

August 22, 2006

Congressional Committees

Subject: *DOD's Overseas Infrastructure Master Plans Continue to Evolve*

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. Soon thereafter, the Department of Defense (DOD) issued a report titled *Strengthening U.S. Global Defense Posture*.<sup>1</sup> This report defined the key tenets of the integrated global presence and basing strategy, which outlines troop and basing adjustments overseas. Although the strategy is intended to make the overseas posture of the United States more flexible and efficient, it will require new facilities costing billions of dollars, some of the cost to be borne by the United States and some by other nations.

As plans for overseas basing began to emerge, the Senate Appropriations Committee expressed concern about the use of military construction funds for projects at overseas bases that may soon be obsolete or closed because of changes being considered by DOD and the military services. Accordingly, the Senate report accompanying the fiscal year 2004 military construction appropriation bill directed DOD<sup>2</sup> to prepare detailed, comprehensive master plans for changing infrastructure requirements at U.S. military facilities in each of the overseas regional commands.<sup>3</sup> DOD was required to provide a baseline report on these plans with yearly updates on their status and their implementation along with annual military construction budget submissions through 2008. Subsequently, the House conference report accompanying the 2004 military construction appropriation bill also directed the department to prepare comprehensive master plans with yearly updates through fiscal year 2009.<sup>4</sup> The Senate report directed the master plans to identify precise facility requirements and the status of properties being returned to host nations. Additionally, the Senate report stated that the plans should identify funding

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<sup>1</sup>Department of Defense, *Strengthening U.S. Global Defense Posture* (Washington, D.C.: Sept. 17, 2004).

<sup>2</sup>In fulfilling this requirement, the Office of the Secretary of Defense asked the overseas regional commands to prepare comprehensive master plans for their areas of responsibility.

<sup>3</sup>S. Rep. No. 108-82, at 13-14 (2003).

<sup>4</sup>H.R. Conf. Rep. No. 108-342, at 17 (2003).

requirements as well as the division of funding responsibilities between the United States and 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 assessment reports each year.

This is our third report that responds to the reporting requirements contained in the fiscal year 2004 Senate military construction appropriation bill report. Our prior work<sup>5</sup> found that although DOD's overseas master plans provided a more complete picture of future overseas defense infrastructure and funding requirements than was available in other DOD documents, opportunities existed for the plans to provide more complete, clear, and consistent information and to present a more definitive picture of future requirements. For this report, we assessed the Office of the Secretary of Defense's (OSD) most recent guidance<sup>6</sup> to overseas regional commands and its use in developing the overseas master plans DOD submitted to Congress on April 27, 2006.<sup>7</sup> This report discusses the extent to which the 2006<sup>8</sup> overseas master plans (1) complied with reporting requirements and provided information in a complete, clear, and consistent manner; (2) reflected how U.S. overseas defense basing strategies and requirements have changed since last year; and (3) reflected the challenges DOD faces in the implementation of the plans.

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 we analyzed whether the guidance meets 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 (USFK) and U.S. Forces Japan; European Command (EUCOM); and Central Command (CENTCOM)—to see selected installations and military construction projects firsthand and to discuss OSD's guidance and the various factors that can

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<sup>5</sup>GAO, *Defense Infrastructure: Opportunities Exist to Improve Comprehensive Master Plans for Changing U.S. Defense Infrastructure Overseas*, GAO-05-680R (Washington, D.C.: June 27, 2005), and *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).

<sup>6</sup>DOD, Under Secretary of Defense for Acquisition, Technology, and Logistics, *Update of Overseas Master Plans* (Washington, D.C.: Oct. 5, 2005). OSD also issued guidance in February and October 2004 to aid the overseas regional commands in developing their plans last year.

<sup>7</sup>Last year, OSD provided Congress the overseas master plans along with its fiscal year 2006 military construction budget proposal in early March 2005. This year's master plans were submitted on April 27, 2006, later than when the annual budget submissions went to Congress, at least in part because of OSD's efforts to incorporate last minute changes in basing plans, such as those in Iceland and Italy. OSD made the plans available to us on May 2, 2006, which did not provide us sufficient time to fully assess the plans or provide a draft report to Congress by May 15 as we have done in the past.

<sup>8</sup>We refer to the plans in the year that they were issued to Congress. The content of the plans issued in 2006 covers fiscal years 2007 through 2011.

affect U.S. infrastructure requirements and costs overseas.<sup>9</sup> Once the master plans were issued, we reviewed them to determine how the plans have changed since last year and the extent to which they complied with the reporting requirements. We assessed whether the plans provided information in a complete, clear, and consistent manner, and we discussed with OSD and command officials whether improvements in the guidance and reporting were needed.

We conducted our review from September 2005 through July 2006 in accordance with generally accepted government auditing standards. See enclosure I for more information on our scope and methodology.

## **Results in Brief**

The 2006 master plans generally exceeded the reporting requirements established by Congress and—by addressing most of our recommendations for improving the plans from last year—they are more complete, clear, and consistent than last year’s plans, although limitations exist in the information provided on fiscal year 2007 funding required for individual military construction projects. Whereas last year none of the regional commands fully identified their precise facility requirements and costs as specified in the reporting mandate, all of the commands provided precise facility requirements for fiscal years 2007 through 2011 in their master plans. However, the plans submitted to Congress did not provide estimated costs for individual military construction projects for fiscal year 2007 as specified by OSD guidance because of, according to a senior OSD official, the difficulty of including the cost estimates that had not yet been finalized during DOD’s budget process. Consequently, the master plans must be matched with the fiscal year 2007 military construction budget request to obtain a complete picture of the precise facility and cost requirements for fiscal year 2007. Although not required, we believe the plans could be more complete and useful to decision makers if they also explained, where applicable, how each implementation is being or has the potential to be affected by other defense plans and activities that are likely to affect future facility and funding requirements in a region. In 2005, the Commission on Review of Overseas Military Facilities Structure of the United States<sup>10</sup> recommended that the entire effort of overseas basing be integrated into one overarching design that is coordinated and synchronized with all ongoing initiatives. Although overseas command officials told us that their plans were coordinated with other defense plans and activities, only PACOM’s plan explained how its implementation could be affected by another activity—a potential decrease in host nation support when the Government of Japan provides resources to help fund

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<sup>9</sup>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.

