



March 2019

# DEFENSE STRATEGY

## Revised Analytic Approach Needed to Support Force Structure Decision- Making

## Why GAO Did This Study

DOD's 2018 National Defense Strategy continues the department's shift toward focusing on the challenges posed by major powers—China and Russia. The strategy concludes that DOD must pursue urgent change at a significant scale and starkly warns that failure to properly implement the strategy will rapidly result in a force that is irrelevant to the threats it will face. To implement the change DOD envisions, senior leaders must have quality information.

Senate Report 115-125 includes a provision for GAO to review DOD's analytic approach for informing force structure decisions to implement the National Defense Strategy. This report assesses, among other things, whether DOD's analytic approach has provided senior leaders with the support needed. GAO reviewed DOD guidance, assessed whether DOD was meeting the objectives identified in its guidance, and interviewed agency officials. This is an unclassified version of a classified report issued in February 2019. Information that DOD deemed classified has been omitted.

## What GAO Recommends

GAO recommends that DOD (1) determine the analytic products needed and update them, (2) provide specific guidance requiring the services to explore a range of alternative approaches and force structures, and (3) establish an approach for conducting joint force structure analysis across the department. DOD concurred with the recommendations and noted the department has begun addressing them.

View [GAO-19-385](#). For more information, contact John Pendleton at (202) 512-3489 or [pendletonj@gao.gov](mailto:pendletonj@gao.gov).

# DEFENSE STRATEGY

## Revised Analytic Approach Needed to Support Force Structure Decision-Making

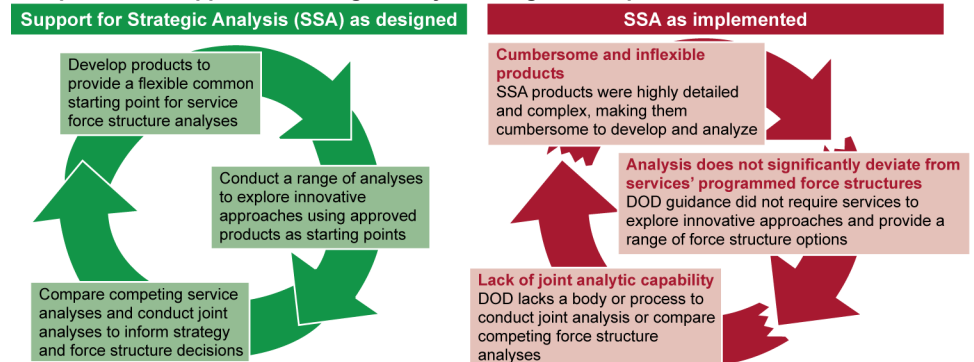
### What GAO Found

The Department of Defense's (DOD) analytic approach has not provided senior leaders with the support they need to evaluate and determine the force structure necessary to implement the National Defense Strategy. DOD's analytic approach—Support for Strategic Analysis (SSA)—is used by the services to evaluate their force structure needs and develop their budgets. However, GAO found that SSA has been hindered by three interrelated challenges:

- **Products are cumbersome and inflexible.** Although DOD guidance states that SSA products are to be common starting points for analysis on plausible threats, including threats identified in strategic guidance, DOD has not kept the products complete and up to date in part because they were highly detailed and complex and therefore cumbersome to develop and analyze.
- **Analysis does not significantly deviate from services' programmed force structures or test key assumptions.** Although DOD's guidance states that SSA should facilitate a broad range of analysis exploring innovative approaches to mitigate threats identified in the strategy, the services generally have not conducted this type of analysis because guidance has not specifically required the services to do so.
- **DOD lacks joint analytic capabilities to assess force structure.** Although DOD guidance states that SSA is intended to facilitate the comparison and evaluation of competing force structure options and cross-service tradeoffs, the department has not conducted this type of analysis because it lacks a body or process to do so.

DOD efforts to revise its analytic approach are in the early stages and have not yet identified solutions to these challenges. Moreover, DOD has attempted reforms in the past without success. Without a functioning analytic process that addresses the above challenges, senior leaders do not have the analytic support they need to prioritize force structure investments that would best manage risk and address the threats outlined in the National Defense Strategy.

### Comparison of Support for Strategic Analysis Design and Implementation



Source: GAO analysis of Department of Defense (DOD) documents and interviews with officials. | GAO-19-385

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## Abbreviations

CAPE	Cost Assessment and Program Evaluation
CONOPS	Concepts of Operations
DOD	Department of Defense
DPS	Defense Planning Scenario
DV	Detailed View
NDS	National Defense Strategy
NMS	National Military Strategy
NSS	National Security Strategy
OUSD (Policy)	Office of the Under Secretary of Defense (Policy)
SSA	Support for Strategic Analysis

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March 14, 2019

The Honorable James M. Inhofe  
Chairman  
The Honorable Jack Reed  
Ranking Member  
Committee on Armed Services  
United States Senate

The Honorable Adam Smith  
Chairman  
The Honorable Mac Thornberry  
Ranking Member  
Committee on Armed Services  
House of Representatives

The Department of Defense’s (DOD) 2018 National Defense Strategy continues the department’s shift away from a focus on violent extremism and toward a focus on the challenges posed by major powers.<sup>1</sup> According to the strategy, the central challenge to U.S. prosperity and security is the reemergence of long-term, strategic competition with “revisionist powers” China and Russia.<sup>2</sup> After two decades of unchallenged U.S. military dominance, the strategy notes that the future strategic environment demands analysis that accepts uncertainty and complexity and that is capable of driving innovation amid rapidly changing threats. U.S. military advantage, as stated in the strategy, has been eroding as rapid technological changes spread globally and potential adversaries actively seek to undermine DOD’s advantages. The strategy concludes that the department must pursue urgent change at a significant scale and starkly warns that failure to properly implement the strategy will rapidly result in a force that is irrelevant to the threats it will face.

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<sup>1</sup>DOD, *2018 National Defense Strategy: Sharpening the American Military’s Competitive Edge* (Jan. 19, 2018) (SECRET). See also, DOD, *Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military’s Competitive Edge* (Jan. 19, 2018).

<sup>2</sup>The National Defense Strategy notes that revisionist powers are those that want to shape a world consistent with their authoritarian model—gaining veto authority over other nations’ economic, diplomatic, and security decisions.

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The Bipartisan Budget Act of 2018 increased defense discretionary spending limits by a total of \$165 billion for fiscal years 2018 and 2019.<sup>3</sup> However, the department faces difficult choices for how to best balance the readiness of its current force, which is being heavily utilized, against the modernization needed to implement a strategy focused on highly capable adversaries. Moreover, rapid change can be difficult for any organization, especially one as large as DOD. Any significant change from the status quo requires sustained senior leader involvement. Senior leaders are better positioned to do that when they have quality information to help them weigh options and determine the best path forward for implementing a strategy. However, DOD has reported facing challenges implementing a process to provide analytic support to DOD senior leaders as they deliberate strategy and budget matters, even after years of reform efforts.

The Senate Armed Services Committee report accompanying a bill for the National Defense Authorization Act for Fiscal Year 2018 notes that DOD has varied its approach for determining force structure needs and included a provision for us to review DOD's analytic approach for informing force structure decisions.<sup>4</sup> In this report, we (1) describe the approach that DOD has established to provide senior leaders with analytic support for making force structure decisions to support the strategic priorities identified in the National Defense Strategy and (2) assess whether that approach has provided senior leaders with the analytic support needed for making force structure decisions to implement the National Defense Strategy.

This report is a public version of our February 2019 classified report.<sup>5</sup> DOD deemed some of the information in the prior report as classified, which must be protected from public disclosure. Therefore, this report omits classified information such as specific information on the military threats and capabilities of adversaries identified in the National Defense Strategy, and the DOD products and analysis available to help senior leaders prioritize the force structure needed to mitigate those threats. Although the information provided in this report is more limited, the report

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<sup>3</sup>Pub. L. No. 115-123, § 30101 (2018).

<sup>4</sup>S. Rep. No. 115-125, at 115-116 (2017).

<sup>5</sup>GAO, *Defense Strategy: Revised Analytic Approach Needed to Support Force Structure Decision-Making*, [GAO-19-40C](#) (Washington, D.C.: Feb. 11, 2019) (SECRET//NOFORN).

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addresses the same objectives as the classified report and uses the same methodology.

To address our first objective, we analyzed Office of the Secretary of Defense guidance to determine how DOD's analytic approach is used to inform senior leaders' force structure decisions.<sup>6</sup> We reviewed the relevant guidance to determine the roles and responsibilities for the DOD organizations involved with developing and maintaining products that serve as starting points for analysis throughout the department, definitions of those products, and the approach for developing and using them. We reviewed the four military services' respective guidance to determine how the services are directed to identify and evaluate force structure needs.<sup>7</sup> We also reviewed the 2018 National Defense Strategy and supplemental Defense Planning Guidance to describe the key threats against which the department is required to plan its force structure to be prepared to deter or defeat.<sup>8</sup> We interviewed knowledgeable officials from the Office of the Under Secretary of Defense for Policy (OUSD (Policy)); the Office of the Chairman of the Joint Chiefs of Staff (Joint Staff); the Office of the Director, Cost Assessment and Program Evaluation (CAPE); and the four military services to corroborate our understanding of the guidance we reviewed.

