April 9, 2009

Congressional Committees

Subject: High-Level Leadership Needed to Help Guam Address Challenges Caused by DOD-Related Growth

In an effort to improve the U.S. military’s flexibility to address conventional and terrorist threats worldwide, the Department of Defense (DOD) plans to relocate more than 8,000 Marines and an estimated 9,000 dependents from Okinawa, Japan, to Guam as well as expand other U.S. force capabilities on the island at an estimated cost of more than $13 billion. Guam is an integral part of DOD’s logistical support system and serves as an important forward operational hub for a mix of military mission requirements. According to DOD, Guam provides strategic flexibility, freedom of action, and prompt global action for the Global War on Terrorism, peace and wartime engagement, and crisis response. DOD plans to begin construction on Guam during fiscal year 2010 in order to meet the desired buildup deadline of fiscal year 2014 indicated in the agreement reached by the U.S.-Japan Security Consultative Committee on October 29, 2005. As a result of the military buildup, Guam’s current population of 171,000 will increase by an estimated 25,000 active duty military personnel and dependents (or 14.6 percent), to 196,000. In addition, the realignment will require additional workers to move to the island, including non-defense personnel, DOD contractors, and transient military personnel. As such, the U.S. military realignment and buildup will substantially impact Guam’s community and infrastructure.

DOD and representatives for Guam have expressed concern that Guam’s infrastructure and social services will not be prepared to handle the impacts of the buildup by the 2014 completion date because of the compressed timeline and the extensive impact of the buildup. Further, GAO previously reported that the Government of Guam faces significant challenges in addressing the impacts of the buildup and realignment.¹ For example, construction demands will exceed local capacity and the availability of workers on Guam. In addition, Guam’s infrastructure is inadequate to meet the increased demand because of the military buildup. The buildup requires double the existing port capacity, and Guam’s major highways may not have enough capacity to accommodate the increased traffic since the two major highways on Guam, which the military will use to transport supplies, need major improvements. In addition, Guam’s electric grid may be inadequate to fully support the buildup. Further, Guam’s water and waste-water systems are near capacity, and demand may increase by 25 percent. Guam’s solid-waste facilities also face capacity and environmental challenges as they have reached the end of their projected useful life. Although DOD plans to fund infrastructure requirements directly related to the military buildup

and realignment as well as contribute some funds toward civilian infrastructure requirements such as utilities and roads, the Government of Guam is largely responsible for obtaining funding for civilian requirements related to the buildup. In a May 2008 hearing before the Senate Committee on Energy and Natural Resources, the Governor of Guam stated that approximately $6.1 billion would be requested for fiscal year 2010 to help fund Guam’s needs in support of the military buildup.\(^2\) GAO has reported that most communities affected by such defense actions, with far lower requirements than Guam, were likely to incur significant costs for infrastructure and were seeking federal assistance.\(^3\) Guam is similarly seeking extensive federal aid across many federal agencies.

Both DOD and the Department of the Interior have worked to raise awareness across the federal government of the need to address the systemic challenges to support both the construction effort and the long-term impact of stationing additional forces on Guam as well as to coordinate interagency budgets by identifying Guam’s core requirements and matching up those requirements with potential federal agencies that may be able to provide the necessary resources to address Guam’s critical social services and infrastructure needs.

Section 2822(b) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 required us to report on the status of interagency coordination through the Interagency Group on Insular Areas (IGIA) of budgetary requests to assist the Government of Guam with its budgetary requirements related to the realignment of U.S. military forces on Guam.\(^4\) Our objective was to determine the status of interagency coordination including the status of the IGIA’s participation in that coordination.

To determine the status of interagency coordination and to what extent and how the IGIA is coordinating interagency budgets, including its processes to ensure coordination, we interviewed officials from the Department of the Interior’s Office of Insular Affairs, the Navy’s Joint Guam Program Office (JGPO), the Federal Regional Council—Region IX, and DOD’s Office of Economic Adjustment. In addition, we observed interagency meetings, including the 2009 Interagency Group on Insular Areas Plenary session and a federal funding strategy meeting on the Guam military buildup that discussed efforts to identify funding for programs and projects on Guam related to the realignment. We also reviewed these organizations’ responsibilities and goals and/or mission to identify their respective roles with regard to the military buildup. Moreover, we reviewed meeting minutes from the Federal Interagency Task Force on the Guam Military Buildup (Interagency Task Force). To gain a fuller understanding of the interagency coordination process, we also reviewed documentation to gain the Government of Guam’s perspective and opinions on the process used in conjunction with the military buildup.

