# PART II:
# Detailed Performance Information

*FY 2005 Performance and Accountability Report*

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# Force Management Quadrant

## *Ensure Sustainable Military Tempo and Maintain Workforce Satisfaction*

## Performance Metric: Satisfaction with Access

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual[a] |
|---|---|---|---|---|---|
| Satisfaction with access | 81.8% | 80.8% | 83.0% | >84%/81.8% | >84%/81.2% |
| [a] The FY 2005 data are estimated as of the 3rd quarter. | | | | | |

**Metric Description.** Access to medical care has always been a significant factor in the overall satisfaction with medical care, and an area for focused improvement. The intent of this metric is to improve satisfaction with access to appointments for those individuals who have chosen to enroll in TRICARE PRIME (similar to a Health Maintenance Organization) within the Military Health System (MHS). This metric is based on a monthly customer satisfaction survey for those individuals who had an outpatient medical visit at a Military Treatment Facility (MTF)—hospital or clinic—during the previous month.[1] Although there are a number of measures related to access, ease of making an appointment by phone has been considered a key measure for access and has been tracked over the last couple of years. The metric is based on Question 10a of the customer satisfaction survey:

*How would you rate the (Clinic Name) on Ease of Making this Appointment by Phone?*

The percentage of respondents (weighted by appropriate sampling weights) that answer "Good," "Very Good," or "Excellent" on a scale from "Poor" to "Excellent" is computed. The survey is fielded monthly. Because of the fielding period, data collection period, and analysis period, there is a 55-day lag between the appointment date and the posting of data on the web-based reporting site. Reports are produced quarterly. Although information is available by the Military Service branch that is financially responsible for the MTF, only an aggregate MHS score is shown.

**V&V Method.** The contractor performs all edit checks and validations to ensure the accuracy of the resulting data sets and reports. To ensure the privacy of beneficiaries, all surveys are given a unique number for survey processing and tracking. Through the use of a unique code, the survey can be tracked for changes in address (or as undeliverable) and for response receipt. Once the contractor receives the survey responses by, they are scanned into a system (including those surveys returned as undeliverable). Survey responses are imported into an automated system using bar codes, with manual entry for those the system cannot read. A template is established to read the surveys; if the system is not 99% certain of the response, it is sent to a data editing workstation for review. Depending on the complexity of the survey, 5% to 10% of all data

[1] The same survey is used for a metric that tracks overall satisfaction with appointments. However, that metric looks at responses to different survey questions and uses scores from all beneficiaries who visited an MTF rather than only TRICARE PRIME enrollees.

editing is verified by a second editor. Final checks are then run to make sure all survey responses are entered into the database.

**Performance Results for FY 2005.** Each of the three Services experienced a decline in Satisfaction with Telephone Access through the first three quarters of FY 2005. While two of the Services are down slightly, the third is down significantly. One reason for the decline is related to the survey population. For example, the survey shows that some of this decline is attributable to age differences, as older individuals tend to be more satisfied than younger individuals, and a larger percentage of the individuals being treated in the Military Treatment Facilities are now younger, Active Duty personnel.

The greatest decline in performance has been experienced in Army Military Treatment Facilities (MTFs) with large troop populations. Because Active Duty personnel generally score lower than other beneficiaries, and a larger percentage of the appointments are for Active Duty personnel, we see a significant decrease in satisfaction with access.

Not only is the system experiencing a shift in workload from retirees to Active Duty, but the Active Duty scores are also slightly lower this year than last. In fact, at some major troop locations, satisfaction scores are down as much as 10 percentage points.

For those locations where there have been problems with access, programs are in place to bring forward additional contract physicians, in order to make more appointments available to returning reservists. Based on the increased capacity at these MTFs, satisfaction with access should improve.

