

Highlights of [GAO-11-316](#), a report to the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, Committee on Appropriations, U.S. Senate

Why GAO Did This Study

The Department of Defense (DOD) is currently conducting the largest transformation of military posture in the Pacific region since the end of World War II. Transforming posture in Korea, Japan, and Guam will affect tens of thousands of military personnel and their families and require the construction of hundreds of new facilities and more than 3,500 housing units. GAO was asked to examine: (1) initiatives in Korea, their cost implications, and the basis for “tour normalization;” (2) initiatives in Japan and Guam and their cost implications; and (3) the extent to which DOD estimates the total cost of posture and addresses affordability issues. GAO assessed DOD policies and procedures, interviewed relevant DOD and State Department officials, and analyzed cost data from the military services.

What GAO Recommends

GAO recommends that DOD develop a business case analysis for its strategic objectives related to tour normalization in Korea, limit investments at Camp Humphreys until the business case is completed, and develop comprehensive cost estimates of posture in the Pacific. DOD generally agreed with GAO’s recommendations, but it did not specify what corrective actions it would take or time frames for completion.

View [GAO-11-316](#) or key components. For more information, contact Brian J. Lepore at (202) 512-4523 or leporeb@gao.gov.

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DEFENSE MANAGEMENT

Comprehensive Cost Information and Analysis of Alternatives Needed to Assess Military Posture in Asia

What GAO Found

DOD is transforming the facilities and infrastructure that support its posture in Asia without the benefit of comprehensive cost information or an analysis of alternatives that are essential to conducting affordability analysis. In South Korea, DOD is transforming its military posture through a series of four interrelated posture initiatives. GAO obtained DOD cost estimates that total \$17.6 billion through 2020 for initiatives in South Korea, but DOD cost estimates are incomplete. One initiative, to extend the tour length of military service members and move thousands of dependents to South Korea—called “tour normalization”—could cost DOD \$5 billion by 2020 and \$22 billion or more through 2050, but this initiative was not supported by a business case analysis that would have considered alternative courses of action and their associated costs and benefits. As a result, DOD is unable to demonstrate that tour normalization is the most cost-effective approach to meeting its strategic objectives. This omission raises concerns about the investments being made in a \$13 billion construction program at Camp Humphreys, where tour normalization is largely being implemented.

DOD is also transforming its military posture in Japan, Okinawa, and Guam but has not estimated the total costs associated with these initiatives. Based on an October 2006 Government of Japan budget estimate study for realignment costs and limited cost information developed by DOD, GAO identified approximately \$29.1 billion—primarily just construction costs—that is anticipated to be shared by the United States and Japan to implement these initiatives. DOD officials stated total cost estimates for its initiatives were not available because of the significant uncertainty surrounding initiative-implementation schedules. The Senate Appropriations Committee recently directed DOD to provide annual status updates on posture initiatives in Korea, Japan, Guam, and the Northern Mariana Islands. If DOD is fully responsive to the Committee’s reporting direction, these updates should provide needed visibility into initiative cost and funding requirements.

DOD’s posture planning guidance does not require the U.S. Pacific Command to include comprehensive cost data in its theater posture plan, and as a result, DOD lacks critical information that could be used by decision makers as they deliberate on posture requirements and affordability. GAO analysis shows that of the approximately \$24.6 billion obligated by the military services to support installations in Asia from 2006 through 2010, approximately \$18.7 billion (76 percent) was for operation and maintenance of these facilities. The services estimate that operation and maintenance costs would be about \$2.9 billion per year through 2015. However, this estimate appears to be understated, and DOD’s initiatives may significantly increase those costs. For example, DOD has yet to estimate costs associated with furnishing and equipping approximately 321 new buildings and 578 housing units in Okinawa. Without comprehensive and routine reporting of posture costs, DOD decision makers will not have the full fiscal context in which to develop posture plans and requirements, and congressional committees will lack a full understanding of the potential funding requirements associated with DOD budget requests.