



Highlights of [GAO-04-514](#), a report to Congressional Committees

Why GAO Did This Study

Congress needs the best available data about DOD's resource trade-offs between the dual priorities of transformation and fighting the global war on terrorism. To help shape its priorities, in 2001 DOD developed a capabilities-based approach focused on how future adversaries might fight, and a risk management framework to ensure that current defense needs are balanced against future requirements. Because the Future Years Defense Program (FYDP) is DOD's centralized report providing DOD and Congress data on current and planned resource allocations, GAO assessed the extent to which the FYDP provides Congress visibility over (1) projected defense spending and (2) implementation of DOD's capabilities-based defense strategy and risk management framework.

What GAO Recommends

GAO makes recommendations to provide Congress more data in fiscal year 2005 and beyond on known or likely costs of operations, and to enhance the FYDP as a tool in the new strategic environment. In comments on a draft report, DOD stated it already provides reliable information on known costs of ongoing operations to Congress as soon as it is available, and did not concur with the proposal to enhance the FYDP. GAO believes its recommendations offer practical solutions that would provide better information for congressional decision-makers to use during budget deliberations.

www.gao.gov/cgi-bin/getrpt?GAO-04-514.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sharon Pickup at (202) 512-9619 or pickups@gao.gov.

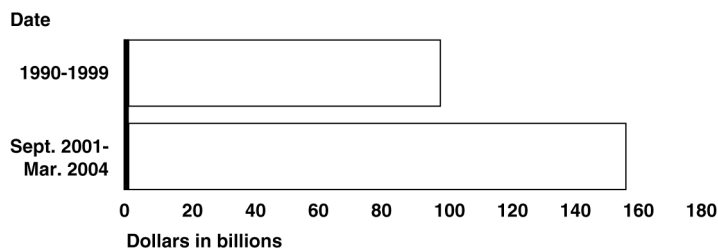
FUTURE YEARS DEFENSE PROGRAM

Actions Needed to Improve Transparency of DOD's Projected Resource Needs

What GAO Found

The FYDP provides Congress with mixed visibility over DOD's projected spending for the current budget year and at least four succeeding years. On the one hand, it provides visibility over many programs that can be aggregated so decision makers can see DOD's broad funding priorities by showing shifts in appropriation categories. On the other hand, in some areas DOD likely understates the future costs of programs in the FYDP because it has historically employed overly optimistic planning assumptions in its budget formulations. As such, DOD has too many programs for the available dollars, which often leads to program instability, costly program stretch-outs, and delayed program termination decisions. Also, the FYDP does not reflect costs of ongoing operations funded through supplemental appropriations. Since September 2001, DOD has received \$158 billion in supplemental appropriations to support the global war on terrorism, and DOD expects to request another supplemental in January 2005 to cover operations in Iraq and Afghanistan. While DOD officials stated they are uncertain of the amount of the request, some requirements they intend to fund with the supplemental appropriation have already been identified, such as temporarily increasing the Army's force structure. Defining costs during ongoing operations is challenging and supplemental appropriations are sometimes necessary; however, not considering the known or likely costs of ongoing operations expected to continue into the new fiscal year as part of larger budget deliberations will preclude DOD and congressional decision makers from fully examining the budget implications of the global war on terrorism.

DOD's Emergency Supplemental Appropriations for 2004



Source: GAO analysis of appropriations data.

The FYDP provides Congress limited visibility over important DOD initiatives. While DOD is considering how to link resources to defense capabilities and the risk management framework, it does not have specific plans to make these linkages in the FYDP, in part because the initiatives have not been fully defined or implemented. Because the FYDP lacks these linkages, decision makers cannot use it to determine how a proposed increase in capability would affect the risk management framework, which balances dimensions of risk, such as near term operational risk versus risks associated with mid- to long-term military challenges.