To address our second objective, we assessed whether DOD's approach provided senior leaders the information they need for making force structure decisions. We reviewed DOD's relevant guidance documents, developed by senior leaders such as the Secretary of Defense and the Deputy Secretary of Defense, which defined key objectives for DOD's analytic approach and discussed whether the department was meeting

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<sup>6</sup>Deputy Secretary of Defense Memorandum, *National Defense Strategy: From Strategy to Action* (Feb. 16, 2018); Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff Memorandum, *FY 2018 Defense Analytic Guidance* (June 10, 2016); Deputy Secretary of Defense Memorandum, *Support for Strategic Analysis Process* (Nov. 14, 2014); Office of the Under Secretary of Defense for Policy (OUSD (Policy)), *Guidance for the Use of Support for Strategic Analysis Products* (May 6, 2013); DOD Directive 8260.05, *Support for Strategic Analysis (SSA)* (July 7, 2011).

<sup>7</sup>Office of the Chief of Naval Operations Instruction 3050.27, *Force Structure Assessments* (Feb. 12, 2015); Air Force Policy Directive 90-11, *Air Force Strategy, Planning, and Programming Process* (Aug. 6, 2015); Marine Corps Order 5311.1E, *Total Force Structure Process* (Nov. 18, 2015); Army Regulation 71-11, *Total Army Analysis (TAA)* (Dec. 29, 1995).

<sup>8</sup>DOD, *2018 National Defense Strategy*; Deputy Secretary of Defense Memorandum, *National Defense Strategy: From Strategy to Action* (Feb. 16, 2018).

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those objectives.<sup>9</sup> We reviewed documentation on the status of analytic products DOD has developed since 2012 that are currently available for the military services to use when conducting their force structure analyses and assessed whether these products were developed in accordance with DOD's relevant guidance.<sup>10</sup> We also reviewed documentation provided by the military services, including examples of recent force structure analyses and additional analysis they conducted. We reviewed DOD documentation to identify past reforms to guidance, products, and processes and interviewed knowledgeable officials to understand changes the department is currently considering to how it provides analytic support to senior leaders. We also reviewed GAO's Cost Estimation Guide and Standards for Internal Control in the Federal Government to identify best practices for sound analysis, which call for sensitivity and risk analyses, among other things.<sup>11</sup> We also interviewed officials from OUSD (Policy), the Joint Staff, CAPE, and the four military services to corroborate our understanding of their development and use of analytic products and to identify their perspectives on the benefits of and challenges to using existing products and processes. For all of our objectives, we performed work at the organizations responsible for analyzing force structure needs within the Office of the Secretary of Defense, the Joint Staff, and the military services.<sup>12</sup>

The performance audit upon which this report is based was conducted from August 2017 to February 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our

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<sup>9</sup>Secretary of Defense Memorandum, *FY 2018 – FY 2022 Defense Planning Guidance* (Feb. 29, 2016); Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff Memorandum, *FY 2018 Defense Analytic Guidance* (June 10, 2016); Deputy Secretary of Defense Memorandum, *Support for Strategic Analysis Process* (Nov. 14, 2014); OUSD (Policy), *Guidance for the Use of Support for Strategic Analysis Products* (May 6, 2013); DOD Directive 8260.05.

<sup>10</sup>For the purposes of this report, force structure analysis includes the breadth of analysis that informs force sizing, shaping, capability, and concept development.

<sup>11</sup>GAO, *GAO Cost Estimating and Assessment Guide*, [GAO-09-3SP](#) (Washington, D.C.: March 2009), and GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

<sup>12</sup>In addition to the military services, U.S. Special Operations Command has responsibilities for analyzing force structure requirements. We did not include U.S. Special Operations Command in the scope of this review.



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audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We subsequently worked with DOD to prepare this unclassified version of the report for public release from February 2019 to March 2019. This public version was also prepared in accordance with these standards.

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## Background

The National Defense Strategy is DOD's primary strategy document, providing a foundation for all other strategic guidance in the department.<sup>13</sup> The National Defense Authorization Act for Fiscal Year 2017 required DOD to develop a national defense strategy and update it at least once every 4 years and, during the years without an update, to assess the implementation of the strategy and whether any revision is necessary.<sup>14</sup> The National Defense Strategy replaces the Quadrennial Defense Review, which the Armed Services Committees concluded had become too slow and ineffective to provide relevant strategic direction to the department. For each new strategy, DOD is required to identify, among other things:

- DOD's strategic priority missions;
- the force structure, readiness, posture, and capabilities needed to support the strategy; and
- major investments required by the strategy.

A separate provision in the act also established a Commission to assess the 2018 National Defense Strategy. The provision required the Commission to review the assumptions, missions, force posture and structure, and risks associated with the strategy.<sup>15</sup> Congress expressed continued interest in DOD's strategy implementation and assessment in

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<sup>13</sup>Strategic guidance is strategic direction contained in key documents. The President, Secretary of Defense, and Chairman of the Joint Chiefs of Staff use strategic direction to communicate their broad goals and issue specific guidance to DOD. Strategic direction provides the common thread that integrates and synchronizes the planning activities and operations of the Joint Staff, combatant commands, services, joint forces, combat support agencies, and other DOD agencies. Chairman of the Joint Chiefs of Staff, Joint Pub. 5-0, *Joint Planning* (June 16, 2017).

<sup>14</sup>Pub. L. No. 114-328, § 941(a) (2016) (codified at 10 U.S.C. § 113(g)).

<sup>15</sup>Pub. L. No. 114-328, § 942 (2016). The Commission issued its final report in November 2018, after we had sent our draft report to DOD for its comments. As such, we have not incorporated the Commission's findings into this report.

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the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which included several provisions related to these matters.<sup>16</sup>

The National Defense Strategy falls under the President's National Security Strategy, which outlines the overarching security strategy for the federal government. The National Defense Strategy is above the National Military Strategy, which provides more detailed military direction. Figure 1 provides the hierarchy and description of key U.S. strategic guidance documents.

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<sup>16</sup>See, e.g., Pub. L. No. 115-232, §§ 902, 1041, 1075 (2018) (regarding modification of responsibilities of the Under Secretary of Defense for Policy, strategic guidance documents within DOD, and reporting on the highest-priority roles and missions of DOD and the Armed Forces).

**Figure 1: Hierarchy and Description of Key U.S. Strategic Guidance Documents**

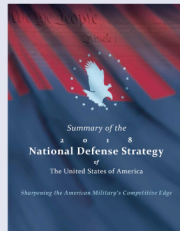
**National Security Strategy (NSS)**



*Issued December 2017*

- Signed by the President
- Outlines the major national security concerns of the United States and how the administration plans to address them
- Often purposely general in content, and its implementation by the Department of Defense relies on elaborating direction provided in supporting documents

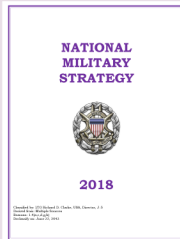
**National Defense Strategy (NDS)**



*Issued January 2018*

- Signed by the Secretary of Defense
- Primary Department of Defense guidance that provides the foundation for other strategic guidance
- Articulates a strategy consistent with the most recent NSS by defining force structure, modernization plans, and a budget plan allowing the military to successfully execute the full range of missions

**National Military Strategy (NMS)**



*Issued January 2019*

- Signed by the the Chairman of the Joint Chiefs of Staff
- Translates the NSS and NDS into more specific military direction
- Provides the Chairman's direction with regard to the operational environment and the necessary military actions to protect national security interests
- Defines the national military objectives (ends), how to accomplish these objectives (ways), and addresses the military capabilities required to execute the strategy (means)

Source: GAO analysis of Department of Defense documents. | GAO-19-385

Organizations across DOD play a role in providing analytic support to senior leaders as they make force structure decisions to support the National Defense Strategy. Table 1 provides a summary of the organizations with key roles and responsibilities for providing analytic support to senior leaders making force structure decisions.