**Performance Results for FY 2004.** Satisfaction with telephone access declined for the year. While the score remains fairly high overall, the system did not meet its goal for the year. As we transition to the new TRICARE contracts, the appointment process is also in a state of transition. Appointment scheduling responsibility is moving back to the Military Treatment Facilities (MTF) Hospitals/Clinics from the Managed Care Support Contractors.

In the long run, this should be an improvement for management of the appointments, but it may cause some problems in the short term. Historically, it has been difficult to identify problems with access to health care appointments at the MTFs, because two different organizations controlled different parts of the process. With the conversion to full MTF management of the appointment process, it will be easier to identify where problems exist so that improvement programs can be instituted as needed.

During the transition to new contracts, it is anticipated that satisfaction may initially decrease, although we expect it to rebound within a year. All TRICARE regions will be converted by November 1, 2004. Since data currently available does not yet contain the survey results for the first conversion period, the impact cannot be determined.

## Activity Metric: PERSTEMPO Across Occupational Groups

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| The percentage of an occupational group that surpasses the PERSTEMPO day constraints | • Services began tracking PERSTEMPO as directed by Congress | • Published Interim Personnel Tempo Policy Guidance | • Validated and verified Service data<br>• Considered Global Joint Rotational Policy | • Began tracking frequency and duration of PERSTEMPO trends<br>• Work continued on metric development | • Metrics developed<br>• Initial performance results to be posted to Departmental website during the 1st quarter FY 2006 |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** As directed by Congress, the Services started tracking and reporting individual time away from home (expressed in days), commonly referred to as personnel tempo (PERSTEMPO), on October 1, 2000. Each of the Services has developed or enhanced existing data collection systems to support the legislative requirements. They will report the number of days each member is deployed; particular emphasis and scrutiny will be placed on those 10 major occupational groups that have deployed 400+ days out of the preceding two years.

On October 8, 2001, the Department suspended certain PERSTEMPO management processes in accordance with the provisions of the national security waiver set forth in section 991(d) of Title 10, U.S. Code.

The metric being developed will incorporate a frequency and duration dimension to PERSTEMPO based on changes to the PERSTEMPO legislation in the FY 2004 National Defense Authorization Act. The metric will capture the percentage of an occupational group, as defined by the Defense Management Data Center (DMDC) occupational codes, that have exceeded the 400-day PERSTEMPO constraint within the last 730 days and/or the 191 - day-consecutive PERSTEMPO constraint, by Service and across the Department. This metric will provide valuable insight into the "high deploying" skills and relate them to the high-deploying/low-density (HD/LD) units, as appropriate.

The following describes how each Service collects PERSTEMPO data.

**Army.** The Army has developed and fielded a new web-based application to collect and manage PERSTEMPO data. With some exceptions, the unit or organizational level administrators enter the data into the web application. The data are then forwarded directly over the Internet to a central database hosted by a contractor. Initial PERSTEMPO data pertaining to members of the Army Reserve and the Army National Guard are entered into the PERSTEMPO database using a batch process linked to the Reserve and Guard order-writing systems; subsequent changes and additions can be entered through the web.

**Navy.** The Navy followed an incremental program to implement its PERSTEMPO tracking and reporting system. The first phase relied exclusively on a legacy system known as the Diary Message Reporting System (DMRS). This approach was an expedient and cost-effective way to meet the October 1, 2000 implementation date. However, while this process allowed some personnel management analysis, specific analysis based on PERSTEMPO deployment categories and deployment purposes was not possible since these data elements could not be collected during this initial phase. During the second phase, the Navy implemented a web-based reporting system that does provide the capability to collect PERSTEMPO deployment categories and deployment purposes. Additionally, the Navy continued to maintain dual transmission capability via DMRS for units without connectivity to the web. Additional system improvements are ongoing.