We conducted this performance audit from January 2009 through March 2009, 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

\(^2\) Military Buildup on Guam: Hearing before the Senate Committee on Energy and Natural Resources, 110th Congress, 2nd Session (2008) (Statement of Felix P. Camacho, Governor of Guam).

\(^3\) GAO-08-722T.

\(^4\) Pub. L. No. 110-417, § 2822(b) (2008). Specifically, section 2822(b) requires our report to address the extent to which and how the IGIA will be able to coordinate interagency budgets so the realignment of military forces on Guam will meet the fiscal year 2014 completion date.
findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary

The IGIA has made some efforts at federal collaboration; however, it will be unable to affect interagency budgets to help ensure that the realignment of military forces on Guam will be completed by the fiscal year 2014 completion date because it does not have the authority to direct other federal agencies’ budget or other resource decisions. However, based on a series of executive orders dating back to 1978, it has been long-standing DOD policy that DOD take the leadership role within the federal government in helping communities respond to the effects of defense-related activities. The current version of the executive order, Executive Order 12788, establishes an Economic Adjustment Committee made up of 22 federal departments and agencies, including the Department of the Interior, and requires the committee to, among other duties, advise, assist, and support the Defense Economic Adjustment Program. This program is to assist substantially and seriously affected communities from the effects of major defense closures and realignments. Moreover, the program is also to serve as a clearinghouse to exchange information among federal, state and community officials involved in the resolution of community economic adjustment problems, including identifying sources of public and private financing to meet identified needs. While DOD, through the Economic Adjustment Committee, does not have the authority to direct member executive agencies’ budget or other resource decisions, Executive Order 12788 does specify that all executive agencies are to give priority consideration to requests from defense-affected communities for financial resources and other assistance. However, as we previously reported, the Office of the Secretary of Defense has not provided the high-level leadership on the Economic Advisory Committee that is necessary to help ensure interagency and intergovernmental coordination at levels that can make policy and budgetary decisions to better leverage resources through the committee. Although other federal assistance has been provided to Guam from organizations such as the Navy’s Joint Guam Program Office and Interior’s Office of Insular Affairs, these organizations do not have the authority to direct other federal agencies to provide resources to defense-affected communities or ensure that Guam’s budget requests related to the military buildup become a priority across the federal government. Only high-level leadership from the Secretary of Defense can marshal the resources of the Economic Adjustment Committee’s member agencies, and only high-level federal officials from these agencies can affect possible policy and budget decisions that may be required to better assist the communities. Therefore, we are making a recommendation that DOD continue to implement our previous recommendation to provide the high-level leadership necessary to promote interagency coordination, as well as requiring that the Economic Adjustment Committee includes Guam’s needs in its routine activities supporting defense-affected communities for the military buildup on Guam.

In commenting on a draft of this report, DOD and the Department of the Interior agreed with our recommendation. We discuss DOD and the Department of the Interior’s comments later in this report. DOD also provided technical comments on a draft of this report, which we incorporated where appropriate. DOD’s comments are reprinted in enclosure II and the Department of the Interior’s comments are reprinted in enclosure III.

Background

Although several federal agencies assist the Government of Guam to meet civilian needs to support the military buildup, no single federal agency or organization is authorized to direct other federal agencies to make resource allocation decisions. As a result, the Government of Guam has been independently collaborating with various federal agencies within DOD, the Department of the Interior, and the Federal Regional Council—Region IX. We have reported in the past that fragmentation of federal efforts contributes to difficulties in addressing crosscutting issues and that interagency coordination is important for ensuring that crosscutting efforts are mutually reinforcing and efficiently implemented. Figure 1 provides a brief overview of the different federal agencies and organizations working with the Government of Guam to help identify and address buildup requirements.

Figure 1: Federal Organizations Assisting Guam

Source: Copyright © Corel Corp. All rights reserved (map); GAO analysis of information provided by DOD, Department of the Interior, and the Federal Regional Council.

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The Secretary of the Interior has administrative responsibility for coordinating federal policy for the insular areas. The Office of Insular Affairs executes these responsibilities over the insular areas on behalf of the Secretary of the Interior. The office’s involvement in the military buildup stems from this responsibility. Executive Order 13299 established the IGIA within the Department of the Interior to provide advice to the President or the Secretary of the Interior regarding the establishment or implementation of policies concerning the insular areas including Guam, American Samoa, United States Virgin Islands, and the Commonwealth of Northern Mariana Islands. The IGIA is comprised of the heads of the executive departments. The Secretary of the Interior or his designee presides over the IGIA, determines its agenda, directs its work, and establishes and directs subgroups of the IGIA.