<sup>10</sup>U.S. Congress, *Commission on Review of Overseas Military Facilities Structure of the United States Final Report* (Arlington, Va.: Aug. 15, 2005). The commission was established in 2003 by Pub. L. No. 108-132 § 128 (codified as amended at 10 U.S.C. § 111 note) to evaluate the current and proposed overseas basing structure for U.S. military forces.

the relocation of approximately 8,000 U.S. Marines from Okinawa to Guam. EUCOM and CENTCOM plans did not address other relevant and related plans and activities.<sup>11</sup> For example, EUCOM's master plan did not explain the potential impact of base realignment and closure implementation on the movement of troops from Germany to bases in the United States. This omission is due primarily to OSD guidance that stipulated the plans were to address overseas locations and to exclude the 50 states and U.S. territories. Without explanations of the linkage between the overseas master plans with other defense plans and activities, it is difficult to determine their impact on U.S. defense infrastructure and funding requirements overseas.

The 2006 master plans reflected changes in overseas basing strategies and requirements that occurred since last year. It was apparent that OSD and the regional commands worked to incorporate key changes associated with the continuing evolution of U.S. overseas basing strategies into the plans before they were provided to Congress. For example, EUCOM added requirements for facilities in Romania and Bulgaria to its master plan based on agreements with those countries to allow DOD use of their facilities, and CENTCOM removed infrastructure requirements from its master plan that were planned for Uzbekistan after its government requested that U.S. forces leave. In some instances, basing decisions were made after the plans were prepared—such as the realignment at Keflavik, Iceland, and La Maddalena, Italy—but OSD and the regional commands updated the plans to reflect those decisions before the plans were submitted to Congress. Even with these efforts to update the plans as changes occurred and decisions were made, the evolution of U.S. overseas military basing strategies and requirements continues. Changes occurring after the most recent plans were submitted to Congress will have to be reflected in next year's plans, and OSD and the regional commands could be faced with more changes in the future.

This year, the master plans provided a much better description of the challenges DOD faces in implementing the master plans. For example, all of the plans addressed the uncertainties associated with host nations and recent agreements, and generally dealt with environmental concerns and training limitations, where they existed. An exception involves the fact that PACOM's plan did not describe the limitations on training in South Korea and Japan. If these training limitations are not addressed, senior command officials told us, they could cause the United States to either train in other locations or to downsize or relocate. As a result of this omission, PACOM's plan does not provide decisionmakers a complete picture of the challenges that could affect its implementation and potential changes in infrastructure and funding requirements needed to address training limitations in the Pacific region.

We are making two recommendations to improve future master plans for changing defense infrastructure overseas. Specifically, we are recommending that OSD (1) revise its guidance to require overseas commands to explain how other relevant

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<sup>11</sup>Like last year, CENTCOM's plan excluded any detailed discussion of facilities in Iraq since DOD does not consider them permanent bases.

and related defense plans and activities affect implementation of their master plans in terms of infrastructure and funding requirements and (2) ensure that PACOM explains how it plans to address existing training limitations and the potential effects on infrastructure and funding requirements. In written comments on a draft of this report, DOD partially agreed with our recommendations and indicated that it would address these issues in a risk assessment framework in future master plans. We discuss DOD's comments in detail later in this report.

