan; Camp Humphreys, Osan Air Base, and Kunsan Air Base, South Korea; Army Garrison Grafenwoehr, Germany; and Caserna Ederle (including Dal Molin airfield, property of the Italian government), Naval Air Station Sigonella, Naval Support Activity Capodichino, and Navy Support Site Gricignano, Italy.

To determine the extent to which overseas regional commands complied with OSD's reporting requirements and provided information in a complete, clear, and consistent manner, we compared the comprehensive master plans with the reporting requirements provided in OSD guidance and suggested previously by us, and compared and contrasted the plans to each other. To determine whether improvements in guidance and reporting were needed, we assessed the plans to identify those elements and properties that provided information in the most complete, clear, and consistent manner. Also, we assessed the quantity and quality of one plan's responses for each of the data elements and compared them to equivalent responses in other plans; formed conclusions as to the completeness, clarity and consistency of one plan's responses; and generated observations and recommendations for improving other plans' responses. We also discussed our observations and recommendations, specific reporting requirements, and whether improvements in the guidance and reporting were needed with DOD officials.

While we met with Special Operations Command officials, its planning efforts were not specifically included in the master plans provided in response to the congressional mandates and detailed data were not available for inclusion in this report. In addition, we did not

include Southern Command in our analysis because this command has significantly fewer facilities overseas than the other regional commands in the Pacific, Europe, and Central Asia.

We conducted our review from October 2004 through May 2005 in accordance with generally accepted government auditing standards.

Comments from the Department of Defense

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

JUN 20 2005

Mr. Barry W. Holman
Director, Defense Capabilities and Management
United States Government Accountability Office
Washington, DC 20548

Dear Mr. Holman:

This is the Department of Defense (DoD) response to the GAO draft report, "DEFENSE INFRASTRUCTURE: Opportunities Exist to Improve Future Comprehensive Master Plans for Changing U.S. Defense Infrastructure Overseas," May 13, 2005 (GAO Code 350585/GAO-05-680R).

Enclosed is the Department's specific response to the recommendations of the draft GAO report. Thank you for the opportunity to provide comments. My point of contact for this action is Sherry Holliman, who can be reached at (703) 571-9069.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip W. Grone".

Philip W. Grone
Deputy Under Secretary of Defense
(Installations & Environment)

Enclosure:
As stated



GAO CODE 350585/GAO-05-680R

"DEFENSE INFRASTRUCTURE: Opportunities Exist to Improve Future
Comprehensive Master Plans for Changing U.S. Defense Infrastructure Overseas"
(Code 350585/GAO-05-680R)

DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to revise OSD's guidance to require that overseas regional commands (1) briefly explain the status of negotiations and challenges for reported host nation agreements and (2) fully report host nation funding levels, including those for special bilateral agreements. (Page 14/Draft Report)

DoD RESPONSE: Nonconcur. The master plans are not the appropriate vehicle to report the status of negotiations and the results of agreements pertaining to host-nation funding levels. The status of current arrangements and plans for future negotiations is maintained at the State/DoD level.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to revise OSD's guidance to require that overseas regional commands report information on U.S. funding sources in addition to military construction appropriations that may be used to finance current and future infrastructure requirements or, at a minimum, the totals for these other U.S. funding sources. (Page 14-15, Draft Report)

DoD RESPONSE: Concur. DoD will examine guidance to Combatant Commands for preparation of overseas master plans, address requirements to support facility Sustainment, Restoration and Modernization, and apply such models as necessary to arrive at estimated infrastructure requirements.

RECOMMENDATION 3: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to revise OSD's guidance to require that overseas regional commands report voluntary environmental remediation and restoration initiatives that support planned infrastructure requirements outlined in the master plans. (Page 15/Draft Report)

DoD RESPONSE: Nonconcur. DoD environmental policy overseas allows for remediation efforts only to eliminate known, imminent and substantial endangerment to human health or the environment (or to maintain mission operations). "Voluntary" remediation initiatives are not authorized under DoD policy (DoD Instruction 4715.8).

RECOMMENDATION 4: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to revise OSD's guidance to require that overseas regional commands briefly explain any significant variances in population levels and usage of terminology related to the three base categories – main operating bases, forward operating sites, and cooperative security locations. (Page 15/Draft Report)

DoD RESPONSE: Concur. DoD will provide information except where the information may compromise national security or host-nation sensitivities.

RECOMMENDATION 5: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to revise OSD's guidance to require that Commander, U.S. Pacific Command provide information on facility requirements and funding levels for Hawaii, Guam, U.S. territories, and other insular areas in the Pacific. (Page 15/Draft Report)

DoD RESPONSE: Nonconcur. Hawaii and U.S. territories in the Pacific are no different from other U.S. facilities within the Continental United States (CONUS) and Alaska. It is inappropriate to include them in "overseas" master plan requirements.

RECOMMENDATION 6: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to revise OSD's guidance to require that overseas regional commands follow the presentation of individual construction projects as the European Command did in its plan. (Page 15/Draft Report)

DoD RESPONSE: Concur with comment. In the update of guidance for preparing overseas master plans, we will strive for consistency across the Department for common business practices, subject to unique Combatant Command needs.

RECOMMENDATION 7: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to revise OSD's guidance to require that overseas regional commands follow the presentation of the strategic end state of their overseas basing infrastructure using a common date as the Central Command did in its plan (Page 15/Draft Report).

DoD RESPONSE: Concur. In the update of guidance for preparing overseas master plans, the Department will establish a common date for a strategic end state.

(350585)

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