The IGIA established the Interagency Task Force to bring together the federal agencies that have a role in supporting Guam. Members of the Interagency Task Force include representatives of the departments of State, Agriculture, Health and Human Services, Labor, Justice, Transportation, Housing and Urban Development, Education, and Veterans Affairs as well as the Navy, the Small Business Administration, the Office of Management and Budget, and others. In addition, representatives from the Government of Guam and several Guam agencies also participate in some Interagency Task Force meetings. The Interagency Task Force is co-chaired by the Office of Insular Affairs and JGPO. The Interagency Task Force consists of five subgroups that focus on key issue areas including: 1) the environment, 2) socio-economic factors, 3) infrastructure, 4) labor, and 5) health and human services. JGPO has thus far provided staffing and oversight of these subgroups.

DOD has tasked JGPO with the primary responsibility for developing and implementing the military buildup plans. JGPO is a Navy field office directed by DOD to facilitate, manage, and execute requirements associated with the rebasing of Marine Corps assets from Okinawa to Guam. The office falls under the direct oversight of the Assistant Secretary of the Navy for Installations and Environment. JGPO’s responsibilities include integration of operational support requirements; development, program, and budget synchronization; oversight of the construction; and coordination of government and business activities. Specifically, JGPO was tasked to lead the coordinated planning efforts among the DOD components and other stakeholders to consolidate, optimize, and integrate the existing DOD infrastructure capabilities on Guam.

The Office of Economic Adjustment is a DOD field activity that reports to the Deputy Under Secretary of Defense for Installations and Environment, under the Under Secretary of Defense for Acquisition, Technology, and Logistics. The office is responsible for facilitating DOD resources in support of local programs and providing direct planning and financial assistance to communities and states seeking assistance to address the impacts of DOD’s actions. The Office of Economic Adjustment’s assistance to growth communities is primarily focused on assisting these communities with organizing and planning for population growth because of DOD activities, commonly referred to as “defense-affected” communities.

7 Other responsibilities of the IGIA include obtaining information and advice from governors of the insular areas, other elected officials in the insular areas, and other entities in a manner that seeks their individual advice and does not involve collective judgment or consensus advice or deliberation, and holding meetings at least once each year of the governors of the insular areas who may wish to attend.
The Federal Regional Council—Region IX is a consortium of several separate federal
departments which oversee federal activities in Arizona, California, Hawaii, Nevada, and the
Outer Pacific Islands including Guam. Membership includes regional representatives from the
departments of Agriculture, Commerce, Education, Energy, Health and Human Services,
Homeland Security, Housing and Urban Development, Justice, Labor, the Interior,
Transportation, and Veteran Affairs. The goal of the Federal Regional Council is for federal
departments in Region IX to work in a coordinated manner in order to make federal programs
more effective and efficient.

Executive Order 12788, as amended, requires the Secretary of Defense, through the Economic
Adjustment Committee, to establish the Defense Economic Adjustment Program to, in part,
assist substantially and seriously affected communities from the effects of major defense base
closures and realignments and to identify problems of states, regions, metropolitan areas or
communities that result from major defense base closures and realignments. Executive Order
12788 also states that the Economic Adjustment Committee shall advise, assist, and support the
program, among other duties (enclosure I contains a copy of the Executive Order). The
Secretary of Defense, or his designee, is the chair of the Economic Adjustment Committee. The
committee is made up of representatives from 22 federal agencies but the Executive Order gives
DOD a leadership role in coordinating interagency efforts in support of defense-affected
communities. The committee is to ensure, among other things, that communities that are
substantially and seriously affected by DOD actions are aware of available federal economic
adjustment programs; assure coordinated interagency and intergovernmental adjustment
assistance; and serve as a clearinghouse to exchange information among federal, state, regional,
and community officials involved in the resolution of community economic problems.
Specifically, this Executive Order requires Economic Adjustment Committee member agencies
to support, to the extent permitted by law, the economic adjustment assistance activities of the
Secretary of Defense, and to afford priority consideration to requests from defense-affected
communities for federal technical assistance and financial resources.