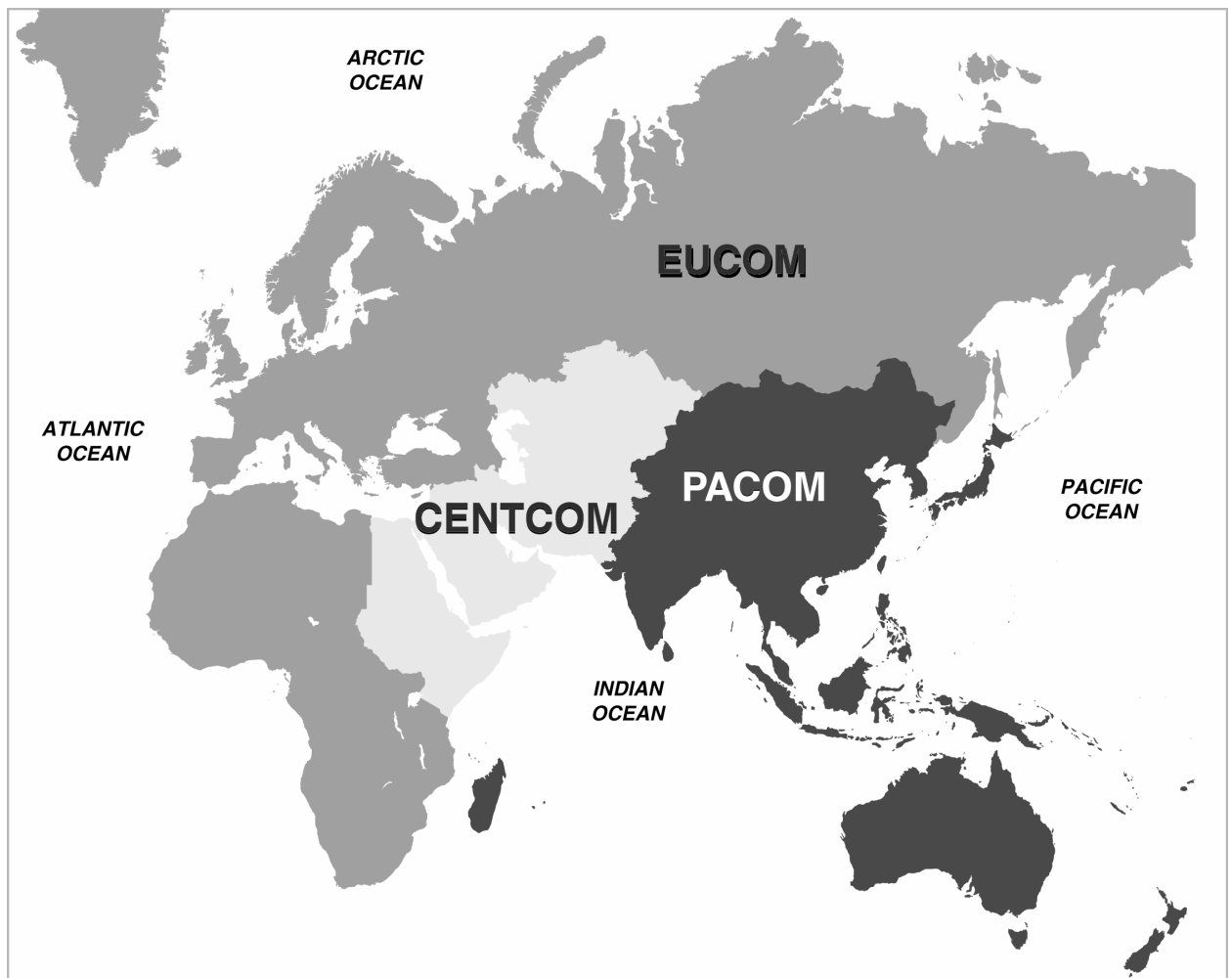
## **Background**

Military construction appropriations fund the planning, design, construction, alteration, and improvement of military facilities worldwide. As of fiscal year 2005, DOD reportedly had 3,376 installations total, with 737 installations located overseas.<sup>12</sup> Operational control of the U.S. combat forces and installations is assigned to the nation's five geographic, unified overseas regional commands, which are responsible for the security environment as directed by the national security strategy and the national military strategy. Composed of forces from two or more services, PACOM, EUCOM, and CENTCOM span numerous countries and even continents and encompass areas with economically, politically, and socially diverse regions, as shown in figure 1.

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<sup>12</sup>These numbers do not include U.S. facilities in Iraq.

**Figure 1: PACOM, EUCOM, and CENTCOM Geographic Areas of Responsibility**



Source: GAO.

Note: Special Operations Command does not have a specific geographic area of responsibility because it is a functional overseas regional command with lead responsibility for waging war on terrorism. The command also provides special operations forces to support the overseas regional commanders' security plans and is a tenant unit on bases and funds special operations forces-specific items—such as hangars for aircraft—out of military construction appropriations, and uses operation and maintenance appropriations for support items, such as special operations-specific computers.

The United States has a large portion of its military personnel deployed abroad at any given time; however, this number varies with the frequency and types of military operations and deployment demands. Currently, just more than 119,000 troops are regularly stationed in Europe. Most of these are U.S. Army forces (62,600) stationed mainly in Germany, with smaller numbers elsewhere in Europe and some in Africa. Nearly 100,000 military personnel are located in East Asia, divided between Japan, South Korea, and on the waters of the Pacific. Additionally, the ongoing global war on terrorism has resulted in the deployment of much larger numbers of forces in theaters of operations in Iraq and Afghanistan.

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 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 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. The Integrated Global Presence and Basing 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 military construction appropriation request for fiscal year 2007 included approximately \$16.7 billion for military construction and family housing, of which nearly \$1.3 billion (7.6 percent) is designated for specific overseas locations, mostly comprising enduring installations, and not for new and emerging requirements outside existing basing structures.<sup>13</sup>

#### Congressional Requirement for Detailed Comprehensive Master Plans

In previous years, the Military Construction Subcommittee of the Senate Appropriations Committee had expressed concern that the overseas basing structure had not been updated to reflect the new realities of the post-Cold War world. The Committee had also expressed concern about the use of military construction budget authority for projects at bases that may soon be obsolete because of changes being considered in overseas presence and basing. Consequently, in Senate Report 108-82, the Senate Appropriations Committee directed DOD to prepare detailed, comprehensive master plans for the changing infrastructure requirements for U.S. military facilities in each of its overseas regional commands. Subsequently, the House conference report accompanying the 2004 military construction appropriation bill also directed the department to submit comprehensive master plans. According to the Senate report, at a minimum, the plans are to identify precise facility

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<sup>13</sup>In our estimates for military construction and family housing for overseas locations, we included U.S. territories and possessions in the Pacific, such as Guam and Wake Island. However, we excluded worldwide classified and unspecified appropriations from our total because these categories may include domestic military construction and family housing.

requirements and the status of properties being returned to host nations. In addition, the report stated that the plans should identify funding requirements and the division of funding responsibilities between the United States and cognizant host nations. The Senate report also directed DOD to provide congressional defense committees a report on the status and implementation of those plans with each yearly military construction budget submission through fiscal year 2008. The first report was due with the fiscal year 2006 military construction budget submission and is to be updated each succeeding year to reflect changes to the plans involving specific construction projects being added, canceled, or modified, or funding for those projects being redirected to other needs, and justification for such changes.<sup>14</sup> The Senate report 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 giving an assessment of the status of the plans.

Within the department, the Under Secretary of Defense for Acquisition, Technology and Logistics has been tasked with responding to this legislative requirement. In turn, the Under Secretary assigned the overseas regional commands responsibility for preparing detailed, comprehensive master plans for their areas of responsibility.

#### Prior GAO Work

In our prior work,<sup>15</sup> we found that while DOD's completion of overseas master plans provided 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, opportunities existed 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. We found limitations in information that could be provided because of three key factors: ongoing negotiations with host nations, continuing evolution of U.S. overseas basing strategy, and differences commands had in interpretation of OSD guidance. In addition, addressing the extent to which residual value issues could affect U.S. funding requirements was an open and continuing recommendation from our prior report. Additionally, we reported that 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, we reported that without the detailed reporting of individual construction projects as EUCOM did in its plan and the anticipated strategic end state of the

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<sup>14</sup>See footnote 7.

<sup>15</sup>See footnote 5.



command's overseas basing infrastructure as of 2010 as CENTCOM did in its plan, Congress and other users would 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.