**Air Force.** The Air Force collects individual deployment information by a combination of three input processes: (1) duty status updates made at the organizational level, (2) travel voucher data received from finance offices, and (3) updates made over the web to the TEMPO Management and Tracking System (TMTS). Duty status changes made at the organizational level are passed electronically to the central record via the unit level personnel system. FAST Travel voucher data are received via file transfer protocol from more than 190 finance offices. Defense Travel System (DTS) transactions are collected and combined into 1 mass file per week and processed to the central record via File Transfer Protocol. Transactions within these two files process to the central record in MilPDS. PERSTEMPO data added to, deleted from, or changed in the TMTS updates the central record immediately.

**Marine Corps.** The Marine Corps collects PERSTEMPO data via the Marine Corps Total Force System (MCTFS), at the reporting unit level. MCTFS is an integrated pay and personnel system. When an event occurs (start, stop, change, etc.), the reporting unit administrative office reports the appropriate transaction and these event data are then stored in the personnel Master Record.

DMDC has spent considerable time with Services to ensure that reporting process is working properly; as a result, most of the problems that persist with Army data have been corrected and Army data was included as of the November 2003 report. However, validation and verification is a very difficult and expensive process. Although some initial checks were conducted by the Services to ensure accuracy of data, the onus is largely on the member to ensure “deployed days” reported on the Leave and Earnings Statement is accurate. Accordingly, we have asked DMDC to crosscheck the accuracy of its PERSTEMPO information with similar information reported by the Defense Finance and Accounting Service.

**Ongoing Research**. We contracted LMI to help us define and refine key performance indicators. Evaluation of the metrics using "live" data will be conducted into FY 2006.

**Timeline for Completion**. LMI completed their work in FY 2005. Time for completion is indeterminate and will be based on the OSD and Services evaluation of the metric.

**Performance Results for FY 2005.** The Department completed development of the performance metric during 2nd quarter FY 2005. Work continued throughout the remainder of

the fiscal year to determine the best way to accumulate the data from the PERSTEMPO data base and also, how best to display the information on the Information Delivery System (IDS) website. We expect the data displays to be posted to the website during the first quarter FY 2006 for Departmental approval.

**Performance Results for FY 2004.** In FY 2004 we began tracking PERSTEMPO trends. We hoped to complete the metric by the end of the fiscal year, but the process was more complicated and complex than originally envisioned. Additionally, because the FY 2004 NDAA required the Services to report both frequency and duration data, resources had to be redirected to the reporting, collecting and validation processes for this new requirement. By the end of the fiscal year, the development of the metrics resumed.

## Activity Metric: PERSTEMPO Standards Met

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| The percentage of Active and Reserve Components (by Service) that has exceed PERSTEMPO constraints. | • Congressionally directed PERSTEMPO reporting began | • Published Interim Personnel Tempo Policy Guidance | • Validated and verified data Considered Global Joint Rotational Policy | • Began tracking frequency and duration of PERSTEMPO trends<br>• Work continued on metric development | • Metrics developed<br>• Initial performance results to be posted to Departmental website during the 1st Quarter FY 2006 |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** As directed by Congress, the Services started tracking and reporting individual time away from home (expressed in days), commonly referred to as personnel tempo (PERSTEMPO), on October 1, 2000. Each of the Services has developed or enhanced existing data collection systems to support the legislative requirements. They will report the number of days each Service member is deployed, with particular emphasis and scrutiny placed on those individuals with 400 or more days out of the preceding two years.

On October 8, 2001, the Department suspended certain PERSTEMPO management processes in accordance with the provisions of the national security waiver set forth in section 991(d) of Title 10, U.S. Code. These included general/flag officer monitoring, approval of Service-member PERSTEMPO days that may exceed certain thresholds, and payment of the high-deployment per diem. However, Services were still required to report individual days away.

