

Why GAO Did This Study

In January 2012, DOD issued new strategic guidance on defense budget priorities, indicating that it must rebalance its overseas force posture—including the forward stationing of Navy ships in Spain for ballistic missile defense and the reduction of U.S. Army forces in Europe—in the face of deficit reduction. Similarly, DOD reported in its 2011 *Global Defense Posture Report to Congress* that savings associated with permanently stationing forces in the United States rather than overseas are often offset by such factors as increased rotational costs. Based on direction from the Senate Armed Services Committee, GAO evaluated the extent to which DOD has (1) conducted analysis to support recent overseas posture decisions and (2) developed a process for making posture decisions that align with strategy and consider costs. GAO assessed two recent posture initiatives, DOD plans and guidance related to posture, and theater posture plans from each combatant command.

What GAO Recommends

GAO recommends that DOD conduct a comprehensive cost analysis associated with the Navy's decision to station ships in Rota, assess options and costs related to rotating forces in Europe, and clarify roles and responsibilities of key entities to collect cost data on initiatives. DOD generally agreed with GAO's recommendations and identified corrective actions, but additional steps are needed to fully address GAO's recommendation that the Navy further assess options and costs for ballistic missile defense.

View [GAO-12-711](#). For more information, contact John Pendleton at (404) 679-1816 or pendletonj@gao.gov.

FORCE STRUCTURE

Improved Cost Information and Analysis Needed to Guide Overseas Military Posture Decisions

What GAO Found

Although the Department of Defense (DOD) has conducted some analysis to support two recent global posture decisions, the full cost implications of these decisions are unknown.

- *Forward deployment and permanent stationing of U.S. Navy ships in Rota.* The Navy considered three options: (1) deploying ships to the region from U.S. bases, (2) forward stationing ships and crews overseas, and (3) deploying ships to the region and rotating crews from U.S. bases. The Navy concluded that forward stationing ships was the most efficient option, but GAO found that it did not fully consider the option to rotate crews from U.S. bases and, in a classified analysis, it used different assumptions for forward stationing versus deploying from the United States. These assumptions could affect the results of the analysis and have long-term cost implications. GAO's *Cost Estimating and Assessment Guide* states that a business case or cost-benefit analysis finds the best value solution by presenting facts and supporting details among competing alternatives, including the life cycle costs and benefits, and sensitivity to changes in assumptions. Without an analysis that controls for differing assumptions or considers factors such as complete life cycle costs, the long-term costs associated with its decision to forward station ships will remain unknown.
- *Reduction of U.S. Army force structure in Europe.* The planned reductions of U.S. Army forces in Europe will likely save money; however, decisions that could affect the extent of the savings are pending. For example, a 2010 Army analysis found \$2 billion in savings over 10 years by returning forces from Germany, but assumed that new facilities estimated at \$800 million would need to be built in the United States to house them. However, present planned reductions in overall Army end strength could eliminate the need for new construction. Further, DOD announced that it will rotate forces from the United States to Europe, but the nature of the rotations—which could include significant costs depending on their size and frequency—has not yet been defined. According to DOD officials, until such determinations are made, the savings to DOD will remain uncertain.

DOD has taken steps to align posture initiatives with strategy and cost, but continues to lack comprehensive and consistent cost estimates of initiatives. DOD's evolving posture process links initiatives with defense goals. Stakeholders from key DOD entities prioritize the initiatives in a voting process based on strategic criteria; cost is discussed, but not voted on. Furthermore, combatant commands did not completely and consistently report cost data in their theater posture plans because of the lack of readily available cost information. GAO found two primary reasons for this: unclear roles and responsibilities of key DOD organizations that have access to the cost data needed to compile and report comprehensive cost estimates and lack of a standardized format to compile and report cost data from component commands. Until these cost data are comprehensively compiled and reported, DOD and congressional decision makers will be unable to assess the true cost of posture initiatives.