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A Cost Analysis of the U.S. Air Force Overseas Posture

Informing Strategic Choices

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RAND Project AIR FORCE

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Summary

The extent of U.S. military presence overseas is once again the subject of intense debate, as policymakers consider a “pivot to Asia,” a drawdown of troops from Europe, and future Base Realignment and Closure (BRAC) decisions. From a strategic perspective, the debate centers on a disagreement over whether the costs associated with overseas presence exceed the benefits in some or all circumstances. Remarkably, however, to date there have been few systematic attempts to estimate either side of the equation.¹

This report seeks to inform the debate by providing a rigorous estimate of the costs associated with maintaining U.S. Air Force (USAF) installations and units overseas. It describes the various types of expenditures required to maintain bases and military units overseas and estimates current costs using official data and econometric modeling.

Specifically, we used the Air Force Total Ownership Cost database (AFTOC) and other sources to calculate the costs of USAF base support. Cost categories include traditional installation support activities (e.g., facilities operations and sustainment), other installation-related activities (e.g., medical support, air traffic control, and some communications infrastructure), infrastructure recapitalization, regional training cost differences, personnel allowances, permanent change of station move costs, Department of Defense (DoD) Dependents Schools, and Defense Logistics Agency support.

Throughout the analysis, we focus on the *incremental* costs of overseas basing, i.e., the cost of basing forces overseas *rather than* in the United States. We examine three types of presence options that are particularly relevant to the contemporary debate:

- realigning (i.e., moving) forces from an overseas base to a U.S. base without closing the overseas base
- cutting forces currently located at an overseas base but not closing the base
- closing an overseas base.

In estimating costs, we distinguish between the fixed costs that would be saved if a base were closed and the variable costs that would be saved if forces were realigned from overseas to the United States.

The analysis has five significant implications for the ongoing debate on American grand strategy—defined as the alignment of national ends, ways, and means²—and overseas presence:

¹ Systematic attempts were made to estimate the costs of overseas forces in Europe around the time of the end of the Cold War. As an example, see Jane M. O. Sharp, *Europe After an American Withdrawal: Economic and Military Issues*, Stockholm International Peace Research Institute, New York, N.Y.: Oxford University Press, 1990.

² See Adam Grissom, “What Is Grand Strategy? Reframing the Debate on American Ends, Ways, and Means,” Santa Monica, Calif.: RAND Corporation, forthcoming.

1. There are measurable costs associated with overseas presence. For example, our analysis found the following:

- The total potential savings from realigning (i.e., moving) one squadron of 24 F-16s from overseas to the United States (without substituting any rotational presence) would be roughly \$17–29 million per year. As a comparison, a single F-16 squadron of the same size operating in the United States has total direct operating and support costs of about \$147 million per year.³
- The potential annual cost savings from closing a single USAF base with permanently stationed forces would be approximately \$230 million in U.S. Air Forces in Europe (USAFE) or \$190 million in Pacific Air Forces (PACAF). The savings for closing a comparable base in the United States would be approximately \$80 million.
- Cutting an average active duty fighter squadron based in the United States would save roughly \$432 million per year (including recapitalization cost avoidance). Cutting a comparable squadron overseas would save an additional \$17–29 million (4–7 percent) per year.

2. The costs of overseas presence are small relative to the USAF’s overall budget. The costs to maintain the current USAFE and PACAF force structures and installations *overseas rather than in the United States* are roughly \$2.2 billion and \$1.3 billion per year, respectively.⁴ Together, these totals amount to about 2 percent of the USAF total obligation authority. From the perspective of national ends, ways, and means, a forward-deployed USAF costs about the same as a USAF confined to domestic bases. Forward presence is not a major burden on the USAF, DoD, or the nation.

3. The debate about overseas presence should distinguish personnel and force structure costs from basing costs. Many observers conflate a reduction in overseas presence with a reduction in force structure, claiming enormous savings from prospective changes to overseas posture.⁵ From the grand strategic perspective, personnel and force structure, not presence or basing, is the biggest cost driver for DoD. The overall size of U.S. non-naval forces, and therefore the vast majority of their cost, is only minimally linked to where DoD has bases.⁶ The size of the force is instead driven by force planning requirements. Thus, the important question is

³ FY2009–2012 AFTOC, Cost Analysis Improvement Group categories 1–5, all F-16s operated by Air Combat Command.

⁴ These estimates include only those bases on foreign soil, and not bases located on American territory outside the continental United States, such as Andersen Air Force Base in Guam.

⁵ The Sustainable Defense Task Force, for example, postulated \$80 billion in savings from reducing the posture in Europe and Asia, but this estimate included end strength reductions of 50,000 personnel (Sustainable Defense Task Force, *Debt, Deficits, and Defense: A Way Forward*, Washington, D.C., June 11, 2010).

⁶ The Navy forward-stations some of its forces and designates them Forward-Deployed Naval Forces (FDFNF). FDFNF ships and crews operate at a higher operational tempo than those home-ported in the United States. They have a higher availability than U.S.-based forces, but also have higher costs. Thus, the Navy’s force structure costs are more tightly coupled with the proportion of its forces that are stationed overseas than are the other Services.

how many operations of what types the United States is planning to conduct rather than where it bases its forces in peacetime.

4. The primary risk in the presence debate is making choices that produce relatively modest savings, but with potentially enormous strategic and fiscal consequences.

Proponents of overseas presence claim that such a posture helps deter potential adversaries, contributes to regional stability through capacity building and political influence, and enhances operational performance by fostering regional familiarity among U.S. forces, interoperability with potential partners, and more assured access to en route and in-theater infrastructure.⁷ Forward presence is thought to reduce the likelihood of a war against another major power or a major stability operation in an important failed state, and to allow U.S. and coalition forces to conduct operations more effectively and at lower human and financial cost. Cost estimates for Operation Iraqi Freedom range from about \$800 billion⁸ to several trillion dollars,⁹ and estimates for Operation Enduring Freedom range from about \$570 billion (through FY2012)¹⁰ to several trillion dollars.¹¹ If forward presence reduces the likelihood of even one such event, then it will have delivered a substantial return on investment.

5. The burden of proof in the presence debate should shift to *opponents* of presence.¹² It has traditionally fallen to proponents of presence to demonstrate that the benefits are commensurate with costs (which were presumed to be substantial). The cost analysis presented in this report suggests that the more salient question is whether opponents can demonstrate that presence *cannot* offer at least some of the benefits described above.

⁷ See, for example, U.S. Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, Washington, D.C., January 2012b.

⁸ Amy Belasco, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, Washington, D.C.: Congressional Research Service, March 29, 2011.

⁹ Linda J. Bilmes and Stiglitz, Joseph, *The Three Trillion Dollar War: The True Cost of the Iraq Conflict*, Location: New York, NY: W. W. Norton & Company, February 17, 2008.

¹⁰ Anthony H. Cordesman, *The U.S. Cost of the Afghan War: FY2002–FY2013: Cost in Military Operating Expenditures and Aid and Prospects for “Transition”*, Washington, D.C.: Center for Strategic and International Studies, May 14, 2012.

¹¹ Belasco, 2011.

¹² This point would apply somewhat less so to naval forces, for the reason noted above.