The metric being developed will incorporate a frequency and duration dimension to PERSTEMPO based on changes to the PERSTEMPO legislation in the FY 2004 National Defense Authorization Act. The metric will portray the percentage of the Service Active and Reserve Components that exceed the 400-day PERSTEMPO constraint within the last 730 days and/or the 191-day consecutive PERSTEMPO constraint. This metric will provide valuable insight into the "high deploying" tendencies of various Service components. The "drill down" metric, PERSTEMPO Across Occupational Groups, will measure those occupational groups that exceed the 400-day and/or the 191 - consecutive-day constraint, and will provide further information on a Service's use of the distinctive skills of their personnel.

The following provides a description of how each Service collects the PERSTEMPO data.

**Army.** The Army has developed and fielded a new web-based application to collect and manage PERSTEMPO data. With some exceptions, the unit or organizational level administrators enter the data into the web application. The data are then forwarded directly over the Internet to a central database hosted by a contractor. Initial PERSTEMPO data pertaining to members of the Army Reserve and the Army National Guard are entered into the PERSTEMPO database using a

batch process linked to the Reserve and Guard order-writing systems; subsequent changes and additions can be entered through the web.

**Navy.** The Navy followed an incremental program to implement its PERSTEMPO tracking and reporting system. The first phase relied exclusively on a legacy system known as the Diary Message Reporting System (DMRS). This approach was an expedient and cost-effective way to meet the October 1, 2000 implementation date. However, while this process allowed some personnel management analysis, specific analysis based on PERSTEMPO deployment categories and deployment purposes was not possible since these data elements could not be collected during this initial phase. During the second phase, the Navy implemented a web-based reporting system that provides the capability to collect PERSTEMPO deployment categories and deployment purposes. Additionally, the Navy continued to maintain dual transmission capability via DMRS for units without connectivity to the web. Additional system improvements are ongoing.

**Air Force.** The Air Force collects individual deployment information by a combination of three input processes: (1) duty status updates made at the organizational level, (2) travel voucher data received from finance offices, and (3) updates made over the web to the TEMPO Management and Tracking System (TMTS). Duty status changes made at the organizational level are passed electronically to the central record via the unit level personnel system. FAST Travel voucher data are received via file transfer protocol from more than 190 finance offices. Defense Travel System (DTS) transactions are collected and combined into 1 mass file per week and processed to the central record via File Transfer Protocol. Transactions within these two files process to the central record in MilPDS. PERSTEMPO data added to, deleted from, or changed in the TMTS updates the central record immediately.

**Marine Corps.** The Marine Corps collects PERSTEMPO data via the Marine Corps Total Force System (MCTFS), at the reporting unit level. MCTFS is an integrated pay and personnel system. When an event occurs (start, stop, change, etc.), the reporting unit administrative office reports the appropriate transaction and these event data are then stored in the personnel Master Record.

The Defense Manpower Data Center (DMDC) has spent considerable time with the Services to ensure that the reporting process is working properly; as a result, most of the problems that persisted with Army data have been corrected. However, data verification and validation is a very difficult and expensive process. Initial checks were conducted by the Services to ensure accuracy of data, although the onus is largely on members to ensure “deployed days” reported on the Leave and Earnings Statement is accurate. Finally, we have asked DMDC to crosscheck the accuracy of its PERSTEMPO information with similar information reported by the Defense Finance and Accounting Service.

**Ongoing Research**. We contracted LMI to help us define and refine key performance indicators. Evaluation of the metrics using "live" data will be conducted into FY 2006.

**Timeline for Completion**. LMI completed their work in FY 2005. Time for completion is indeterminate and will be based on the OSD and Services evaluation of the metric .

**Performance Results for FY 2005.** The Department completed development of the performance metrics during the 2nd quarter FY 2005. Work continued throughout the remainder of the fiscal year to determine how best to accumulate data from the PERSTEMPO database, and also, how best to display the information on the Information Delivery System (IDS) website. We expect the data displays to be posted to the website during the first quarter FY 2006 for Departmental evaluation and approval.