**Table 1: Department of Defense (DOD) Organizations with Key Roles in Providing Analytic Support to Senior Leaders Making Force Structure Decisions**

Organization	Summary of analytic duties
Office of the Under Secretary of Defense for Policy (OUSD (Policy))	<ul style="list-style-type: none"> <li>• Advise on national security and defense policy and the integration and oversight of DOD policy and plans to achieve national security objectives.</li> <li>• Provide direction regarding service analytic priorities for the budget development process.</li> </ul>
Joint Chiefs of Staff (Joint Staff)	<ul style="list-style-type: none"> <li>• Conduct net assessments in support of the development of the National Military Strategy.</li> <li>• Assess plans of the Combatant Commands and periodically review their missions, responsibilities, and force structure.</li> <li>• Assess the extent to which military service budget proposals conform to DOD priorities and offer alternatives, if necessary.</li> </ul>
Cost Assessment and Program Evaluation (CAPE)	<ul style="list-style-type: none"> <li>• Provide independent analysis and advice on matters including DOD's budget, and ensure that DOD's cost estimation and cost analysis processes provide accurate information and realistic estimates of cost for the acquisition programs.</li> <li>• Conduct independent analysis of military service program and budget proposals.</li> </ul>
Military Services	<ul style="list-style-type: none"> <li>• Determine military service force structure requirements and make recommendations concerning force requirements to support national security objectives and strategy and to meet the operational requirements of the Combatant Commands.<sup>a</sup></li> <li>• Present and justify positions on the plans, programs, and policies of the department.</li> </ul>

Source: GAO analysis of Department of Defense information. | GAO-19-385

Note: Statutes and DOD guidance documents assign many of the roles and responsibilities to individuals rather than to the offices that support those individuals (e.g., to the Under Secretary of Defense for Policy rather than to the Office of the Under Secretary of Defense for Policy). We refer to the offices that support those principals, as is common practice in the department.

<sup>a</sup>The Combatant Commands also conduct analyses, including determining operational requirements, identifying gaps, and conducting risk assessments.

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## DOD Has Established an Approach to Provide Senior Leaders with Analytic Support for Making Force Structure Decisions

DOD established its approach, Support for Strategic Analysis (SSA), in 2002 to provide analytic support to DOD senior leaders as they deliberate strategy and budget matters and to support evaluations of force structure needs across the joint force.<sup>17</sup> SSA is structured to do this by providing a common set of assumptions for various military threats that form the basis for further analysis across the department. DOD guidance states that SSA is intended to provide a common starting point for the exploration of various approaches to address the threats.<sup>18</sup> DOD guidance further states that analyses should provide senior leaders with insights on the relative risks of various operational approaches and force structures.<sup>19</sup> Senior leaders would then have a basis to weigh options, examine tradeoffs across the joint force, and drive any force structure changes necessary to meet the strategy. For more information on the origin of SSA, see the sidebar below.

### Origin of Support for Strategic Analysis

DOD officials told us that the department developed what became SSA because then Secretary of Defense Donald Rumsfeld was frustrated by the lack of objective measures to compare competing force structure proposals. During the 1990s, each service developed its own analytic process and assumptions for assessing force structure needs to develop requirements for budget submissions. Each service's analytic process tended to favor its preferred force structure and operational approach. DOD officials stated that the lack of a common analytic starting point for all of the services also meant that senior leaders had difficulty getting beyond debates about the services' respective assumptions during discussions on force structure priorities. As a result, the Secretary of Defense had no objective basis by which to decide whether, for example, a Navy proposal to buy more ships or an Air Force proposal to buy more fighter aircraft was the best way for the department to use its limited resources to support strategic priorities.

Source: GAO analysis of DOD information. | GAO-19-385

SSA is led by OUSD (Policy), the Joint Staff, and CAPE—collectively referred to as the Tri-Chairs. DOD guidance assigns each Tri-Chair responsibility for creating one of three increasingly detailed products for a variety of military threats that, taken together, comprise the common starting point for additional analysis of that threat.<sup>20</sup> The resultant SSA product library is then available to the services and other DOD organizations for further analysis.

DOD guidance notes that the threats SSA products address are examples of the types of threats U.S. joint forces are expected to be able to address with acceptable risk.<sup>21</sup> However, the guidance states that the

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<sup>17</sup>DOD Directive 8260.1, *Data Collection, Development, and Management in Support of Strategic Analysis* (Dec. 6, 2002) (superseded by DOD Directive 8260.05, *Support for Strategic Analysis (SSA)* (July 7, 2011)).

<sup>18</sup>Deputy Secretary of Defense Memorandum, *Support for Strategic Analysis Process* (Nov. 14, 2014). See also DOD Directive 8260.05; Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff Memorandum, *FY 2018 Defense Analytic Guidance* (June 10, 2018); OUSD (Policy), *Guidance for the Use of Support for Strategic Analysis Products* (May 6, 2013).

<sup>19</sup>OUSD (Policy), *Guidance for the Use of Support for Strategic Analysis Products* (May 6, 2013).

<sup>20</sup>DOD Directive 8260.05.

<sup>21</sup>OUSD (Policy), *Guidance for the Use of Support for Strategic Analysis Products* (May 6, 2013).

forces described in the products are not intended to constitute DOD's force structure requirements. Instead, analysis using these products is intended to help senior leaders establish force structure requirements that balance risk across a range of threats, within fiscal constraints. Table 2 identifies the three SSA products that are intended to form the common starting point for analysis for a given plausible threat, along with the lead Tri-Chair for each product type.

**Table 2: Support for Strategic Analysis (SSA) Product Summary**

SSA product (lead Tri-Chair)	Product description
Defense Planning Scenario (OUSD (Policy))	<ul style="list-style-type: none"> <li>High-level description of a plausible threat, the strategic approach to address it, and assumptions that should be used to guide Concept of Operations (CONOPS) and force development, including information on adversary capabilities and the strategic objectives</li> <li>Least detailed product</li> </ul>
Concept of Operations (CONOPS) and Forces <sup>a</sup> (Joint Staff)	<ul style="list-style-type: none"> <li>Description of the operational approach to address the threat identified in the Defense Planning Scenario and the major force structure elements (e.g., ships and fighter squadrons) used in that approach</li> </ul>
Detailed View <sup>b</sup> (CAPE)	<ul style="list-style-type: none"> <li>Refined estimate of the numbers and types of units needed to support the CONOPS</li> <li>Developed to support the services' analytic processes</li> <li>Most detailed product</li> </ul>

Source: GAO analysis of Department of Defense information. | GAO-19-385

Note: As designed, the common starting point for analysis in SSA for a given threat includes these three products. The services support the Tri-Chairs in developing these products.

<sup>a</sup>In this report, we refer to the SSA Concept of Operations and Forces product collectively as CONOPS.

<sup>b</sup>Department of Defense documents and officials refer to this product as a baseline or a detailed view. For ease of presentation, we refer to it as the Detailed View in this report.

According to DOD guidance, the military services are to support the Tri-Chairs in developing the SSA products and, according to DOD officials, are the primary users of these products.<sup>22</sup> The guidance requires that the services use SSA products as common starting points for studies evaluating their force structure needs for implementing the defense strategy and supporting their budget development, among other things. Although the starting points are common across the department, each service uses its own analytic process to evaluate its specific force

<sup>22</sup>DOD Directive 8260.05.

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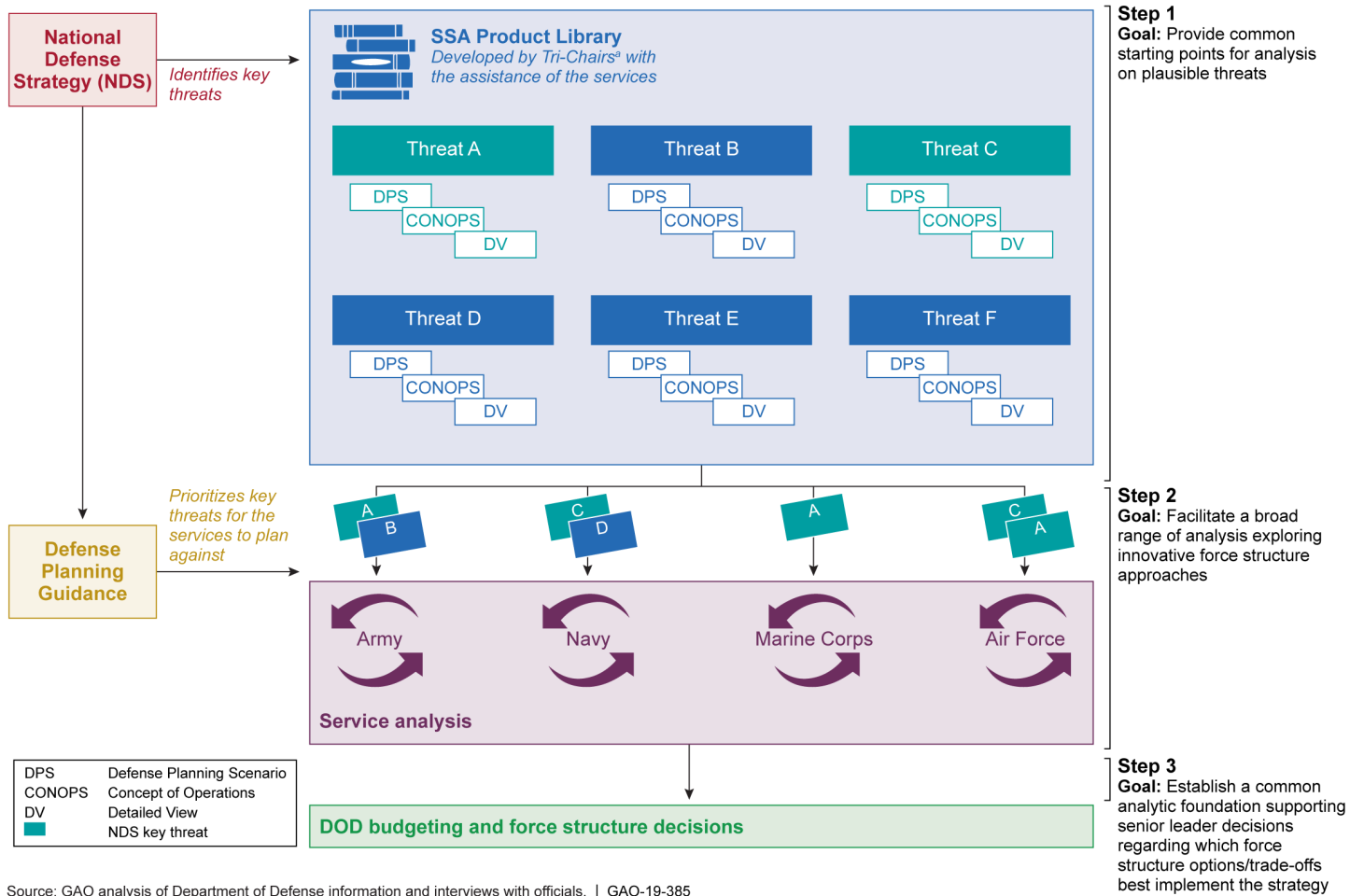
structure needs for implementing the strategy and supporting its budget development (see app. I for further details on each service’s analytic process).