### **2006 Master Plans Exceeded Most Reporting Requirements and Are More Complete, Clear, and Consistent Than Last Year's Plans**

While prior overseas master plans generally exceeded the reporting requirements established by Congress, OSD has further improved the plans by issuing guidance in 2005 to require overseas regional commands to provide additional information and address most of our prior recommendations. As a result, the 2006 plans are not only more complete, clear, and consistent than last year's plans, they are also more refined, focusing first on the mission and then on the infrastructure requirements needed to support the mission. However, the plans do not provide cost estimates for individual military construction projects planned for fiscal year 2007 and generally do not explain how their implementation is being or has the potential to be affected by other relevant and related defense plans and activities.

#### OSD 2005 Guidance Helped to Further Improve the Overseas Master Plans

To improve the overseas master plans and address some of our prior recommendations, OSD provided additional guidance on October 5, 2005, to the regional commands in preparing this year's plans.<sup>16</sup> Among other things, the guidance specifically required the overseas regional commands to

- 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;
- address the desired strategic end state of overseas basing infrastructure using an “as of” date within the range of 2011 and 2015 (OSD provided the commands the discretion in choosing an end date between 2011 and 2015);
- report host nation funding levels at the project level for fiscal year 2007 and at the aggregate level for fiscal years 2008 through 2011;

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<sup>16</sup>See footnote 6.

- report U.S. funding sources, including precise facility requirements and costs for fiscal year 2007, facility requirements and total funding for fiscal years 2008 through 2011, and a single, rolled-up figure for sustainment funding; and
- report environmental remediation issues per DOD Instruction 4715.8.<sup>17</sup>

OSD 2005 guidance did not address our prior recommendations 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 and on residual value issues. In comments on our 2005 report, DOD 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 the overseas master plans. However, considering the upcoming move of approximately 8,000 U.S. Marines from Okinawa to Guam, we continue to believe that the inclusion of Guam, Hawaii, U.S. territories, and other insular areas will provide a more complete picture of PACOM's infrastructure requirements and associated costs in the Pacific. The omission of these locations from PACOM's 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. Also, as we reported last year, residual value was excluded from OSD's guidance because it is based on the reuse of property being turned over to the host nations, which is limited for most categories of military facilities and is often reduced by actual or anticipated environmental remediation costs. Consequently, according to a senior DOD official, residual value 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 from each host nation and report the implications for U.S. funding requirements.

#### This Year's Plans Are More Complete, Clear, and Consistent

The 2006 master plans are not only more complete, clear, and consistent than last year's plans, they are also more refined, focusing first on the mission and then on the infrastructure requirements needed to support the mission. For example, see the following:

- **Base categories.** Whereas last year there appeared to be differences in interpretation and usage of terminology related to forward operating sites and cooperative security locations, this year all of the commands categorized their installations into applicable base categories of main operating base, cooperative security location, and forward operating sites, which provided users a clearer picture of the infrastructure plans and requirements at these

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<sup>17</sup>Department of Defense, *Environmental Remediation for DOD Activities Overseas*, DOD Instruction 4715.8 (Washington, D.C.: Feb. 2, 1998).

sites. The commands also supplemented the information on base categories with detailed data on the installations' capabilities, overall mission, population, and types of equipment and facilities located at each site.

- **End state date.** This year, all of the commands identified a strategic end state date for overseas basing infrastructure using an "as of" date within a range between 2011 and 2015, which provided users a more complete and clearer basis for tracking progress in meeting the commands' infrastructure objectives for their areas of responsibility. Last year, only CENTCOM reported an anticipated strategic end state date of 2010 for its basing infrastructure.
- **Host nation funding levels.** This year, all of the commands reported host nation funding levels at the project level for fiscal year 2007 and at the aggregate level for fiscal years 2008 through 2011, which provided users a better basis to determine the extent to which reported host nation funding levels are realistic or complete. Also, PACOM identified host nation funding for its bilateral agreements in South Korea, such as the Land Partnership Plan and the Yongsan relocation plan.<sup>18</sup> While PACOM did not include host nation estimates for projects related to the Special Action Committee on Okinawa, it clearly explained the ongoing nature of bilateral agreements with the Government of Japan and reported that host nation contributions related to realignments in Okinawa will be reflected in future master plans once bilateral agreements are finalized. EUCOM provided information for two bilateral agreements, as well as information on North Atlantic Treaty Organization contributions. CENTCOM also provided host nation estimates and explained that discussions with various countries about host nation funding were ongoing. Last year, none of the commands provided complete data for host nation funding levels and PACOM's schedule of host nation funding did not fully incorporate projects and funding levels initiated through special bilateral agreements with host nations.
- **Facility requirements and costs.** Whereas last year only one of the regional commands fully identified its precise facility requirements and costs as specified in the reporting mandate, this year all of the commands provided facility requirements for fiscal years 2007 through 2011<sup>19</sup> and estimated facility sustainment costs for fiscal year 2007. However, although specified in OSD guidance, the master plans provided to Congress did not provide cost

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<sup>18</sup>As discussed in our prior report, within the provisions of the Land Partnership Plan and the Yongsan relocation plan, USFK intends to strengthen its overall military effectiveness by consolidating installations north of Seoul, including the Yongsan Army Garrison located in the Seoul metropolitan area, to two major hubs in the central and southern sections of South Korea. USFK expects the consolidation and relocation of thousands of soldiers to increase readiness, efficiencies, and cost savings; enhance quality of life; provide a less intrusive presence; and increase training opportunities.

<sup>19</sup>CENTCOM also included information on proposed military construction projects and estimated costs for fiscal year 2012 in its 2006 master plan.

estimates for individual military construction projects planned for fiscal year 2007. According to a senior OSD official responsible for overseeing the development of the plans, reconciling the estimated costs while the budget proposal was evolving proved to be too difficult to capture each project's estimated costs in the master plans. Accordingly, the master plans must be matched with the fiscal year 2007 military construction budget request to obtain a complete picture of the precise facility and cost requirements for fiscal year 2007.