Interagency Coordination Is Under Way, but the IGIA Is Not Positioned to Effectively
Affect Interagency Budgets

Although the IGIA has made some efforts at federal collaboration, it is not well positioned to
affect interagency budgets to help ensure that the realignment of military forces on Guam will
meet the fiscal year 2014 completion date because it does not have the authority to direct other
federal agencies’ budget decisions. At the same time, while DOD also does not have the
authority to direct other federal agencies’ budget decisions, DOD is positioned to provide high-
level leadership on an interagency basis by virtue of Executive Order 12788, which provides the
department with certain interagency leadership coordination authorities. For example, under
Executive Order 12788, all executive agencies are to support the economic adjustment assistance
activities of the Secretary of Defense to the extent permitted by law. Other federal agencies have
also provided some assistance to Guam.

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Reg. 2213 (Jan. 21, 1992), as amended.
The IGIA Has Made Some Efforts to Coordinate Interagency Budgets to Assist Guam with Its Budgetary Requirements but Cannot Compel Other Federal Agencies to Act

The IGIA has made some efforts to coordinate interagency budget requests to assist Guam with its budgetary requirements related to the military realignment and buildup through the Interagency Task Force. The Interagency Task Force has met formally on three occasions since August 2007 in large, general sessions. The purpose of the Interagency Task Force is to bring together the federal agencies that have a role in assisting Guam with the intent to identify Guam’s requirements that extend beyond DOD’s responsibilities and authorities and to match these requirements with appropriate federal resources. JGPO officials stated that these Interagency Task Force meetings have raised awareness of potential socio-economic issues in the Guam civilian community that pre-date the military realignment as well as issues stemming from the military buildup, and have provided an opportunity for the Government of Guam to present its requirements to federal agencies. In addition, according to JGPO officials, the Interagency Task Force subgroups have met regularly. As a result of this subgroup coordination, JGPO indicated that the Maritime Administration, the Government of Guam, and the Port Authority of Guam signed a memorandum of understanding to solidify a partnership to pursue port improvements critical to enable construction and support of Guam’s long-term needs. In addition, the Department of the Interior announced $6 million in grants for improvements to the Guam Community College, the Guam Department of Public Health and Human Services, and the Guam Memorial Hospital. Further, JGPO, the Department of the Interior, and the Department of Labor are working toward a $1 million initiative to build infrastructure for an apprenticeship program on Guam. The Guam Department of Labor also received $15,000 in funding from Department of the Interior to hire a consultant to assist the pursuit of a $250,000 grant from the Department of Labor to address issues of data collection, needs assessment, and regional workforce leadership outreach.

While the IGIA can provide some guidance to promote effective interagency support to Guam, Executive Order 13299 does not compel executive agency heads to support, to the extent permitted by law, economic adjustment assistance activities with their available technical expertise and financial resources in order to assist defense-affected communities, nor does it direct agencies to afford priority consideration to such communities’ requests for assistance. Rather, the IGIA is a forum where federal agencies come together and listen to concerns brought up by the insular areas including Guam. Similarly, an official from the Office of Insular Affairs noted that high-level leadership should be provided to ensure interagency coordination since no single federal organization in the government tracks Guam’s needs stemming from the buildup. In addition, an official of DOD’s Office of Economic Adjustment stated that the administration should support interagency coordination and whatever mechanism is chosen for such coordination, whether it is the Interagency Task Force or some other form, to guarantee that interagency coordination is effective.
DOD Is Positioned to Lead Federal Activities to Assist Defense-Affected Communities

Based on a series of presidential executive orders dating back to 1978 and amended as recently as May 2005, it has been long-standing DOD policy that DOD take the leadership role within the federal government in helping communities respond to the effects of defense-related activities. The current version of the executive order, Executive Order 12788, establishes the Economic Adjustment Committee, which includes the Department of the Interior. It also requires the Secretary of Defense, through the Economic Adjustment Committee, to establish a Defense Economic Adjustment Program to, among other things, assist substantially and seriously affected communities from the effects of major defense closures and realignments and serve as a clearinghouse to exchange information among federal, state, and community officials involved in the resolution of community economic adjustment problems, including sources of public and private financing. The Secretary of Defense, or his designee, chairs the committee. Moreover, the Executive Order requires executive agencies to afford priority consideration to requests from defense-affected communities for financial and other assistance. However, the full committee has met only once since November 2006.