The services may examine any plausible threat in the SSA library that they believe may help them understand their force structure needs. However, the 2018 National Defense Strategy identifies several key threats and the principal priorities for the department that the services must prioritize when developing their force structures. Specifically, the unclassified summary of the strategy calls for the department to increase and sustain investments towards the long-term strategic competitions with China and Russia, and to concurrently sustain its efforts to deter and counter rogue regimes such as North Korea and Iran, defeat terrorist threats to the United States, and consolidate gains in Iraq and Afghanistan with a more resource-sustainable approach. Further, budget guidance—in particular the Defense Planning Guidance—directs each service on which threats it must focus as part of its budget development process.<sup>23</sup> Figure 2 provides a generalized overview of how the SSA process was designed to operate.

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<sup>23</sup>The Defense Planning Guidance is “by exception” guidance, stating that, unless otherwise directed, DOD components should maintain investments and other resourcing activities in accordance with other official fiscal, planning, and programming guidance.

**Figure 2: Support for Strategic Analysis (SSA) Process as Designed**



Source: GAO analysis of Department of Defense information and interviews with officials. | GAO-19-385

Note: The figure does not represent DOD's full SSA product library.

<sup>a</sup>The Tri-Chairs are OUSD (Policy), the Joint Staff, and CAPE.



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## DOD's Analytic Approach Has Not Provided Senior Leaders with Needed Support for Major Force Structure Decisions and Alternative Approaches Are Incomplete

SSA has not provided senior leaders with the analytic support they need to evaluate and make fully informed decisions regarding the force structure needed to implement the National Defense Strategy. DOD has recognized this and attempted to reform SSA for several years, including exploring alternative options for providing senior leaders with better decision-making support. However, DOD has not fully developed these approaches and it is unclear whether they will provide the analytic support needed.

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## Support for Strategic Analysis Has Not Provided Senior Leaders with Needed Analytic Support Due to Three Interrelated Challenges

To date, SSA has not provided the analytic support senior leaders need to evaluate and determine the force structure required to implement the defense strategy. DOD senior leaders have documented concerns with SSA in relevant guidance. For example, DOD's 2016 Defense Analytic Guidance stated explicitly that there were cracks in the department's analytic foundation, many of which originate within SSA.<sup>24</sup> Further, CAPE and the Joint Staff had disengaged from the SSA process by this time but, as of September 2018, the services were still using SSA products for their force structure analyses and budget development.

Based on our analysis, we believe that SSA has not yielded the analytic support that it was intended to provide owing to three interrelated and persistent challenges: (1) cumbersome and inflexible products, (2) limited analysis that tends not to deviate from the services' programmed force structures and has not tested key assumptions, and (3) an absence of joint analysis evaluating competing force structure options and cross-service tradeoffs.

## SSA Products Are Cumberse and Inflexible

DOD has not kept the SSA products complete and up to date because they are cumbersome and inflexible. DOD guidance states that SSA

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<sup>24</sup>Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff Memorandum, *FY 2018 Defense Analytic Guidance* (June 10, 2016).

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products are to be common starting points for analyses, including key threats identified in strategic guidance.<sup>25</sup> DOD guidance also states that SSA products should retain consistency with DOD strategy and current intelligence and should incorporate operational approaches effective at mitigating future threats.<sup>26</sup> Credible independent analysis of an issue requires a detailed, well-understood, up-to-date common basis for that analysis.<sup>27</sup>

As of September 2018, DOD's library of products was incomplete and outdated. Specifically, the Detailed View was not available for any of the threats, and Joint Staff officials told us they stopped producing joint CONOPS through SSA in 2015. Moreover, the Joint Staff retired all of the existing SSA CONOPS in March 2018 because they were outdated and/or not aligned with the 2018 National Defense Strategy—though they were still available for the department to access. Service officials also told us that many of the approved Defense Planning Scenarios and CONOPS for the key threats identified in the 2018 National Defense Strategy do not reflect up-to-date military objectives and adversary capabilities.<sup>28</sup> Additionally, the 2018 National Defense Strategy outlines a new force posture and employment model that could have major implications for

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<sup>25</sup>DOD Directive 8260.05

<sup>26</sup>Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff Memorandum, *FY 2018 Defense Analytic Guidance* (June 10, 2016); OUSD (Policy), *Guidance for the Use of Support for Strategic Analysis Products* (May 6, 2013).

<sup>27</sup>This principle of analysis is discussed in GAO, *GAO Cost Estimating and Assessment Guide*, [GAO-09-3SP](#) (Washington, D.C., March 2009). Although the basic principle is described in the context of cost estimation, it also applies to analysis in a broader context and amplifies what DOD states in its guidance on SSA. *Standards for Internal Control in the Federal Government* also note that quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis.

<sup>28</sup>According to OUSD (Policy) officials, they did not develop or update scenarios when they were working on the National Defense Strategy from May 2017 through January 2018 in order to ensure that changes aligned with the strategy. In August 2018, OUSD (Policy) provided short updates to three Defense Planning Scenarios, stating that it was providing only the bare minimum strategic assumptions for the services to use for analysis to specifically inform fiscal year 2020 budget requests and fiscal year 2021 force planning analysis. However, these scenarios have not yet been formally approved for further use. Further, officials from all four services told us that the service analysis conducted in support of the fiscal year 2020 budget request was completed before the August 2018 scenario updates.

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future CONOPS.<sup>29</sup> However, DOD is still developing these concepts and, as such, they are not yet reflected in any SSA products. Specific details on the status of key SSA products were omitted because the information is classified.

One of the key reasons DOD did not keep the products complete and up to date was that developing and approving highly detailed and complex SSA products was cumbersome, taking a significant level of effort and time. Tri-Chair officials told us that developing the CONOPS and Detailed View, in particular, was difficult because there was a desire to gain consensus with all of the stakeholders and because the services wanted these products to have high fidelity detail in order to run their campaign models.<sup>30</sup> For example, CAPE and Joint Staff officials told us that it took between 1 and 2 years to build and approve the Detailed View for one threat scenario. The officials added that the level of detail included made the product inflexible and difficult to vary. CAPE and Joint Staff officials agreed that this product became far too detailed and time-consuming and used a substantial amount of the department's analytic capacity. As a result, the officials told us that CAPE abandoned building additional Detailed Views in 2012. The lack of agreed-upon details about the forces required has had other effects. For example, OUSD (Policy) and Joint Staff officials told us that the services still wanted the comprehensive information that the Detailed View was supposed to provide for use in their campaign models. Without CAPE producing Detailed Views, the officials noted that some of the detailed information migrated into the higher level CONOPS, making developing and analyzing that product more difficult and time-consuming as well.

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<sup>29</sup>The unclassified summary of the 2018 strategy states that force posture and employment must be adaptable to account for the uncertainty that exists in the changing global strategic environment and states that the department will do so through Dynamic Force Employment and a modernized Global Operating Model. Specifically, the unclassified strategy summary states that the new concept of Dynamic Force Employment will prioritize maintaining the capacity and capabilities for major combat, while providing options for proactive and scalable employment of the joint force. It also notes that a modernized Global Operating Model of combat-credible, flexible theater postures will enhance DOD's ability to compete and provide freedom of maneuver during conflict, providing national decision-makers with better military options.