**Performance Results for FY 2004.** In FY 2004 we began tracking PERSTEMPO trends. We hoped to complete the metric by the end of the fiscal year, but the process was more complicated and complex than originally envisioned. Additionally, because the FY 2004 NDAA required the Services to report both frequency and duration data, resources had to be redirected to the reporting, collecting and validation processes for this new requirement. By the end of the fiscal year, the development of the metrics resumed.

## Performance Metric: Overall Satisfaction With Appointment

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [a] |
|---|---|---|---|---|---|
| Overall satisfaction with appointment | 88.5% | 87.1% | 88.4% | ≥90%/87.6% | ≥89%/ 87.8 |
| [a] The FY 2005 data are estimated as of the 3rd quarter. | | | | | |

**Metric Description.** This metric looks at beneficiaries' overall satisfaction with their outpatient medical appointments at a Military Treatment Facility (MTF)—hospital or clinic—during the month. Overall satisfaction with the appointment is affected by numerous factors during the visit including the experience in getting an appointment, the wait time at the appointment, the interaction with the provider, and interactions with the pharmacy or ancillary services. This metric is based on a monthly customer satisfaction survey for those individuals who had an outpatient medical visit at an MTF during the previous month.[1] The metric is based on Question 12 of the customer satisfaction survey:[2]

*All things considered, how satisfied were you with the (name of clinic) during this visit?*

The percentage of respondents (weighted by appropriate sampling weights) who answer "Good," "Very Good," or "Excellent," on a scale from "Poor" to "Excellent," is computed. The survey is fielded monthly. Because of the fielding period, data collection period, and analysis period, there is a 55-day lag between the appointment date and the posting of data on the web-based reporting site. Results are based on the summation of results for all surveys completed by patients during the year. Although information is available by the Military Service branch that is financially responsible for the MTF, only an aggregate Military Health System (MHS) score is shown.

**V&V Method.** The contractor performs all edit checks and validations to ensure the accuracy of the resulting data sets and reports. To ensure the privacy of beneficiaries, all surveys are given a unique number for survey processing and tracking. Through the use of a unique code, the survey can be tracked for changes in address (or as undeliverable) and for response receipt. Once the contractor receives the survey responses, they are scanned into a system (including those surveys returned as undeliverable). Survey responses are imported into an automated system using bar codes, with manual entry for those the system cannot read. A template is established to read the surveys, and if the system is not 99% certain of the response, it is sent to a data editing workstation for review. Depending on complexity of the survey, 5% to 10% of all data editing is verified by a second editor. Final checks are then run to make sure all survey responses are entered into the database.

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[1] The same survey is used for a metric that tracks satisfaction with access. However, that metric looks at responses to different survey questions and uses scores from only TRICARE PRIME enrollees rather than from all beneficiaries who visited an MTF.

[2] Other questions in the survey are used to identify specific areas for improvement.

**Performance Results for FY 2005.** There have been mixed performance results across the Services during FY 2005. Two of the Services are just slightly below the goal for the year, and the other Service struggled during the first two quarters of FY 2005. During the 3rd quarter, all three Services are at or above the goal of 89% satisfaction. This trend is expected to continue and the performance target will likely be achieved.

**Performance Results for FY 2004.** The objective for this fiscal year was to achieve even higher levels of performance; however the current score surpasses the historical civilian benchmark for this survey. In an effort to improve overall performance on this measure, the Army instituted a provider-level survey program that focuses on individual providers in an attempt to improve the overall score. However, information has not shown significant improvement so far.

A further review of the survey results show that while satisfaction remains extremely high for retirees and their family members, satisfaction for Active Duty members and their families are not as high. The survey shows that some of this is attributable to age differences (older individuals tend to be more satisfied than younger individuals). Even with this consideration, the satisfaction level of Active Duty family members is basically unchanged from FY 2003 to FY 2004. However, there has been a decrease in satisfaction for Active Duty members themselves. While the data set does not allow for a more detailed review between Active Duty personnel and Reservists called up in support of Operation Iraqi Freedom, the timeframe does match.