- **Environmental remediation issues.** This year, EUCOM and PACOM addressed the extent of their environmental issues, while CENTCOM did not indicate to what extent it may be confronted with environmental issues. For example, EUCOM reported that there were no environmental remediation projects per DOD Instruction 4715.8 programmed for fiscal years 2007 through 2011. PACOM also reported that there were no environmental restoration issues in Japan and noted that USFK was in the process of coordinating with the Government of South Korea on remediation of vacated U.S. bases.<sup>20</sup> While CENTCOM's master plan did not mention any environmental issues, a senior command official said there were no environmental issues to report. Last year, none of the regional commands identified environmental remediation and restoration requirements or issues in their master plans, which made it difficult for users to compare and comprehend how environment-related activities and costs have varied, and how these costs may affect planned U.S. funding levels.

The 2006 plans are also more refined, focusing first on the mission and then on the infrastructure requirements needed to support the mission. For example, in CENTCOM's master plan, the descriptions of each forward operating site focus first on the mission and then on requirements by providing the type of mission the site has (such as providing logistical support), the unit that it could host, and its role in the region (such as supporting the war against terrorism or strengthening capabilities for rapid and flexible response in the Central Asian states), as well as identifying the requirements for equipment and facilities to support the mission at the site. All of the plans provide similar information for their main operating bases, cooperative security locations, and forward operating sites.

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<sup>20</sup>On April 7, 2006, USFK announced a plan for the return of facilities and areas that have been vacated by the command to the Government of South Korea. USFK's plan includes a number of measures designed to address issues identified in joint South Korea and U.S. environmental surveys of these vacated facilities and areas. For example, the plan calls for the United States to remedy known, imminent, and substantial endangerments to human health and safety. The United States will also remove underground fuel storage tanks to preclude future leaks and initiate a technology process for skimming fuel from the groundwater at locations where this contamination was found. USFK expects that the plan will accelerate the return of vacated facilities and areas to the Government of South Korea and the relocation of U.S. forces from Seoul and other locations.

## Limited Explanation of the Impacts of Other Defense Plans and Activities

Despite improvements to the plans since last year, the 2006 master plans do not always explain how their implementation could be affected by other relevant and related defense plans and activities because there is not a requirement for them to do so. In 2005, the Commission on Review of Overseas Military Facility Structure of the United States recommended that the entire effort of overseas basing be integrated into one overarching design that is coordinated and synchronized with all ongoing initiatives. Further, in a statement to the House Armed Services Committee on June 20, 2006, the Principal Deputy Under Secretary of Defense for Policy, the Deputy Under Secretary of Defense for Installations and Environment, and the Vice Director of Strategic Plans and Policies stated that one of the key themes the department uses to guide its thinking on force posture changes is to act both within and across regions. According to these officials, global force management allows the department to adapt to increasingly global challenges, relationships, and capability needs by establishing cross-regional priorities.

Overseas regional command officials told us that generally, the development of their 2006 master plans were coordinated with other DOD plans and activities. However, only PACOM's plan gave some indication of how its implementation could be affected by another activity—the potential decrease in traditional Japanese funding which could be used to help pay for the relocation of U.S. Marines to Guam, as discussed above. EUCOM's master plan did not explain the potential impact of implementing base realignment and closure recommendations on the movement of troops from Germany to bases in the United States. EUCOM and Army officials told us that any delay in the implementation of base realignment and closure recommendations would cause them to delay the movement of Army service members and their families if facilities were not available at receiving installations in the United States. This would delay the closings of Army installations in Europe and increase costs to operate those installations while they remain open. However, EUCOM's master plan did not address this matter. Also, while CENTCOM officials emphasized that infrastructure requirements in their master plan directly supported and responded to ongoing operations in Iraq, CENTCOM's master plan only made general references to operations in Iraq and did not fully explain the potential impact of such operations on other installations and facility requirements outside of Iraq in its area of responsibility.

These omissions were due primarily to OSD guidance that stipulates the plans are to address overseas locations only. OSD guidance does not require regional commands to take into consideration facilities' requirements and plans in the 50 states, U.S. territories, or at locations where U.S. troops are deployed temporarily and funded outside of traditional military construction appropriations, such as is the case in Iraq. Without such explanations and linkage, it is difficult to determine the extent to which the master plans are coordinated and synchronized with other defense plans and activities and the impacts these other activities have on the master plans in terms of infrastructure and funding requirements.

## **2006 Master Plans Reflected Recent Changes in Overseas Basing Strategies and Requirements**

OSD and the regional commands incorporated key changes associated with the continuing evolution of U.S. overseas defense basing strategies and requirements into this year's master plans before they were provided to Congress. Even with these efforts, changes occurring after the 2006 plans were submitted to Congress will have to be reflected in next year's plans, and it is likely that the department could face more changes in the future.

While the plans are driven by periodic changes in U.S. overseas basing strategies and requirements, OSD and the regional commands incorporated these key changes into the 2006 master plans before they were provided to Congress. As a part of DOD's efforts to establish a U.S. presence in Eastern Europe through a network of forward operating sites and cooperative security locations, the United States signed individual agreements with the governments of Romania and of Bulgaria in December 2005 and April 2006, respectively, which will allow DOD access to their facilities and training sites. In both instances, EUCOM's master plan provided significant details, such as the mission, planned capabilities, equipment and aircraft, population, and in some instances the funding requirements to transition the camp into full operating capacity, based on the results of these recent agreements. In addition, CENTCOM removed infrastructure requirements that were planned for Uzbekistan from its master plan. In late 2005, following the United States' criticism of human rights abuses, the Uzbekistan government requested that all U.S. government forces withdraw from Karshi-Khanabad air base. According to senior CENTCOM officials, these forces were relocated to other locations in its area of responsibility, which affected infrastructure and funding requirements at the receiving locations.