In June 2008, we reported that the Office of the Secretary of Defense had not provided the leadership necessary to help ensure interagency and intergovernmental coordination at levels that can make policy and budgetary decisions to better leverage resources through the Economic Adjustment Committee. We also reported that in the absence of high-level leadership from the Office of the Secretary of Defense, DOD’s Office of Economic Adjustment had been proactive in working with defense-affected communities. However, as with the IGIA, the Office of Economic Adjustment also cannot effectively guide interagency operations at a high enough level to promote effective interagency cooperation. Also, in our June 2008 report, we pointed out that only high-level leadership from the Office of the Secretary of Defense can marshal the resources of the federal executive departments and agencies that are members of the Economic Adjustment Committee and only these high-level federal officials can affect possible policy and budget decisions that may be required to better assist defense-affected communities. As a result of this absence of high-level DOD leadership, we recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to implement Executive Order 12788 by holding regular committee meetings at the full executive level and serving as a clearinghouse of information for identifying expected community impacts and problems as well as identifying resources for providing economic assistance to defense-affected communities. DOD concurred with the recommendation.

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9 With the issuance of Executive Order 12049 in March 1978, the President recognized that changes in DOD activities necessitated a coordinated approach for federal economic assistance. The order specified that DOD, working with the Economic Adjustment Committee (EAC), had the lead role in conducting various efforts designed to assist in the alleviation of serious economic adjustment impacts that result from major defense realignments. Executive Order 12788, issued in January 1992, subsequently superseded the prior order but continued the intent for the federal government to play a role through the EAC in providing assistance to defense-impacted communities. Executive Order 13286 was issued in February 2003 to update the membership while Executive Order 13378 was issued in May 2005 to change the EAC chair from rotating among DOD, Labor, and Commerce to only be chaired by DOD.

Other Federal Assistance to Address Guam Budgetary Requirements

In addition to interagency coordination efforts through the IGIA, other federal offices and organizations have been collaborating with the Government of Guam to discuss both military and civilian challenges stemming from the military buildup. DOD has been working with the Government of Guam mainly through two organizations—JGPO and the Office of Economic Adjustment. At the same time, the Department of the Interior’s Office of Insular Affairs provides the Government of Guam with technical assistance, such as providing training opportunities on how to improve Guam’s management of funding as well as some financial assistance that has primarily been aimed at expediting the buildup planning process. Moreover, the Federal Regional Council—Region IX is working with the Government of Guam to identify funding sources in order to address civilian needs associated with the military buildup.

JGPO, as DOD’s coordination point for and co-chair of the Interagency Task Force, has worked with other federal agencies to identify and address issues expected to affect Guam as the result of the military buildup. JGPO and the Department of the Interior have established a financial stakeholders working group outside of the Interagency Task Force to help address needs related to the military buildup, identified by the Government of Guam, with loans and grants available from various federal agencies. JGPO also held a forum on public safety in Guam in June 2008 to address concerns over the impacts of the population increase because of the military buildup. JGPO officials noted that DOD has attempted to make the Guam buildup a funding priority at the Cabinet level and across agencies, but, as with the IGIA and DOD’s Office of Economic Adjustment, JGPO cannot guide interagency operations at a high enough level to promote effective interagency cooperation. Only high-level leadership from the Secretary of Defense can marshal the resources of the executive federal agency Economic Adjustment Committee members and only these high-level federal officials can affect possible policy and budget decisions.

The Office of Economic Adjustment has provided both technical assistance and financial assistance to the Government of Guam. Thus far, the office has provided about $4.5 million in total financial assistance to help the Government of Guam form a sustainable governance structure to address the needs arising from the buildup over the next 10 to 12 years. In 2007, the office approved grants totaling almost $590,000 to help sustain the progress and modernization of the Port of Guam as well as provide logistical support to Government of Guam officials. In 2008, the office approved around $4 million in grants to enable the Government of Guam to hire an advisory services firm to supplement the limited resources within the Office of the Governor, and develop a Port Implementation Plan. Further, the Government of Guam has worked through the Office of Economic Adjustment to engage the Federal Regional Council—Region IX in order to identify other potential sources of funding to assist with needs stemming from the military buildup.

As we noted, the Office of Insular Affairs established the Interagency Task Force, which it co-chairs with JGPO. At the same time, this office provides the Government of Guam with technical assistance, such as providing training opportunities on how to improve Guam’s management of funding as well as some financial assistance that has primarily been aimed at expediting the buildup planning process. Officials from this office noted that they have assisted the Government of Guam by reviewing its fiscal year 2010 budget request in anticipation of the military buildup in order to ensure that the included information was accurate. In addition, the office also provides financial assistance on an annual basis to help Guam with issues outside of the military
buildup. For instance, in 2008, the office provided the Guam Department of Health and Social Services with $500,000 and the Guam Memorial Hospital Authority with around $5 million.