## Performance Metric: Quality of Life Social Compact Improvement Index

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [a] |
|---|---|---|---|---|---|
| Trend data to monitor improvements in leading QoL indicators. | No historical data: new metric. | | • Developed framework for QoL index | • Meet or exceed standard for each program comprising 8 functional areas (FAs) / 4 FAs met or exceeded standards for all programs; 2 FAs met or exceeded standards for some programs; 1 FA did not meet program standards, and 1 metric is still under development [b] | • Meet or exceed standard for each program comprising 8 functional areas [c] / Data not yet available |

[a] The FY 2005 data are not available until end of FY 2005. This is a new performance metric and it is a lagging indicator - 2005 actual data will not be available until the end of the fiscal year
[b] Detailed FY 2004 actual and target data for each of the 21 programs that comprise the 8 Functional Areas is provided below.
[c] Detailed FY 2005 target data for each of the 21 programs that comprise the 8 Functional Areas is provided below.

**Metric Description.** The Quality of Life (QoL) Social Compact Improvement Index is one indicator in a three-pronged approach that combines a Community QoL Per Capita Cost Indicator and Commitment to Military Life Index to measure the health of QoL programs and services supporting military members and families. Current deployment and high operation tempo (OPTEMPO) necessitate robust QoL support for troops and families. In an effort to mitigate force management risk in attracting and maintaining a quality workforce, the Department must transform QoL to keep pace with the American standard of living, changing demographics (two-thirds families live off the installation), and expectations of military members and their families.

The index links to the QoL programs and services included in the modernized Social Compact that recognize the reciprocal partnership that exists between the Department, the service member, and his or her family. The index tracks improvement in QoL to ensure the Department underwrites support to families. The current index is comprised of eight major program areas. There will be no more than 10 functional program areas in the index. Program areas and metrics will be added or eliminated as data mature and priorities change.

Metrics used to track improvement in QoL in the eight functional areas include:

- *Housing Assignment:* Percentage of out-of-pocket housing expenses and number of single E4s and E5s living off base.

- *Military OneSource -1-800 toll free family assistance*: Number of installations with coverage.
- *Voluntary education/Tuition Assistance:* Out-of-pocket education costs, number of enrollments, and number of degrees or diplomas earned.
- *Financial Readiness:* Percentage of E1-E4s reporting problems paying bills and percentage of E1-E4s who report they have difficulty making ends meet or are "in over their heads."
- *Child Care:* Number of childcare spaces and percentage of accredited child development centers.
- *DoD Educational Activity (DoDEA):* Pupil-teacher ratio and student achievement scores.
- *Commissaries:* Customer savings, sales, customer satisfaction and unit cost.
- *Exchanges:* Customer savings, sales and profits, customer satisfaction, and capital expenditures and dividends.

The Office of the Under Secretary of Defense, Military Community and Family Policy will update the performance data annually. Data will be cross-referenced with the Community QoL Per Capita Cost Metric and Commitment to Military Life Index to ensure QoL programs are provided to meet the unique needs of military members and their families.

**Ongoing Research**. The Social Compact is a 20-year strategy that is viewed as a living document that requires continual review and revision to keep pace with the changing needs of the transforming military. While the Social Compact includes long-term, mid-term and short-term strategies, the index will focus on the short-term.

**Timeline for Completion.** The index is complete; however, program areas and metrics will be added or eliminated as data mature and priorities change.

**Performance Results for FY 2005.** This is the first full cycle of performance reporting for this metric since conversion from an activity to a performance metric. The data that populates each of the metrics in the Social Compact index will not be available until the end of the fiscal year.

**Performance Results for FY 2004.** During FY 2004, the Social Compact was modernized to reflect the performance metrics included in the DoD Balanced Scorecard. As such, this metric was converted from an activity to a performance metric. Overall, the Department met the majority of established targets in FY 2004.