In some instances, basing decisions were made after the plans were prepared, but OSD and the regional commands updated the plans to reflect those decisions before the plans were submitted to Congress. For example, after the EUCOM plan was prepared, the department decided to realign the Naval Air Station Keflavik, Iceland, and the Naval Support Activity La Maddalena, Italy—for both of which EUCOM had included infrastructure and funding requirements in its plan. Historically, these installations existed to meet Cold War security threats. However, because of the realities of the new century's security environment, DOD determined that the capabilities provided by these installations were no longer required. While this effort helped to provide Congress with the most current available data at the time, it also contributed to DOD providing Congress copies of this year's master plans nearly 2 months after its fiscal year 2007 military construction budget submission, instead of simultaneously as specified in the House conference report and Senate report accompanying the fiscal year 2004 military construction appropriation bills.

Even with these efforts to update the plans as changes occurred and decisions were made, the evolution of U.S. overseas defense basing strategies and requirements continues. U.S. overseas defense basing strategies and requirements continue to

evolve simultaneously with the implementation of associated plans and activities encompassed in the integrated global basing strategy, base realignment and closure, Army's modularity plans, and war on terrorism. In the 2006 master plans, OSD recognizes that further changes will result as it continues to implement the global defense posture decisions. For example, it anticipates that the department will return about 30 percent of its current overseas sites (22 percent of its overseas assets in terms of plant replacement value) to host nations over the next 10 years. Accordingly, OSD and the regional commands will be faced with more changes in the future, and it remains difficult for such changes to be included in the master plans and for DOD to provide a definitive picture of infrastructure and funding requirements. Changes occurring after the most recent plans were submitted to Congress will have to be reflected in next year's plans.

### **2006 Master Plans Addressed Several Challenges, but PACOM's Plan Did Not Mention Training Limitations**

As noted, the 2006 master plans addressed a number of challenges that DOD faces in the implementation of the master plans—such as uncertainties with host nation relations and environmental concerns—but PACOM's plan did not address training limitations in South Korea and Japan. In our prior reports, we explained how some of these challenges could have a significant impact on infrastructure and funding requirements and, because the prior plans did not always describe such challenges and their potential effects, that Congress lacked a complete picture it needed to evaluate the annual military construction funding request. This year, the plans provided a much better description of challenges and the potential impacts on implementation.

### **This Year's Plans Provided Better Descriptions of Host Nation Relations**

All of the regional commands describe to varying degrees the status of recent negotiations and agreements with host nations in their 2006 master plans. Last year, we found that none of the commands fully explained the status or challenges for finalizing host nation agreements and recommended that the commands briefly explain the status of negotiations with host nations to provide more complete and clearer plans. These agreements depend largely on the political environment and economic conditions in host nations and can affect the extent of host nation support—access to facilities or funding—to U.S. forces. Accordingly, the resulting agreements may increase or decrease U.S.-funded costs for future infrastructure changes. This year, we found the following:

- PACOM's master plan provided substantial information describing the results of the Defense Policy Review Initiative<sup>21</sup> with the Government of Japan, such as the transfer of a carrier air wing, collocation of United States and Japanese air command and control at Yokota Air Base, and the reduction of U.S. forces on Okinawa. In addition, USFK provided details on significant past and current realignment efforts, including the Government of South Korea's approval of the Land Partnership Plan and Yongsan relocation plan and coordination on the transfer of U.S.-vacated bases.
- EUCOM's master plan provided specific information on efforts to consolidate missions because of limitations on training and military activities, in addition to identifying a possible closure of a main operating base in its area of responsibility.
- CENTCOM's master plan discussed efforts to solicit host nation contributions and the amount of coordination and support that is needed from DOD, the State Department, and Congress. The plan also reflected the results of agreements with host nations, which have established cooperative security locations and forward operating sites in strategic areas of the world such as North Africa and Central Asia.

#### This Year's Plans Provided Better Descriptions of Environmental Issues

As discussed, EUCOM and PACOM addressed the extent of their environmental issues in their 2006 master plans, while CENTCOM gave no indication concerning environmental issues in its master plan. Last year, none of the regional commands identified environmental remediation and restoration issues in their master plans. This year, EUCOM reported that there were no environmental restoration and remediation projects programmed for fiscal years 2007 through 2011. PACOM reported that U.S. Forces Japan had no environmental restoration and remediation requirements and that USFK was coordinating with the Government of South Korea on remediation of vacated U.S. bases. Although CENTCOM did not report any environmental issues, a senior CENTCOM official said there were no environmental issues in the command's area of responsibility.

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<sup>21</sup>The Defense Policy Review Initiative, a bilateral agreement between the U.S. and Japanese governments, established a framework for the future U.S. force structure in Japan. According to DOD, this effort assessed the security environment in the region and bilaterally determined the required roles, missions, capabilities, and force structure. The interim agreement plan was signed in October 2005.



## PACOM's 2006 Plan Did Not Describe Training Limitations

While the 2006 master plans generally addressed the other challenges that DOD faces in the implementation of the master plans, Congress still does not have a complete picture of the challenges that DOD faces in implementing the master plans, which could affect their implementation because PACOM's plan did not describe the challenges DOD faces in addressing training limitations in South Korea and Japan. Senior command officials told us that training limitations could cause the United States to pursue alternatives, such as either to train in other locations or to downsize or relocate, which could affect funding and facility requirements included in overseas basing plans. Further, we reported last year that similar challenges could have a significant impact on funding requirements but that the plans did not always describe the status and the potential impact of such challenges on future basing plans and funding requirements. This year, EUCOM's master plan addressed known training limitations in its region by identifying a specific instance in which a realignment action was not successful in part because of training limitations, and explaining that EUCOM was in the process of exploring further options to meet its requirements. CENTCOM officials told us that their focus was on ongoing operations and that training was not an issue in its region.