<sup>30</sup>The Joint Staff defines a campaign as a framework to orchestrate and synchronize simultaneous activities and operations aimed at, among other things, accomplishing or enabling policy aims and guiding the joint forces' informed application of force. Joint Chiefs of Staff, *Joint Concept for Integrated Campaigning* (Mar. 16, 2018).

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However, all four military services told us that they need and continue to use the SSA products—specifically, the Defense Planning Scenarios and CONOPS—to support program and budget formulation. Service officials also told us they have adapted CONOPS, as individual services or with other services, to better reflect the operational environment (e.g., updating intelligence estimates on adversary capabilities). However, CAPE and OUSD (Policy) officials told us that this results in the services’ analyses no longer being common and comparable across the department. The John S. McCain National Defense Authorization Act for Fiscal Year 2019 reiterates that OUSD (Policy) must, in coordination with the other Tri-Chairs, develop planning scenarios by which to assess joint force capabilities, among other things.<sup>31</sup>

Until the Tri-Chairs determine the analytic products needed and the level of detail that is sufficient to serve as a common starting point but also flexible enough to allow for variation of analysis, and ensure these products are updated, the military services will likely continue to generate budget requests based on analysis that is not comparable. As DOD’s 2016 Defense Analytic Guidance noted about the fiscal year 2017 budget review, the lack of a common basis for their analysis hampers the department’s ability to understand the relationship between future warfighting risks identified in analysis and the services’ programmatic decisions.

### SSA Analysis Does Not Significantly Deviate from the Services’ Programmed Force Structures or Test Key Assumptions

Although DOD’s guidance stated that SSA will facilitate a broad range of analysis exploring innovative force structure approaches for mitigating future threats identified in the strategy, SSA has not done so.<sup>32</sup> Innovative force structure approaches could include, for example, alternative CONOPS and deviations from programmed forces. The 2018 National Defense Strategy stated that DOD’s operational approach largely dates from the immediate post-Cold War era when U.S. military advantage was unchallenged and the threats were rogue regimes, which is no longer the case. OUSD (Policy) officials told us that SSA CONOPS also reflect this outdated approach that depends on overwhelming force for success, which is unrealistic against advanced adversaries. Similarly, DOD’s 2016 Defense Analytic Guidance called for SSA to emphasize analyzing and assessing risk against key threats rather than on defending

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<sup>31</sup>Pub. L. No. 115-232, § 902 (2018).

<sup>32</sup>Deputy Secretary of Defense Memorandum, *Support for Strategic Analysis Process* (Nov. 14, 2014).

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predetermined force levels or capabilities. Rather, the 2018 strategy stated that the department must relentlessly pursue innovative solutions and devise insurmountable dilemmas for future adversaries and that incrementalism or evolutionary progress is inadequate.

However, Tri-Chair and service officials told us the services have been reluctant to conduct or share these types of boundary-pushing analyses through SSA for fear that they will jeopardize their forces or limit their options.<sup>33</sup> Tri-Chair officials also told us that the services have leveraged their participation in developing SSA products to ensure their favored major force structure elements are included in the common starting point. Joint Staff officials noted that they were able to do this because SSA did not constrain what force structure the services could use for their analysis. That is, if the force structure was programmed, they could use it because the goal was to overwhelm the adversary. However, by not significantly deviating from the starting points, the services were able to ensure that their analytic outcomes support the need for the already-programmed force.

Additionally, several questionable assumptions underpin the analysis. Sensitivity analysis examines the effects that changes to key assumptions have on the analytic outcome and are helpful to understand risk.<sup>34</sup> It can therefore provide insight to decision makers of how risk levels would change if conditions did not match the assumptions.<sup>35</sup> However, Tri-Chair officials told us that the services, using SSA products as a starting point, generally have not conducted sensitivity analyses on key operational

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<sup>33</sup>Tri-Chair and service officials also identified classification restrictions as a significant and growing impediment to sharing analyses across the department.

<sup>34</sup>GAO, *GAO Cost Estimating and Assessment Guide*, [GAO-09-3SP](#) (Washington, D.C.: March 2009).

<sup>35</sup>[GAO-09-3SP's](#) discussion of sensitivity analysis is in the context of cost estimating but the basic definition and principles apply to analysis in a broader context. Further, sensitivity analyses done in the context of analyzing force structure requirements would undoubtedly have significant associated cost implications. Best practices for the analysis of alternatives process similarly notes that failing to conduct a sensitivity analysis to identify the uncertainties associated with different assumptions increase the chances that the team conducting the analysis of alternatives will recommend an alternative without an understanding of the full impact of that choice. See appendix I of GAO, *Amphibious Combat Vehicle: Some Acquisition Activities Demonstrate Best Practices; Attainment of Amphibious Capability to be Determined*, [GAO-16-22](#) (Washington, D.C.: Oct. 28, 2015). *Standards for Internal Control in the Federal Government* also note the importance of decision-makers fully understanding risk.

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assumptions or on factors that may not be static (or at least have some uncertainty) and, if varied, may raise or lower the risk of completing assigned tasks or missions. According to these officials, as well as our past work, certain questionable assumptions have not been analyzed through sensitivity analysis as part of SSA.<sup>36</sup> For example, all four services tend to assume that their readiness for a conflict will be high, consistent with the level directed in guidance. However, we reported in 2018 that at the individual service level, the military services continue to report readiness challenges and readiness rebuilding is anticipated to take 4 years or more.<sup>37</sup> Specific details of service-specific assumptions that are problematic were omitted because the information is classified.

The services have been reluctant to independently examine a broad range of innovative force structure options and conduct sensitivity analysis on key operational assumptions through SSA because, according to service officials, due to competing priorities they believe they can generally only affect marginal changes in their budgets from year to year and have limited analytic capacity. Service officials noted how the majority of their service's budget each year is constrained by must pay bills, including personnel costs, supporting existing force structure, established contracts, sustaining the industrial base, and statutory mandates. As such, unless directed to by senior leaders, service officials told us that they typically do not use their limited analytic resources to conduct sensitivity analysis or explore alternative approaches. The sensitivity analyses they have been directed to conduct have generally been focused on smaller force structure changes, but have provided useful insights. For example, the Air Force conducted an analysis for its fiscal year 2019 budget request of how risk would be affected with various F-35 buy-rates and investments in munitions and base defense. The Air Force found that it could reduce risk by keeping its F-35 buy-rate steady instead of increasing it and could use the resulting savings to bolster its munitions stocks.

DOD stated in its 2016 Defense Analytic Guidance that SSA is not adequately exploring innovative approaches to meet future challenges, and called for OUSD (Policy) to identify key operational assumptions for

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<sup>36</sup>See, for example, GAO, *Army Readiness: Progress Made Implementing New Concept, but Actions Needed to Improve Results*, [GAO-17-458SU](#) (Washington, D.C.: June 2017).

<sup>37</sup>GAO, *Military Readiness: Update on DOD's Progress in Developing a Readiness Rebuilding Plan*, [GAO-18-441RC](#) (Washington, D.C.: Aug. 10, 2018) (SECRET).

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the services to use to conduct sensitivity analyses.<sup>38</sup> However, the direction provided by the department has thus far been limited and has generally not provided specific guidance requiring the services to explore a range of innovative force structure approaches or identified key assumptions on which the services must conduct sensitivity analyses. For example, the three Defense Planning Scenarios updated in 2018 for the purposes of analysis in support of the fiscal years 2020 and 2021 budget requests included a number of parameters for further analytic exploration.<sup>39</sup> However, the guidance encourages, but does not require, the services to conduct these analyses. As previously discussed, officials said the services are reluctant to conduct or share this analysis and are unlikely to do so without specific direction. As a result, SSA analysis largely reflects the services' programmed force structures and has not driven any significant changes to force structure or resource allocation within DOD and lacks credibility with senior leaders, as documented in DOD guidance. Until DOD provides specific guidance requiring the services to explore a range of innovative force structure approaches relevant to the threats identified in the 2018 National Defense Strategy, including identifying key assumptions for sensitivity analyses, DOD senior leaders may not have full visibility into the risks in the joint force's ability to execute the missions set out in the National Defense Strategy.

## DOD Lacks Joint Analytic Capabilities to Assess Force Structure

A key stated goal of SSA was to create a common analytic foundation so that the services' force structures could be evaluated as a joint force—as it would fight. However, SSA has not resulted in this type of joint analysis. Specifically, DOD guidance states that SSA is intended to facilitate the comparison and evaluation of competing force structure options and cross-service tradeoffs. DOD guidance also states that assessments of the aggregate capacity of the joint force can provide an analytic

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<sup>38</sup>Further, section 902 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 also directs OUSD (Policy), in coordination with the other Tri-Chairs, to develop specific objectives that the joint force should be ready to achieve.

<sup>39</sup>As noted earlier, OUSD (Policy) provided short updates to three Defense Planning Scenarios in August 2018, stating that it was providing only the bare minimum strategic assumptions for the services to use for analysis to specifically inform fiscal years 2020 and 2021 force planning analysis and budget requests. However, these scenarios have not yet been formally approved for further use. Further, officials from all four services told us that the service analysis conducted in support of the fiscal year 2020 budget request was completed before the August 2018 scenario updates.