The Federal Regional Council—Region IX has helped to identify funding opportunities that may be of assistance to the Government of Guam in meeting its domestic needs. Federal Regional Council members told us they have met with representatives from the Government of Guam on four occasions to discuss issues related to the military buildup. The Federal Regional Council has developed an “Action Plan for Guam” that outlines an approach for communication and resource identification for Guam’s funding among member agencies regarding matters related to the military buildup. Moreover, the Federal Regional Council annually provides information on the amount of grants it has awarded to the Government of Guam outside of military buildup requirements. Recently, the Federal Regional Council established a Guam-Commonwealth of the Northern Mariana Islands Buildup Task Force focused specifically on addressing issues related to the military buildup.

Conclusions

Interagency coordination is important to effectively leverage resources across agencies and organizations, and our prior work has concluded that successful collaboration requires commitment by senior officials in their respective federal agencies. The IGIA and federal departments that make up the Federal Regional Council—Region IX have had some success in providing assistance to Guam. However, it is only Executive Order 12788 that directs executive agencies to support, to the extent permitted by law, the economic adjustment assistance activities of the Secretary of Defense with their available technical expertise and financial resources, and to afford priority consideration to such communities’ requests for assistance. Thus, we are not making any recommendations to the Department of the Interior at this time. On the other hand, implementation of Executive Order 12788 provides an interagency approach to coordinating assistance for defense-affected communities from across the federal government, but ineffective implementation can risk allowing the needs of defense-affected communities to go unfulfilled. As a result, quality of life for military and civilian residents, along with military readiness, could be degraded. Thus, we recommended in June 2008 that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to implement Executive Order 12788 by holding regular meetings of the full executive-level Economic Adjustment Committee, and DOD concurred.

Recommendation for Executive Action

As DOD implements our June 2008 recommendation, we further recommend that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to ensure that as the Economic Adjustment Committee meets, as mandated by Executive Order 12788, the committee should routinely consider Guam’s requests for assistance to support the challenges arising from the military buildup or other requests as appropriate.

Agency Comments and Our Evaluation

In written comments on a draft of this report, the Deputy Under Secretary of Defense (Installations and Environment) agreed with our recommendation and will ensure Guam’s local economic adjustment requirements, as they are known at the time, are provided for the Economic Adjustment Committee member agencies’ consideration at the next committee meeting. DOD also provided technical comments, which we have incorporated where appropriate. The Deputy Under Secretary of Defense’s comments are reprinted in enclosure II.

The Acting Deputy Assistant Secretary for Insular Affairs within the Department of the Interior strongly supported the purpose and recommendation of this report. The Acting Deputy Assistant Secretary also stated that the Department's Office of Insular Affairs does not have the authority to direct other federal agencies to provide resources to defense-affected communities or ensure that Guam's budget requests related to the military buildup become a priority across the federal government. The official further indicated that he would ensure the Department of the Interior is able to provide useful information if called upon by DOD to participate in the Economic Adjustment Committee. The Acting Deputy Assistant Secretary’s comments are reprinted in enclosure III.

We are sending copies of this report to the appropriate congressional committees. We are also sending copies to the Secretaries of Defense, the Interior, Army, Navy, and Air Force; the Commandant of the Marine Corps; and the Director of the Office of Management and Budget. In addition, this report will be available at no charge on our Web site at http://www.gao.gov. If you or your staff have any questions, about this report, please contact me at (202) 512-4523 or leporeb@gao.gov. Contact points for our Offices of Congressional Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure IV.

Brian J. Lepore, Director
Defense Capabilities and Management
List of Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Armed Services Committee
United States Senate

The Honorable Daniel Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable John McHugh
Ranking Member
Armed Services Committee
House of Representatives

The Honorable John P. Murtha
Chairman
The Honorable C.W. Bill Young
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives
Defense Economic Adjustment Program

By the authority vested in me as President by the Constitution and the laws of the United States of America, including 10 U.S.C. 2391 and the Defense Economic Adjustment, Diversification, Conversion, and Stabilization Act of 1990, enacted as Division D, section 4001 et seq., of the National Defense Authorization Act for Fiscal Year 1991, Public Law 101-510, and to provide coordinated Federal economic adjustment assistance necessitated by changes in Department of Defense activities, it is hereby ordered as follows:

Section 1. Function of the Secretary of Defense. The Secretary of Defense shall, through the Economic Adjustment Committee, design and establish a Defense Economic Adjustment Program.

Sec. 2. The Defense Economic Adjustment Program shall (1) assist substantially and seriously affected communities, businesses, and workers from the effects of major Defense base closures, realignments, and Defense contract-related adjustments, and (2) assist State and local governments in preventing the encroachment of civilian communities from impairing the operational utility of military installations.

