



Highlights of [GAO-08-502](#), a report to congressional committees

Why GAO Did This Study

The Department of Defense (DOD) manages and operates about 577,000 structures worldwide, valued at about \$712 billion. DOD has worked for several years to develop models that can reliably estimate the installation support funds needed to sustain these facilities, and plans to spend over \$55 billion to support these facilities and operate its bases in fiscal year 2008. Because GAO has identified support infrastructure as a high-risk area that affects DOD's ability to devote funds to other more critical needs, GAO initiated this review under the Comptroller General's authority. This report discusses (1) the reliability of the annual funding estimates produced by the facilities sustainment model, (2) DOD's progress in meeting funding goals for facility sustainment and recapitalization, (3) the extent to which DOD has addressed deferred facility sustainment funding needs, and (4) the status of DOD's efforts to develop a new installation services model. To address these objectives, GAO reviewed the accuracy and support for the model's key inputs, analyzed pertinent documents, and visited eight judgmentally selected installations.

What GAO Recommends

GAO recommends that DOD take several actions to increase the facilities sustainment model's reliability, address deferred facility sustainment funding requirements, and advance progress implementing the installation services model. DOD generally agreed with the recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-502](#). For more information, contact Brian J. Lepore at (202) 512-4523 or leporeb@gao.gov.

DEFENSE INFRASTRUCTURE

Continued Management Attention Is Needed to Support Installation Facilities and Operations

What GAO Found

Although the facilities sustainment model, implemented in 2003, provides a consistent and reasonable framework for preparing estimates of DOD's annual facility sustainment funding requirements, accuracy and supportability issues with two of the model's key inputs have affected the reliability of the model's estimates. First, regarding the inventory quantity input, GAO found that the services had not complied with DOD regulations requiring verification of each real property inventory record. Without the verifications, DOD lacked assurance that the model used accurate inventory quantities, and GAO's analysis identified inaccuracies in some quantities used by the model. Second, regarding the sustainment cost factor input, GAO identified issues concerning some cost factors used by the model. For example, an independent study reported that only 13 of 45 cost factors evaluated were deemed to be reasonably accurate and adequately supported. Until DOD improves the accuracy of these two inputs, the model's estimates of facility sustainment funding requirements will not be as reliable as possible.

The military services have not met all of DOD's goals for funding facility sustainment and recapitalization at levels to prevent deterioration and ensure that facilities are restored and modernized. Service officials stated that they generally did not meet the sustainment funding goals because resources were limited and programs such as force modernization often had higher funding priority. Although the services achieved more success in meeting DOD's goal to fund recapitalization, funding remains an issue with the Army, the Navy, and the Air Force reporting recapitalization backlogs of over \$50 billion at the end of fiscal year 2007.

DOD has not taken actions to estimate and address its deferred facility sustainment requirements. In fiscal years 2005 through 2007, the services did not fund over \$3.5 billion of their estimated annual facility sustainment requirements. The services do not have consistent estimates of their deferred sustainment requirements or plans to deal with these needs because DOD has not provided adequate guidance to clearly define deferred sustainment requirements, or direct the services to measure, track, and address these needs. As a result, DOD's plans to address facility sustainment requirements do not include all deferred sustainment requirements, which could result in continued facility deterioration and increased future recapitalization costs.

DOD's progress in developing a new model to estimate funding requirements for installation services, such as airfield and port operations, has been slow. Although DOD's goal is to establish common standards and metrics for installation services by the end of 2008, the services had agreed on common definitions and standards for only 2 of 29 areas by the end of 2007. DOD officials stated that reaching agreement has been difficult for several reasons, such as differences among the services in how tasks for installation services are performed and managed. Without a reliable model, DOD cannot provide the Congress with a clear basis for making funding decisions.