

GAO Highlights

Highlights of [GAO-14-314](#), a report to congressional requesters

Why GAO Did This Study

Since 2002, DOD has spent over \$98 billion developing a ballistic missile defense system to protect the United States, U.S. forces, and allies against inbound threat missiles. In December 2011, DOD deployed the initial phase of a revised approach for Europe, with increased capabilities to be deployed in later phases. GAO has reported on potential risks to DOD's implementation caused by the lack of a coordinated management approach and an absence of life-cycle cost estimates. Given DOD's BMD investment and revised approach, GAO was asked to review EPAA's implementation. GAO evaluated the extent to which DOD (1) identified and planned to resolve implementation issues before deploying BMD capabilities to Europe; and (2) estimated the long-term costs to operate and support BMD elements in Europe. GAO reviewed DOD instructions, manuals, and other documents on the acceptance process and the status of operating and support cost estimates that have been developed to-date, and interviewed cognizant officials.

What GAO Recommends

GAO recommends that DOD identify and plan to resolve implementation issues prior to deploying and operating BMD elements and require and set a deadline for completing business-case analyses and joint cost estimates for all BMD elements in Europe. DOD agreed with three recommendations and partially agreed with one, expressing concern about the proper entities for resolving implementation issues. GAO believes that the recommendation can be implemented through collaboration as discussed further in this report.

View [GAO-14-314](#). For more information, contact John Pendleton at (404) 679-1816 or pendletonj@gao.gov.

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BALLISTIC MISSILE DEFENSE

Actions Needed to Address Implementation Issues and Estimate Long-Term Costs for European Capabilities

What GAO Found

The Department of Defense (DOD) met the presidentially announced time frame to deploy initial ballistic missile defense (BMD) capabilities in Europe under the European Phased Adaptive Approach (EPAA) but did not fully identify and plan to resolve implementation issues before deployment. As a result, DOD experienced implementation issues, such as incomplete construction of housing facilities for soldiers arriving at the EPAA radar site in Turkey and incomplete implementing arrangements defining how to operate with allies when certain BMD elements arrived in the host country. U.S. Strategic Command, in coordination with other combatant commands, developed criteria to assess whether a BMD capability is ready for operational use to ensure that BMD capabilities can be used as intended when they are delivered. However, the assessment criteria used during this process focused on effectiveness, suitability, and interoperability areas—such as whether BMD elements can work together to track ballistic missile threats—and did not explicitly require DOD to comprehensively identify and plan to resolve implementation issues prior to deploying these capabilities. DOD plans to continue to use its existing process to accept BMD capabilities planned for Europe in the future. Without identifying and planning to resolve implementation issues before deployment, DOD risks continuing to encounter implementation issues after it deploys additional BMD capabilities in Europe, which may lead to significant delays and inefficiencies.

DOD has estimated the long-term operating and support cost estimates for some but not all BMD elements in Europe, and existing estimates could change. Specifically, initial estimates indicate these costs could total several billion dollars over the elements' lifetime, but key decisions that have not been made are likely to change these estimates. Also, DOD has not developed a comprehensive estimate for a key element—Aegis Ashore. In prior work developing cost-estimating best practices, GAO concluded that cost estimates can assist decision makers in budget development and are necessary for evaluating resource requirements at key decision points and effectively allocating resources. Office of Management and Budget guidance also emphasizes that agencies should plan for operations and maintenance of capital assets. In 2012, the Army and the Missile Defense Agency (MDA) estimated the lifetime operating and support costs for two BMD elements, a forward-based radar and terminal high-altitude air defense batteries. However, DOD has not completed business-case analyses for them, which would underpin a decision on long-term support strategies, and has not decided where to station the terminal-defense battery. In addition, MDA and the Navy have separately begun to identify some costs but have not developed a comprehensive joint estimate of lifetime operating and support costs for the two planned Aegis Ashore sites. Although MDA and the services agreed to jointly develop estimates of lifetime operating and support costs, there is no explicit requirement to complete business-case analyses to support a decision on long-term product support, and jointly develop cost estimates, before deploying BMD elements in Europe. However, without completed business-case analyses and up-to-date operating and support cost estimates, DOD and decision makers are limited in their ability to develop sound budgets and identify the resources needed over the long term to operate and support BMD elements in Europe.