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foundation to identify risk and understand tradeoffs across competing demands for the force.<sup>40</sup>

According to the services, SSA products provide a valuable resource and are critical to informing programmatic decisions. However, DOD's 2016 Defense Analytic Guidance noted that there was a dearth of joint analysis at the operational and strategic levels; the department lacks a body or process to conduct or review joint force analysis; and the department's SSA efforts were focused on developing, versus analyzing, the common starting points. Accordingly, it reiterated the need for SSA to free up time and resources to conduct joint analysis and review competing analyses.<sup>41</sup> Tri-Chair officials told us that DOD currently compares and makes decisions on force structure options primarily through the budget process; however, such budget reviews are typically limited to specific areas of interest. The officials added that program and budget review is not the best place to evaluate joint force structure tradeoffs because the kinds of issues examined in the budget process are more limited in scope and generally do not include comprehensive cross-service comparisons.

Lacking joint analytic capability to assess force structure needs could be problematic as the department moves forward to implement the 2018 National Defense Strategy. The John S. McCain National Defense Authorization Act for Fiscal Year 2019 directed OUSD (Policy), in coordination with the other Tri-Chairs, to conduct assessments of the capabilities of the joint force to achieve required objectives.<sup>42</sup> However, Tri-Chair officials also told us that, as of 2018, there was not a mechanism in place for DOD to routinely assess joint force needs and force structure tradeoffs across the military services. As previously discussed, in 2016 this was identified as an issue, and limited progress has been made since then to ensure adequate joint analysis to support senior leader decision-making. Further, OUSD (Policy) officials told us that SSA has not been responsive to senior leaders because it has not provided timely and comprehensive answers to important questions that only joint analysis can provide, such as the extent to which the joint force can successfully meet a campaign's overall objectives (e.g., win the war)

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<sup>40</sup>OUSD (Policy), *Guidance for the Use of Support for Strategic Analysis Products* (May 6, 2013).

<sup>41</sup>Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff Memorandum, *FY 2018 Defense Analytic Guidance* (June 10, 2016).

<sup>42</sup>Pub. L. No. 115-232, § 902 (2018).



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or the extent to which cross-service tradeoffs would affect a specific campaign. As a result, force structure decisions in the department based on SSA have remained largely relegated to marginal changes through program and budget review, according to DOD.<sup>43</sup> The department's gap in a joint analytic capability is particularly problematic in light of the National Defense Strategy's call for urgent change at a significant scale and recent proposals by the services to greatly expand their force structure—including the Navy's plan to grow the fleet by as much as 25 percent and the Air Force's plan to grow squadrons by 24 percent.<sup>44</sup>

Based on our discussions with officials and our analysis, there are a number of different options the department has for conducting such joint analyses, including establishing a separate body with these capabilities or specifying the organizational responsibilities and processes for conducting these comparisons and analyses. Until the department has an approach for conducting joint analyses or comparing competing analyses, DOD senior leaders will not have a robust joint analytic foundation to rely on to evaluate competing force structure options and cross-service tradeoffs.

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## DOD Is Exploring Options for Revising Its Analytic Approach for Making Force Structure Decisions, but These Efforts Are Incomplete

The department has recognized that SSA has shortcomings and made repeated efforts to address them, including specific intervention and supplemental guidance promulgated in 2014 and 2016.<sup>45</sup> However, Tri-Chair officials told us that these prior efforts fell short, and the department's struggles with SSA led to two of the three Tri-Chairs disengaging from the process—CAPE in 2012 and the Joint Staff in 2015. The Tri-Chairs agree that DOD continues to need a process and products that are current, more responsive to senior leader needs, and able to provide insights on alternative approaches and force structures that span the joint force. In addition, Joint Staff officials noted that SSA was too

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<sup>43</sup>The Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff 2016 memorandum states that, since the end of the Cold War, wars and major budget cuts—not SSA—have prompted large shifts in resource allocation. Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff Memorandum, *FY 2018 Defense Analytic Guidance* (June 10, 2016).

<sup>44</sup>GAO, *Air Force Readiness: Actions Needed to Rebuild Readiness and Prepare for the Future*, [GAO-19-120T](#) (Washington, D.C.: Oct. 10, 2018).

<sup>45</sup>See Deputy Secretary of Defense Memorandum, *Support for Strategic Analysis Process* (Nov. 14, 2014); Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff Memorandum, *FY 2018 Defense Analytic Guidance* (June 10, 2016).

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focused on force sizing, which is not consistent with the 2018 National Defense Strategy's focus on innovation, modernization, and readiness.

In order to address this, the Joint Staff is pursuing an alternative approach to SSA that would largely eliminate a separate formal analytic process. Instead, the Joint Staff believes that the Tri-Chairs and the services can address senior leader needs more efficiently by continuing to execute their existing statutory roles and responsibilities within their own individual organizations in lieu of SSA. Since 2016, the Joint Staff has reinvigorated its own analytic capability to support the Chairman of the Joint Chiefs of Staff and other senior DOD leaders, according to Joint Staff officials.<sup>46</sup>

Although officials from other DOD organizations have supported the Joint Staff's reinvigoration of its analytic support, they told us that this approach is focused on the Chairman's responsibility rather than on wider departmental needs and does not address key shortfalls in providing analytic support to senior leaders, including the need for a common, flexible starting point. Further, the Joint Staff's alternative approach would rely on CAPE's analysis in the budget process as the culminating point for final DOD force structure decisions. CAPE officials told us that the program review can assist DOD leadership in optimizing relatively limited changes to DOD's force structure by evaluating service budget submissions and identifying alternatives for consideration. However, budget cycle time constraints mean that little analysis occurs within program review and, as a result, program review relies on the foundational analysis SSA was intended to provide. As such, CAPE's annual program review is inadequate for comprehensively examining needs and making major tradeoffs across the joint force, according to the officials. Finally, the department originally created SSA as a separate analytic process to address a shortfall not addressed by key DOD entities pursuing their statutory responsibilities.

The Tri-Chairs have also undertaken an effort to identify an alternative approach to SSA. Specifically, shortly after the new strategy was released

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<sup>46</sup>Joint Staff produces the Chairman's Net Assessments, which are focused on specific threats. These assessments are based on a compilation of hundreds of existing analyses from across DOD, the federal government, and outside organizations, according to Joint Staff officials, including analyses by the services based on SSA products. Joint Staff officials said the Chairman's Net Assessments could be used for force planning. The Joint Staff also develops the Joint Military Net Assessment, which is a compilation of numerous Chairman Net Assessments as well as other DOD analyses.

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in 2018, CAPE initiated a Tri-Chair “blank slate” review of DOD’s analytic process in order to thoroughly review—without preconceived solutions—how to best provide analytic support to senior leaders. According to Tri-Chair officials, this effort is in the early stages of development and has not yet identified solutions to the challenges that hampered SSA or documented any aspects of a new approach.

While the department’s recognition of the challenges confronting SSA is promising, the two efforts underway to identify alternatives to SSA are not complete and it is unclear the degree to which these efforts will address the challenges that have been long-standing with SSA. Addressing these challenges is critical to being able to provide needed information for senior leaders to make decisions on how best to implement and execute the National Defense Strategy.

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## Conclusions

The 2018 National Defense Strategy calls for the department to make difficult choices to prioritize what is most important to field a lethal, resilient, and rapidly adapting joint force needed to address the growing threats to U.S. security. It also emphasizes that this environment demands analysis that accepts uncertainty and complexity and can drive innovation among rapidly changing threats. To prepare the joint force for the threats identified in the strategy, the department’s leadership needs to be supported by timely and comprehensive analyses.

However, SSA—DOD’s current approach for providing such analytic support—has not provided the timely and comprehensive analyses that senior leaders need to make informed decisions about the joint force structure needed to implement the National Defense Strategy. Senior leaders have documented in relevant DOD guidance that there are cracks in the department’s analytic foundation, many of which originate with SSA. This is due in part to highly detailed and complex products that are difficult to produce and lack flexibility to analyze, insufficient guidance to overcome the interests of the services to protect their force structure equities, and the lack of a joint analytic capability. Congress, in the John S. McCain National Defense Authorization Act for Fiscal Year 2019, required OUSD (Policy), in coordination with the other Tri-Chairs, to develop joint force objectives and conduct assessments of the joint force’s capability to meet those objectives. The department has demonstrated a desire to fix SSA’s deficiencies but has thus far been unable to overcome these challenges. Without determining the analytic products needed and updating them, issuing specific guidance requiring alternatives and key assumptions to be fully analyzed, and developing an

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approach for conducting joint analysis, DOD may not be providing its leaders with the analytic support they need to prioritize force structure investments that would best manage risk and address the threats outlined in the National Defense Strategy.

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## Recommendations for Executive Action

We are making three recommendations to DOD as it reevaluates its analytic approach.