Sec. 3 Functions of the Defense Economic Adjustment Program. The Defense Adjustment Program shall:

(a) Identify problems of States, regions, metropolitan areas, or communities that result from major Defense base closures, realignments, and Defense contract-related adjustments, and the encroachment of the civilian community on the mission of military installations and that require Federal assistance;

(b) Use and maintain a uniform socioeconomic impact analysis to justify the use of Federal economic adjustment resources prior to particular realignments;

(c) Apply consistent policies, practices, and procedures in the administration of Federal programs that are used to assist Defense-affected States, regions, metropolitan areas, communities, and businesses;

(d) Identify and strengthen existing agency mechanisms to coordinate employment opportunities for displaced agency personnel;

(e) Identify and strengthen existing agency mechanisms to improve reemployment opportunities for dislocated Defense industry personnel;

(f) Assure timely consultation and cooperation with Federal, State, regional, metropolitan, and community officials concerning Defense-related impacts on Defense-affected communities’ problems;
(g) Assure coordinated interagency and intergovernmental adjustment assistance concerning Defense impact problems;

(h) Prepare, facilitate, and implement cost-effective strategies and action plans to coordinate interagency and intergovernmental economic adjustment efforts;

(i) Encourage effective Federal, State, regional, metropolitan, and community cooperation and concerted involvement of public interest groups and private sector organizations in Defense economic adjustment activities;

(j) Serve as a clearinghouse to exchange information among Federal, State, regional, metropolitan, and community officials involved in the resolution of community economic adjustment problems. Such information may include, for example, previous studies, technical information, and sources of public and private financing;

(k) Assist in the diversification of local economies to lessen dependence on Defense activities;

(l) Encourage and facilitate private sector interim use of lands and buildings to generate jobs as military activities diminish;

(m) Develop ways to streamline property disposal procedures to enable Defense-impacted communities to acquire base property to generate jobs as military activities diminish; and

(n) Encourage resolution of regulatory issues that impede encroachment prevention and local economic adjustment efforts.

Sec. 4. Economic Adjustment Committee.

(a) Membership. The Economic Adjustment Committee ("Committee") shall be composed of the following individuals or a designated principal deputy of these individuals, and such other individuals from the executive branch as the President may designate. Such individuals shall include the:

(1) Secretary of Agriculture;
(2) Attorney General;
(3) Secretary of Commerce;
(4) Secretary of Defense;
(5) Secretary of Education;
(6) Secretary of Energy;
(7) Secretary of Health and Human Services;
(8) Secretary of Housing and Urban Development;
(9) Secretary of Interior;
(10) Secretary of Labor;
(11) Secretary of State;
(12) Secretary of Transportation;
(13) Secretary of Treasury;
(14) Secretary of Veterans Affairs;
(15) Secretary of Homeland Security;
(16) Chairman, Council of Economic Advisers;
(17) Director of the Office of Management and Budget;
(18) Director of the Office of Personnel Management;
(19) Administrator of the Environmental Protection Agency;
(20) Administrator of General Services;
(21) Administrator of the Small Business Administration; and
(22) Postmaster General.

(b) The Secretary of Defense, or the Secretary’s designee, shall chair the Committee.

(c) The Secretaries of Labor and Commerce shall serve as Vice Chairmen of the Committee. The Vice Chairmen shall co-chair the Committee in the absence of both the Chairman and the Chairman's designee and may also preside over meetings of designated representatives of the concerned executive agencies.

(d) Executive Director. The head of the Department of Defense's Office of Economic Adjustment shall provide all necessary policy and administrative support for the Committee and shall be responsible for coordinating the application of the Defense Economic Adjustment Program to Department of Defense activities.

(e) Duties. The Committee shall:

(1) Advise, assist, and support the Defense Economic Adjustment Programs;
(2) Develop procedures for ensuring that State, regional, and community officials, and representatives of organized labor in those States, municipalities, localities, or labor organizations that are substantially and seriously affected by changes in Defense expenditures, realignments or closures, or cancellation or curtailment of major Defense contracts, are notified of available Federal economic adjustment programs; and
(3) Report annually to the President and then to the Congress on the work of the Economic Adjustment Committee during the preceding fiscal year.

Sec. 5. Responsibilities of Executive Agencies.

