



Highlights of [GAO-04-288](#), a report to the Subcommittee on Military Construction, Senate Committee on Appropriations

Why GAO Did This Study

The Department of Defense's (DOD) military construction program provides funding for construction projects in the United States and overseas, and funds most base realignment and closure costs. Recent Office of the Secretary of Defense (OSD) estimates indicate that it would cost as much as \$164 billion to improve facilities to a level that would meet the department's goals. GAO was asked to report on the (1) steps OSD has taken to enhance program management, (2) process of prioritizing and resourcing military construction projects, and (3) advantages and disadvantages of increasing the current funding thresholds for constructing and repairing facilities.

What GAO Recommends

GAO recommends that OSD (1) complete the management tools for standardizing construction practices and costs, (2) reevaluate the time frames for completing the key objectives, and (3) develop a mechanism for periodically reassessing military construction priorities for facility categories that fall outside DOD's specific areas of emphasis. GAO also suggests that Congress may wish to consider the advantages and disadvantages of increasing the funding thresholds for minor construction projects. In commenting on a draft of this report, DOD agreed or partially agreed with the recommendations and indicated that some actions are being taken to address them.

www.gao.gov/cgi-bin/getrpt?GAO-04-288.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barry W. Holman at (202) 512-8412 or holmanb@gao.gov.

DEFENSE INFRASTRUCTURE

Long-term Challenges in Managing the Military Construction Program

What GAO Found

Recognizing the need to halt the degradation of defense facilities, OSD took a number of steps to enhance the management of the military construction program by providing guidance through a facilities strategic plan and by standardizing practices through selected management tools. However, some of these tools are not completed, and others have weaknesses that further hinder efforts to improve facilities. OSD's strategic plan outlines long-term goals but lacks comprehensive information on the actions, time frames, responsibilities, and resources that are needed to meet DOD's vision for facilities. OSD has also established key financial objectives for the services to improve the condition of their facilities. Given competing funding pressures and that the process of realigning and closing bases to reduce excess infrastructure will take several years to accomplish, improvements in facilities will likely require much longer than suggested by OSD's objectives.

DOD's process of prioritizing and resourcing military construction projects provides an important means of improving whole categories of facilities but can repeatedly postpone addressing important projects outside of those categories. If left unchecked without periodic reassessments, the process can continually defer projects important to installations' ability to accomplish their mission and improve servicemembers' quality of life. As much as 77 percent of military construction funds appropriated in any one year are distributed among specific areas of emphasis, such as housing, leaving a significantly smaller portion that is insufficient to repair the remaining categories of facilities. Some projects are not submitted for funding consideration because they do not fall within the specific areas of emphasis and thus are perceived as being highly unlikely to receive funding. Also, some high-cost priority projects are postponed for future years' funding because their addition would exceed the services' funding level established for that year. Congress may add projects during the appropriations process, addressing what it has considered as inadequate requests for funding. These projects may require adjustments in DOD's plans since they may not always align with DOD's short-term priorities.

Increasing current funding thresholds for unspecified minor military construction projects would give DOD installations more flexibility, but might need to be balanced against reducing congressional oversight. Construction costs have increased as much as 41 percent since the thresholds were last adjusted upward. As a result, fewer projects that are smaller in scope can now be completed using these types of funds. Additionally, installation officials often scale back the scope of a project in order to meet the current thresholds, compromising design characteristics in the process. However, if the thresholds were increased, Congress could lose oversight of the additional projects funded under these thresholds because such construction projects are not specifically identified in the President's budget submissions. Yet, there are alternatives, such as coupling the increased thresholds with periodic reports on the usage of those funds.