The Secretary of Defense should ensure that OUSD (Policy), the Joint Staff, and CAPE—in consultation with the services—determine the analytic products needed and the level of detail that is sufficient to serve as a common starting point but flexible to allow for variation of analysis to support senior leader decisions, and update these products to reflect current strategy and intelligence estimates, as well as the anticipated operational approaches needed to address future threats.

(Recommendation 1)

The Secretary of Defense should ensure that OUSD (Policy) provide specific guidance requiring the services to explore a range of innovative force structure approaches relevant to the key threats identified in the National Defense Strategy, including identifying key assumptions on which the services must conduct sensitivity analyses. (Recommendation 2)

The Secretary of Defense should establish an approach for comparing competing analyses and conducting joint analyses for force structure to support senior leaders as they seek to implement the National Defense Strategy. This could include establishing a separate body with these capabilities and/or specifying the organizational responsibilities and processes for conducting these comparisons and analyses.

(Recommendation 3)

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## Agency Comments and Our Evaluation

We provided a draft of the classified version of this report for review and comment to DOD. That draft contained the same recommendations as this unclassified version. In its written comments (reproduced in app. II), DOD concurred with our three recommendations and noted that the department has begun to address the recommendations with its new Defense Planning and Analysis Community initiative. We also received technical comments from DOD, which we incorporated as appropriate.

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DOD provided comments on its concurrence with the three recommendations. In its comments on the first recommendation, DOD suggested that we revise the recommendation to include that the Tri-Chairs consult with the services as they implement the recommendation. Throughout our report, we identified the important role the services play in providing analytic support to senior leaders, including supporting the development and use of the analytic products that provide the foundation of analysis in the department. As such, we agree with DOD's proposed revision and have incorporated it to further clarify the services' important role. In its comments on the second and third recommendations, DOD advised that we replace the term "force structure" with "force planning" to ensure that different audiences understand that we are referring to force sizing, shaping, capability, and concept development. DOD correctly stated that we were using the term "force structure" in a broad sense. However, the term force planning is not interchangeable with force structure because force planning is the act of analyzing and determining force structure needs. In order to provide further clarification, we added a note in the body of the report stating that when we refer to force structure analysis, it includes the force planning elements identified by DOD (i.e., force sizing, shaping, capability, and concept development).

The department also provided some general comments on our report. Specifically, DOD noted that it has reservations about some of the report's content because at times it seems to reflect statements based on particular organizational perspectives. DOD therefore requested that we acknowledge that Support for Strategic Analysis (SSA) suffered from poor implementation rather than being fundamentally unsound. However, DOD also stated that our report outlined that SSA failed due to overall suboptimal management and unwieldy stakeholder execution, and that the resulting failure to present analysis in a timely and responsive fashion impeded the flow of quality information to senior leaders. We believe that the three interrelated challenges we identified in our report adequately reflect that SSA faced significant challenges in being implemented as intended. Further, we identified that there are a broad range of views within the department on what the challenges have been and how to best address them. We continue to believe that it is important that these views be presented in the report and have attributed them as appropriate.

DOD also commented that we reference a desire within the department to gain "consensus" amongst SSA stakeholders, but thought that "coordinated" was a more appropriate word than consensus, since consensus was not required to produce SSA products. In the report, we did not state that consensus was required, but noted that DOD officials

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told us that the desire for consensus amongst SSA stakeholders was a contributing factor in making SSA products cumbersome and inflexible. Further, DOD's 2016 Defense Analytic Guidance similarly identifies the "degree of consensus" as an area requiring SSA process reform.

DOD's final comment noted that the military services used SSA products and routinely conducted sensitivity analysis for their internal use. We recognize in the report that the services conduct a variety of analyses, including some sensitivity analyses. However, we also identify important assumptions that remain untested. As we reported, service officials told us that they have limited analytic capacity and so tend not to do sensitivity analyses on topics unless specifically directed to do so. Further, we noted that the services have been reluctant to conduct or share boundary-pushing analyses through SSA for fear that they will jeopardize their forces or limit their options. As a result of this and the other challenges we identified in this report, the quality of SSA products and analysis and the information provided to senior leaders to inform decision-making has been limited. As DOD moves forward with implementing our recommendations, it will be important that it take the necessary steps to ensure that any future analytic processes thoroughly examine and test key assumptions and look across the joint force. Doing so would help ensure any new process can overcome the constraints that limited the effectiveness of SSA.

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We are sending copies of this report to congressional committees; the Acting Secretary of Defense; the Acting Under Secretary of Defense for Personnel and Readiness; the Under Secretary of Defense for Policy; the Chairman of the Joint Chiefs of Staff; the Director, Cost Assessment and Program Evaluation; the Secretaries of the Army, the Navy, and the Air Force; and the Commandant of the Marine Corps. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3489 or [pendletonj@gao.gov](mailto:pendletonj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in app. III.

A handwritten signature in black ink that reads "John H. Pendleton". The signature is written in a cursive style with a long, sweeping underline.

John H. Pendleton  
Director, Defense Capabilities and Management

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# Appendix I: Military Services' Analytic Processes for Assessing Force Structure Needs

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Each military service has its own process for determining its force structure requirements using national strategies, defense planning guidance, and Support for Strategic Analysis (SSA) products. Below is a description of each service's process as of September 2018.

- **Army.** The process the Army uses for identifying its force structure needs has two phases: (1) "Capability Demand Analysis" where the Army uses SSA-approved Defense Planning Scenarios to determine how large a force is needed to support the National Defense Strategy and with what mix of units and (2) "Resourcing and Approval" where senior Army leaders assess each capability within the Army to determine where reductions and growth need to occur given available resources. The Secretary of the Army approves changes to force structure through the end of the Future Years Defense Program in a decision memorandum, and these decisions are documented in an Army Structure Memorandum.
- **Navy.** The process the Navy uses for identifying its force structure needs begins with the identification of the Navy's steady-state, peacetime operations requirements. The Navy then conducts campaign and warfighting risk analyses to determine the force's ability to fight and win SSA-approved Defense Planning Scenarios. Specifically, the Navy tests each force element against the most stressing Defense Planning Scenario, which provides the Navy with its battle force warfighting—to include surge—requirements. These warfighting requirements are compared with steady-state requirements and the more stressing forms the basis of the Force Structure Assessment, which establishes the long-term force structure goals of the Navy's 30-year shipbuilding plan and aviation plan, and informs the programming and budget processes, among other things.
- **Air Force.** The Air Force has a largely decentralized process for identifying its force structure needs that is part of the Air Force's annual budget development process. The Air Force manages its activities and budgets primarily across 12 Core Functions—the broad capabilities the Air Force provides to the combatant commanders. Much of the force structure analysis that informs budget decisions is also conducted at the Core Function level.<sup>1</sup> The Air Force also

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<sup>1</sup>The 12 core functions are (1) Rapid Global Mobility; (2) Nuclear Deterrent Operations; (3) Education and Training; (4) Special Operations Forces; (5) Agile Combat Support; (6) Space Superiority; (7) Cyber Superiority; (8) Air Superiority; (9) Global Precision Attack; (10) Global Integrated Intelligence, Surveillance, and Reconnaissance; (11) Command and Control; and (12) Personnel Recovery.



conducts occasional leadership-directed studies on future capability needs in certain mission areas (e.g., air superiority needs beyond 2030) as well as a unified risk analysis of its entire force structure that is intended to inform senior leader budget decisions. The Air Force is currently revising its approach to better integrate its capability development and analysis earlier in the process.

- Marine Corps. The Marine Corps conducts service-level reviews of its force structure at the discretion of the Marine Corps Commandant. A Force Structure Review is typically directed as a result of major service-level issues, such as end strength or capability changes. Marine Corps Force 2025 is the most recent comprehensive assessment of the Marine Corps' force structure and organization. This was a three-phased effort that relied on one Defense Planning Scenario to develop alternative force structures and evaluate them against a near-peer adversary. The Commandant directed this review to emphasize growing information warfare capabilities. The Marine Corps also conducts Force Optimization Reviews, which are biennial reviews designed to optimize the current and planned future force, taking into consideration new and emerging requirements.

Table 3 shows some of the comparable elements of the individual service force structure development processes.