While PACOM's master plan provided extensive details on other challenges, it did not describe the challenges the command faces in addressing training limitations in South Korea and Japan, although senior officials told us that these limitations could cause the United States to pursue alternatives, such as to either train in other locations or to downsize or relocate, which could affect overseas basing plans. Specifically, we found that PACOM master plan did not address the following:

- The Seventh Air Force in South Korea may be unable to maintain combat capability in the long term due to lack of adequate air-to-surface ranges, according to senior Air Force and USFK officials. For decades, the Government of South Korea has attempted to relocate the Koon-Ni range, which had served as the primary air-to-ground range for the Seventh Air Force. Last year the air and ground range management of the Koon-Ni training range was transferred to the Government of South Korea, which closed the range in August 2005. While there is an agreement with the Government of South Korea to train at other ranges, according to senior Air Force and USFK officials, the other ranges do not provide electronic scoring capabilities necessary to meet the Air Force's air-to-surface training requirements. As a result, the Air Force has been using ranges in Japan and Alaska to meet its training requirements, which results in additional transportation costs to the U.S. government. While South Korea has agreed to upgrade its ranges, senior Air Force officials said that the Seventh Air Force will be able to maintain its combat capability only in the short term if the issue is not addressed.
- The Eighth Army in South Korea needs rail links or high-speed roads to facilitate transportation of troops and equipment between Camp Humphreys,

which is located south of Seoul, to major training areas located in the northern part of the country, according to senior USFK officials. While this is not a significant problem at this time, it remains a necessity to complete a successful realignment of U.S. forces in South Korea. According to senior USFK officials, a vital component of the training capability in South Korea depends upon having access to a rail head or a high-speed road that can deliver troops and equipment from Camp Humphreys to major training areas in the northern part of South Korea.

- There are limited combat arms training ranges and facilities in Japan, according to senior U.S. Forces Japan and Pacific Air Forces officials. These officials said that even though they have received increased range time at Japanese training facilities, training opportunities still remain insufficient in Japan to meet their training requirements.

As discussed above, the Air Force in South Korea may be unable to maintain combat capability in the future because of a lack of access to modernized air-to-surface ranges, insufficient opportunities to meet training requirements in Japan, and the need of the Army in South Korea for rail links or high-speed roads to facilitate transportation of troops and equipment between Camp Humphreys to the major training areas in the northern part of South Korea. While these training issues were readily identified by USFK, U.S. Forces Japan, and PACOM officials, none of these issues were recognized as a challenge in PACOM's master plan. We believe that identifying these issues would provide Congress an awareness of potential challenges to training U.S. forces in Japan and South Korea, which are likely to affect facility requirements and funding in these countries.

## **Conclusions**

U.S. overseas defense basing strategies and requirements continue to evolve simultaneously with the implementation of associated plans and activities encompassed in the integrated global basing strategy, base realignment and closure, Army's modularity plans, and the war on terrorism, and it remains difficult for such changes to be included in the master plans and for DOD to provide a definitive picture of infrastructure and funding requirements. To the department's credit, this year's overseas master plans provide more complete, clear, and consistent information than last year's plans. Still, until overseas regional commands link their master plans with other relevant and related defense plans and activities, including those involving base realignment and closure implementation and Iraq operations, and until PACOM addresses training limitations in its master plan, Congress and other users will lack complete information on the magnitude of U.S. defense infrastructure and funding requirements overseas.

Since we have previously recommended that overseas regional commands address residual value issues and that PACOM provide information on facility requirements and funding levels for Guam, Hawaii, U.S. territories, and other insular areas in the

Pacific in our prior reports, we are not including them in this report. However, since they have not been addressed, we consider them open and therefore the department should implement them.

## **Recommendations for Executive Action**

To further enhance future comprehensive master plans and 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 (1) revise OSD's guidance to require overseas commands to explain how other relevant and related defense plans and activities, including those involving base realignment and closure implementation and Iraq operations, affect implementation of their master plans in terms of infrastructure and funding requirements and (2) ensure that PACOM explains how it plans to address existing training limitations in its area of responsibility and the potential effects of those limitations on infrastructure and funding requirements.

## **Agency Comments and Our Evaluation**

In comments on a draft of this report, the Deputy Under Secretary of Defense for Installations and Environment partially concurred with both recommendations. In commenting on our recommendations to require overseas commands to explain how other relevant and related defense plans and activities and existing training limitations affect implementation of their master plans, he agreed with our recommendations' intent and stated that the department's preference was to address these issues in a risk assessment framework. Specifically, he stated that future guidance would require overseas commands to identify and discuss risks to their plans—such as those that would directly affect execution and could result from political, financial, base realignment and closure, training, and other issues—as well as steps taken to mitigate the risks. We have no basis to question this approach and plan to evaluate its effectiveness in our next annual review of DOD's overseas master plans.

The Deputy Under Secretary of Defense further stated that nonprogrammed and nonvalidated training limitations experienced by service components were not appropriate for inclusion and would not be addressed in the overseas commands' risk assessment for their master plans. We agree. While we are not aware of any nonprogrammed and nonvalidated training limitations, our report discusses only those training limitations raised by senior command officials during our review. We assume that if there is a need to make a distinction between nonvalidated versus validated training limitations, OSD and the overseas commands would work together to identify those validated limitations that should be addressed in their master plans.

The Deputy Under Secretary of Defense's comments are reprinted in enclosure II.

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We are sending copies of this report to the Secretaries of Defense, the Army, the Navy, and the Air Force; the Commandant of the Marine Corps; overseas regional commanders; and the Director, Office of Management and Budget. Copies will be made available to others upon request. 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 (202) 512-5581 or [holmanb@gao.gov](mailto:holmanb@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. The GAO staff members who made key contributions to this report are listed in enclosure III.

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. The middle initial "W." is written in a smaller, more formal script between the first and last names.

Barry W. Holman, Director  
Defense Capabilities and Management

*List of Congressional Addressees*

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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  
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The Honorable James T. Walsh  
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The Honorable Chet Edwards  
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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 the 2006 overseas master plans complied with congressional reporting requirements and provided information in a complete, clear, and consistent manner, we compared the overseas master plans with the reporting requirements in the congressional mandate, and the Office of the Secretary of Defense (OSD) guidance, which incorporated our prior recommendations. In order to identify improvements to the overseas master plan, we compared and contrasted the 2005 and 2006 plans. We assessed the quantity and quality of one plan's responses for each of the data elements and compared them to equivalent responses in the other plans to form conclusions as to the completeness, clarity, and consistency of plans. We also discussed with Department of Defense (DOD) officials our observations and recommendations, specific reporting requirements, and whether improvements in the guidance and reporting were needed. 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.