(a) The head of each agency represented on the Committee shall designate an agency representative to:
(1) Serve as a liaison with the Secretary of Defense's economic adjustment staff;
(2) Coordinate agency support and participation in economic adjustment assistance projects; and
(3) Assist in resolving Defense-related impacts on Defense-affected communities.
(b) All executive agencies shall:
(1) Support, to the extent permitted by law, the economic adjustment assistance activities of the Secretary of Defense. Such support may include the use and application of personnel, technical expertise, legal authorities, and available financial resources. This support may be used, to the extent permitted by law, to provide a coordinated Federal response to the needs of individual States, regions, municipalities, and communities adversely affected by necessary Defense changes; and
(2) Afford priority consideration to requests from Defense-affected communities for Federal technical assistance, financial resources, excess or surplus property, or other requirements, that are part of a comprehensive plan used by the Committee.

Sec. 6. Judicial Review. This order shall not be interpreted to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, its agents, or any person.

Sec. 7. Construction. (a) Nothing in this order shall be construed as subjecting any function vested by law in, or assigned pursuant to law to, any agency or head thereof to the authority of any other agency or officer or as abrogating or restricting any such function in any manner.

(b) This order shall be effective immediately and shall supersede Executive Order No 12049.

GEORGE BUSH
THE WHITE HOUSE
[Amended 2/28/03 by President George W. Bush, E.O. 13286]
[Amended 5/12/05 by President George W. Bush, E.O. 13378]
Mr. Brian J. Lepore  
Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, DC 20548

Dear Mr. Lepore:

This is the Department of Defense (DoD) response to the GAO draft report, GAO-09-500R, “Defense Infrastructure: High-Level Leadership Needed to Help Guam Address Challenges Caused by DoD-Related Growth,” dated March 31, 2009 (GAO Code 351301). Detailed comments on the report recommendations are enclosed.

The Department appreciates the opportunity to comment on this draft report and concurs with the GAO’s recommendations concerning the Economic Adjustment Committee (EAC), specifically at the next EAC meeting, the Department will ensure Guam’s local economic adjustment requirements, as they are known at the time, are provided for the EAC member agencies’ consideration.

The Interagency Group on Insular Areas (IGIA) is responsible for coordination of budgetary requests to assist the Government of Guam. Additionally, the Federal Interagency Task Force on the Guam Military Buildup which is co-chaired by the Joint Guam Program Office (JGPO) and the Office of Insular Affairs has been established to address these issues and will continue to be the focal point for the Department.

We continue to appreciate audit work performed by the GAO but note the compressed time it provided for the Department’s review of this report.

Sincerely,

[Signature]
Wayne Arny  
Deputy Under Secretary of Defense  
(Installations and Environment)

Enclosure: As stated
Recommendation 1: The GAO recommends that the Secretary of Defense direct the Under Secretary for Acquisition, Technology, and Logistics to ensure that as the Economic Adjustment Committee meets, as mandated by Executive Order 12788, the committee should routinely consider Guam’s requests for assistance to support the challenges arising from the military buildup or other requests as appropriate.

DOD Response: Concur. At the next EAC meeting, the Department will ensure Guam’s local economic adjustment requirements, as they are known at the time, are provided for the EAC member agencies’ considerations.
Brian J. Lepore  
Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Mr. Lepore:

Thank you for the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report entitled Defense Infrastructure: High-Level Leadership Needed to Help Guam Address Challenges Caused by DOD-Related Growth” (GAO-09-500R) (Report).

I strongly support the purpose and recommendation of this Report, and look forward to receiving it in its final form. Your acknowledgement of the assistance that the Department of the Interior has provided is appreciated, and I concur that the Department’s Office of Insular Affairs does not have the authority to direct other federal agencies to provide resources to defense-affected communities or ensure that Guam’s budget requests related to the military buildup become a priority across the federal government.

I will help ensure that, if called upon by the Department of Defense to participate in the Economic Adjustment Committee, the Department of the Interior is able to provide useful information.

If you wish to discuss the Report, please communicate with me at (202) 208-6816. Or you may wish to have your staff communicate with Joseph McDermott, OIA’s Director of Policy, at 202-208-4736.

Sincerely,

Nikolaos I. Pula, Jr.  
Acting Deputy Assistant Secretary for  
Insular Affairs
Enclosure IV

GAO Contact and Staff Acknowledgments

GAO Contact

Brian Lepore, (202) 512-4523 or leporeb@gao.gov

Acknowledgments

In addition to the person named above, Harold Reich, Assistant Director; Jerome Brown; Amy Frazier; Katherine Lenane; Josh Margraf; and Richard Meeks made key contributions to this report.
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(351301)
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