- In housing, the Department achieved its goal to reduce average out of pocket expenses to 3.5%. The Services made progress in shifting single service members in the grades of E4 and E5 off installation housing which provides the privacy and amenities these young service members prefer.

- All Services are participating in Military OneSource (24/7 Toll Free Family Assistance) with 300 installations with coverage.
- The total number of voluntary education enrollments increased by 34,164 since FY 2003 and the number of degrees/diplomas also increased from FY 2003 levels by approximately 5,000. However, Marine Corps enrollment and Army degrees/diplomas declined. This decline may be due to deployments which is understandable at this time. All Services continue to pay up to the $250 semester unit tuition cap; however, Navy did not meet the annual tuition ceiling.
- The Services are sustaining in Financial Readiness. There are no significant statistical differences between the FY 2003 and FY 2004 data.
- Overall, the Department showed some growth in child care spaces (2,483 spaces) from FY 2003 and FY 2004 but did not meet the FY 2004 target. In FY 2004, 93% of DoD child development centers were accredited which is slightly below the target of 95%.
- DoD schools achieved all targets in FY 2004.
- Commissaries achieved all targets with the exception of customer savings which exceeded the annual target by slightly over two percent. Exchanges are the newest addition to the index. Targets and parameters are in the process of being finalized and are subject to change.

| Metric | FY 2004 Target | FY 2004 Actual | FY 2005 Target |
|---|---|---|---|
| **Housing** | | | |
| **1)** Percentage of out-of-pocket housing expenses | **1)** 3.5% | **1)** 3.5% | **1)** 0% |
| **2)** Number of E4-E5s living off base | **2)** 85,478 | **2)** 86,912 | **2)** > 86,912 |
| **24/7 Toll Free Family Assistance–Military OneSource** | | | |
| Number of installations with coverage | 300 | 300 | 300 |
| **Off Duty/Voluntary Education** | | | |
| **1)** Out-of-pocket education costs | **1)** Meet DoD policy for per unit cap and annual ceiling | **1)** All Services meet goal with exception of Navy | **1)** Meet DoD policy for per unit cap and annual ceiling |
| **2)** Number of degrees/ diplomas | **2)** 34,676 | **2)** 38,714 | **2)** 35,543 |
| **3)** Number of enrollments | **3)** 848,303 | **3)** 882,467 | **3)** > 882,467 |
| **Financial Readiness** | | | |
| **1)** Percentage reporting problems paying bills | **1)** 39.4% | **1)** 39.5% | **1)** 37.5% |

| Metric | FY 2004 Target | FY 2004 Actual | FY 2005 Target |
|---|---|---|---|
| **2)** Percentage reporting having difficulty making ends meet or are in over their heads | **2)** 15.7% | **2)** 19.3% | **2)** 18.3% |
| **Child Development** | | | |
| **1)** Number of spaces | 1) 4,884 | **1)** 2,483 | **1)** 4,586 |
| **2)** Percentage of centers accredited | 2) 95% | **2)** 93% | **2)** 95% |
| **DoDEA** | | | |
| **1)** Pupil to Teacher Ratio | **1)** No less than 18.0:1 nor greater than 24.0:1 | **1)** DDESS – 18.2:1 and DoDDS – 18.7:1 | **1)** No less than 18.0:1 nor greater than 24.0:1 |
| **2)** Student Achievement – 75% of all students at or above Standard (math, reading, language arts) | **2)** Meet or exceed National Standard | **2)** Reading 70%; Language Arts 71%; Math 68% | **2)** Meet or exceed National Standard |
| **3)** Student Achievement –8% or fewer of all students fall in below Standard (math, reading, language arts) | **3)** Meet or exceed National Standard | **3)** Reading 9%; Language Arts 8%; Math 10% | **3)** Meet or exceed National Standard |