To determine the extent to which the 2006 overseas master plans reflected how U.S. overseas defense basing strategies and requirements have changed since last year, we interviewed cognizant officials from DOD about the various changes that were identified within the plans. We met with officials from OSD and each of the following commands and agencies: U.S. Pacific Command; U.S. Army Pacific; Commander, U.S. Pacific Fleet; U.S. Marine Forces Pacific; U.S. Pacific Air Forces; U.S. Forces Korea; U.S. Eighth Army; Seventh Air Force; Commander, Naval Forces Korea; Army Installation Management Agency Korea Regional Office; Army Corps of Engineers Far East District; DOD Education Activity; U.S. Forces Korea Status of Forces Agreement Office; U.S. Forces Korea Judge Advocate Office; U.S. Forces Japan; U.S. Army Japan; U.S. Air Forces Japan; Commander, Naval Forces Japan; U.S. Marine Forces Japan; U.S. European Command; U.S. Army Europe; Commander, U.S. Naval Forces Europe; Naval Facilities Engineering Command-Japan; Naval Facilities Engineering Command-Italy; U.S. Air Force Europe; Army Installation Management Agency Europe Regional Office; U.S. Central Command; and Special Operations Command. In general, we discussed the reporting requirements contained in OSD's guidance, host nation agreements and funding levels, U.S. funding levels and sources, environmental remediation and restoration issues, property returns to host nations, and training requirements. In addition, we compared and contrasted the 2005 and 2006 overseas master plans to each other in order to identify changes in overseas defense basing strategies and requirements. We also analyzed available reports, documents, policies, directives, international agreements, guidance, and media articles to keep abreast of ongoing changes in overseas defense basing strategies and requirements. During our overseas visits, to see firsthand the condition of facilities and status of selected construction projects, we visited and toured the facilities at Camp Schwab, Camp Hansen, Camp Foster, Marine Corps Air Station Iwakuni, Marine Corps Air Station Futenma, Camp Zama, Yokosuka Naval Base, and Yokota Air Base, Japan; Camp Humphreys, South Korea; Army Garrison Grafenwöhr, Bitburg

Annex, Spangdahlem Air Base, and Ramstein Air Base, Germany; and Naval Support Activity Capodichino (Naples), Italy.

To determine the extent to which the 2006 master plans reflected the challenges DOD faces in the implementation of the plans, we met with officials from the aforementioned agencies and discussed challenges involving various topics, host nation relations and funding levels, U.S. funding levels and sources, environmental remediation and restoration issues, property returns to host nations, and training limitations. We compared and contrasted the 2005 and 2006 overseas master plans to each other to determine the extent to which improvements were made in identifying key challenges for each command. We also analyzed available reports, documents, policies, directives, international agreements, guidance, and media articles pertaining to challenges that may affect DOD's implementation of the overseas master plans.

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 September 2005 through July 2006 in accordance with generally accepted government auditing standards.



**Comments from the Department of Defense**

ACQUISITION  
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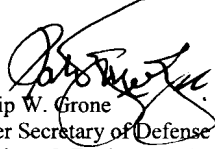
Mr. Barry W. Holman  
Director, Defense Capabilities and Management  
United States Government Accountability Office  
441 G Street, N.W.  
Washington, DC 20548

Dear Mr. Holman:

This is the Department of Defense (DoD) response to the GAO draft report, GAO-06-913R, 'DEFENSE INFRASTRUCTURE: DOD'S Overseas Infrastructure Master Plans Continue to Evolve,' dated July 11, 2006 (GAO Code 350740).

Enclosed is the Department's 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,

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

Enclosure:  
As stated



GAO CODE 350740/GAO-06-913R  
GAO DRAFT REPORT – DATED July 11, 2006  
GAO CODE 350740/GAO-06-913R

**"DEFENSE INFRASTRUCTURE: DOD'S Overseas Infrastructure Master Plans  
Continue to Evolve"**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE RECOMMENDATIONS**

**RECOMMENDATION 1:** The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense (Acquisition, Technology and Logistics) to revise OSD guidance to require overseas commands to explain how other relevant and related defense plans and activities, including those involving base realignment and closure implementation and Iraq operations, affect implementation of their master plans in terms of infrastructure and funding requirements.

**DoD RESPONSE:** Partially concur. DoD concurs with the intent of the recommendation but prefers that overseas commands couch the information in a risk assessment framework. DoD future guidance will require overseas commands to identify and discuss risks to their master plans as well as steps taken to mitigate those risks. Such risks would directly impact master plan execution and could result from political, financial, Base Realignment and Closure (BRAC), training, or other issues.

**RECOMMENDATION 2:** The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense (Acquisition, Technology and Logistics) to ensure that PACOM explains how it plans to address existing training limitations in its area of responsibility and the potential effects of those limitations on infrastructure and funding requirements.

**DoD RESPONSE:** Partially concur. DoD concurs that validated training requirements which are affected by force posture transformation plans should be addressed in the master plans. However, it is more germane for these issues to be addressed as part of the risk assessment discussion (described above) than to be addressed separately. Therefore, DoD will advise overseas combatant commands to include training issues as part of their risk assessment discussion. Non-programmed and non-validated training limitations experienced by Service components are not appropriate for inclusion and will not be addressed.

## **GAO Contact and Staff Acknowledgments**

### **GAO Contact**

Barry W. Holman, (202) 512-5581

### **Acknowledgments**

In addition to the person named above, Mark Little, Assistant Director; Nelsie Alcoser; Thom Barger; Susan Ditto; Kate Lenane; and Roger Tomlinson also made major contributions to this report.

(350740)

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