**Table 3: Comparison of Service Force Structure Development Processes**

	<b>Army</b>	<b>Navy</b>	<b>Air Force</b>	<b>Marine Corps</b>
Process name (final product)	Total Army Analysis (TAA)	Force Structure Assessment (FSA)	Strategy, Planning, Programming, Budgeting, and Execution (SPPBE)	Force Structure Review/Force Optimization Review
Frequency (last completed assessment)	Annual, tied to budget cycle (fiscal year 2019 budget request)	When directed by leadership or when strategic guidance or assigned missions change (calendar year 2016)	Annual, tied to budget cycle (fiscal year 2019 budget request)	Either as directed or a biennial assessment (calendar year 2018)
Time frame assessed in last completed assessment	Fiscal year 2023 (end of the Future Years Defense Plan (FYDP))	Fiscal year 2030 <sup>a</sup>	Fiscal year 2023 (end of the FYDP)	Fiscal year 2025

**Appendix I: Military Services' Analytic Processes for Assessing Force Structure Needs**

	<b>Army</b>	<b>Navy</b>	<b>Air Force</b>	<b>Marine Corps</b>
Key analytic inputs (main inputs into the service analytic process)	<ul style="list-style-type: none"> <li>National strategies and Defense Planning Guidance</li> <li>Support for Strategic Analysis (SSA) Defense Planning Scenarios</li> <li>Rules of allocation<sup>b</sup></li> <li>Current force structure</li> </ul>	<ul style="list-style-type: none"> <li>National strategies and Defense Planning Guidance</li> <li>SSA Defense Planning Scenarios</li> <li>Combatant Commander Global Force Management requests</li> <li>Theater Campaign Plans<sup>c</sup></li> </ul>	<ul style="list-style-type: none"> <li>National strategies and Defense Planning Guidance</li> <li>SSA Defense Planning Scenarios</li> <li>Air Force Program Objective Memorandum integrated baseline</li> <li>Air Force 30-year resource allocation plan</li> </ul>	<ul style="list-style-type: none"> <li>National strategies and Defense Planning Guidance.</li> <li>SSA Defense Planning Scenarios</li> <li>Current force structure</li> </ul>
Documented key analytic outputs (main analytic outputs that were used to inform force structure development and budget decisions in support of fiscal years 2018-2019 budget requests)	<ul style="list-style-type: none"> <li>None provided</li> </ul>	<ul style="list-style-type: none"> <li>None provided</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive Core Capability Risk Assessment (C3RAF)—overview risk analysis<sup>d</sup></li> <li>Enterprise Capability Collaboration Team (ECCT) analysis (on electronic warfare and air superiority)<sup>e</sup></li> </ul>	<ul style="list-style-type: none"> <li>Marine Corps Force 2025 (mission risk assessment of two force structure options against a near-peer competitor)</li> <li>Doctrine, Organization, Training, Materiel, Leadership/Education, Personnel, Facilities and Policy/Cost<sup>f</sup> analysis</li> <li>Force 2025 instantiated in the February 2017 Authorized Strength Report<sup>g</sup></li> </ul>

Source: GAO analysis of Department of Defense information. | GAO-19-385

Note: The Army, Navy, Air Force, and Marine Corps may also conduct ad hoc analyses of discrete topics at the request of their services' senior leaders.

<sup>a</sup>Due to the capital-intensive nature of the Navy's force structure, to include associated procurement, construction, and delivery timelines, the focal point of the Navy's FSA is as far in the future as the Intelligence Community and Campaign Analysis products can support, according to Navy officials.

<sup>b</sup>Rules of allocation are quantitative statements about each type of unit's capability, mission, and doctrinal employment.

<sup>c</sup>Theater Campaign Plans implement the military portion of national policy and defense strategy by identifying those actions the Combatant Commanders will conduct on a daily basis. Designated campaign plans direct the activities the command will conduct to shape the operating environment and prepare for, mitigate, or deter crises on a daily basis.

<sup>d</sup>The Air Force Core Functions also used to document their analyses of force structure needs and options within their core functions in Core Function Support Plans. However, the Air Force stopped producing these documents after the fiscal year 2017 budget cycle and does not document analyses done at the Core Functions elsewhere, according to Air Force officials.

<sup>e</sup>The Air Force conducted an Enterprise Capability Collaboration Team analysis on air superiority needs in 2030 and beyond for the fiscal year 2018 budget cycle and analysis on future electronic warfare needs in support of the fiscal year 2019 budget cycle.

<sup>f</sup>According to Marine Corps officials, this analysis is an ongoing process and varies for each initiative described.

<sup>g</sup>According to Marine Corps officials, the Authorized Strength Report reflects force structure (units/personnel/equipment) authorizations resulting from implementing guidance and direction.

# Appendix II: Comments from the Department of Defense



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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

DEC 14 2018

Mr. John Pendleton,  
Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Pendleton,

Attached is the Department of Defense (DoD) response to the Draft Government Accountability Office (GAO) Report, GAO-19-40C, "Defense Strategy: Revised Analytic Approach Needed to Support Force Structure Decision-Making," dated November 9, 2018 (GAO Code 102233).

Thank you for the opportunity to provide commentary on this report. The Department concurs with the report's three recommendations. Of note, DoD started addressing them with its new Defense Planning and Analysis Community (DPAC) initiative. In August 2018, the DPAC will provide a responsive and flexible analytic approach focused on producing robust analysis that explores innovative concepts and capabilities in line with the National Defense Strategy.

Although the Department concurs with the overall recommendations, DoD has reservations about some of the report's content, which at times seems to reflect statements based on particular organizational perspectives. Specifically, DoD requests GAO acknowledge that Support to Strategic Analysis (SSA) suffered from structural processes contrary to its success, as opposed to being fundamentally unsound. Please see the attached comments for details.

If questions should arise, please have your action officers contact Col Christian M. Rankin at (703) 693-6302.

Sincerely,

Matthew B. Shipley  
Deputy Assistant Secretary of Defense  
Force Readiness

Attachment:  
As stated

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GAO REPORT DATED DECEMBER 2018  
GAO-19-40C (GAO CODE 102233)

**“DEFENSE STRATEGY: REVISED ANALYTIC APPROACH NEEDED TO SUPPORT  
FORCE STRUCTURE DECISION-MAKING”**

**DEPARTMENT OF DEFENSE RESPONSE  
TO THE GAO RECOMMENDATIONS**

**RECOMMENDATION 1:** The Secretary of Defense should ensure that OUSD(Policy), Joint Staff, and CAPE determine analytic products needed and the level of detail that is sufficient to serve as a common starting point, [*but that is*] flexible to allow for variation of analysis to support senior leader decisions. [*These products should be updated*] to reflect current strategy and intelligence estimates, as well as the anticipated operational approaches needed to address future threats.

**DoD RESPONSE:** Concur with comment. Changing the recommendation to read as follows would more completely reflect the role and equity of the services in strategic analysis:

“The Secretary of Defense should ensure that OUSD(Policy), Joint Staff, and CAPE—in consultation with the services—determine analytic products needed and the level of detail that is sufficient to serve as a common starting point, but that is flexible to allow for variation of analysis to support senior leader decisions related to force sizing, shaping, capability and concept development. Such products should be updated to reflect current strategy and intelligence estimates, as well as the anticipated operational approaches needed to address future threats.”

As outlined in the report, DoD would like to note that SSA failed due to overall suboptimal management and unwieldy stakeholder execution. The resulting failure to present analysis in a timely and responsive fashion impeded the flow of quality information to senior leaders.

**RECOMMENDATION 2:** The Secretary of Defense should ensure that OUSD(Policy) provide[s] specific guidance requiring the services to explore a range of innovative force structure approaches relevant to the key threats identified in the National Defense Strategy, including identifying key assumptions on which the services must conduct sensitivity analyses.

**DoD RESPONSE:** Concur with comment. In the draft report, GAO uses the term “force structure” in a broad context. Force structure can mean different things to different audiences reading the report, depending on their role in the Department. DoD advises GAO use the more appropriate terminology “force planning” versus “force structure.” Force planning is the term used to describe the breadth of analysis that informs force sizing, shaping, capability, and concept development.

**RECOMMENDATION 3:** The Secretary of Defense should establish an approach for comparing competing analyses and conducting joint analyses for force structure to support senior leaders as they seek to implement the National Defense Strategy. This could include establishing

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a separate body with these capabilities and/or specifying the organizational responsibilities and processes for conducting these comparisons and analyses.

**DoD RESPONSE:** Concur with comment. Recommend changing the term, “force structure” and replace with “force planning” per Recommendation 2 response.

**MISCELLANEOUS:**

**CONSENSUS AMONG SSA STAKEHOLDERS:** Page 14 of the report referenced a desire to gain “consensus” with SSA stakeholders. DoD believes the thought behind “consensus” is better characterized by the term “coordinated,” since consensus was not required to produce SSA products.

**CONCLUSIONS ON SENSITIVITY ANALYSIS:** Page 16 of the report gives the impression that sensitivity analysis was missing from SSA. DoD wants to make clear the military services used SSA products and routinely conducted sensitivity analysis in line with service-level questions to aid in developing their internal program and budget builds.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

John H. Pendleton, (202) 512-3489 or [pendletonj@gao.gov](mailto:pendletonj@gao.gov)

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## Staff Acknowledgments

In addition to the contact name above, Patricia Lentini, Assistant Director; Nicolaas Cornelisse; Martin De Alteriis; Carly Gerbig; Mae Jones; Amie Lesser; Shahrzad Nikoo; Carol Petersen; and Alex Winograd made key contributions to this report.

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Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

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## Strategic Planning and External Liaison

James-Christian Blockwood, Managing Director, [spel@gao.gov](mailto:spel@gao.gov), (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548



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