| Metric | FY 2004 Target | FY 2004 Actual | FY 2005 Target |
|---|---|---|---|
| **Commissaries** | | | |
| **1)** Customer savings | **1)** 30% | **1)** 32.1% | **1)** 30% |
| **2)** Sales | **2)** $5.101B | **2)** $5.235B | **2)** $5.238B |
| **3)** Customer satisfaction (Internal Commissary Customer Satisfaction Survey and American Customer Satisfaction Index - CSI) | **3)** Internal – 4.42; ACSI - 73 | **3)** Internal – 4.55; ACSI – 76 | **3)** Internal – 4.47; ACSI – TBD – published 2/6 |
| **4)** Unit cost | **4)** .2214 | **4)** .2146 | **4)** .2232 |
| **Exchanges** | | | |
| **1)** Customer savings | **1)** Under development | **1)** AAFES – 21.9%; NEX – 21.2%; MCX – 17.6% | **1)** Under development |

| Metric | FY 2004 Target | FY 2004 Actual | FY 2005 Target |
|---|---|---|---|
| **2)** Sales and profits | **2)** Sales: AAFES - $7.879M; NEX - $2.267M; MCX - 715M Profits: AAFES - $492M; NEX - $92M; MCX - $47M | **2)** Sales: AAFES - $7.990M; NEX - $2.282M; MCX - 728M Profits: AAFES - $469M; NEX - $83M; MCX - $29M | **2)** Sales: AAFES - $8.237M; NEX - $2.344M; MCX - $758M Profits: AAFES - $427M; NEX - $81M; MCX - $39M |
| **3)** Customer satisfaction (Internal Commissary Customer Satisfaction Survey and American Customer Satisfaction Index - ACSI) | **3)** Internal - 74; ACSI - 74 | **3)** Internal – AAFES - 73 ; NEX - 77; MCX - 70 ; ACSI – AAFES - 72; NEX - 70 ; MCX-69 | **3)** Internal and ACSI – TBD FEB 06 |
| **4)** Capital expenditures and dividends | **4)** Cap Exp – AAFES - $377M; NEX – $82.5M; MCX – $12.7M; Dividends – AAFES - $234M; NEX - $69M; MCX – $30M | **4)** Cap Exp – AAFES - $293M; NEX – $46M; MCX – $17M; Dividends – AAFES - $242M; NEX - $65M; MCX – $26M | **4)** Cap Exp – AAFES - $381M; NEX – $97M; MCX – $53M; Dividends – AAFES - $243M; NEX - $62M; MCX – $32M |

## Performance Metric: Satisfaction with Military Health Plan

| Metric | FY 2001 Actual[a] | FY 2002 Actual[b] | FY 2003 Actual | FY 2004 Target[c]/Actual[d] | FY 2005 Target[e]/Actual[f] |
|---|---|---|---|---|---|
| Percentage satisfied with military health plan | 44.6% | 46.5% | 51.2% | ≥ 56%/ 53% | ≥ 57%/53% |

[a] Surveys fielded in January, April, and July 2001.
[b] Surveys fielded in October 2001 and January, April, and July 2002.
[c] The FY 2004 initial goal was the same as the FY 2003 goal; however, after progress tracking during FY 2003, it was determined that the FY 2004 goal needed to be reset to a yearly goal that will match the Defense Health Program Performance plan for FY 2004. Accordingly, the goal changed from ≥ Civilian Average to ≥56%, which represents closing the gap between the military health plan and civilian plans in three years. All future goals will be updated on an annual basis.
[d] FY 2004 is now complete and the actual performance represents a weighted average for the entire year, not the highest score during the year.
[e] The FY 2005 target has been adjusted to reflect the Defense Health Program Annual Performance Plan goal (58% to 57%) and a change in the Civilian Benchmark (59% to 58%).
[f] The FY 2005 data are estimated as of 2nd quarter.

**Metric Description.** A person's satisfaction with his or her health plan is a key indicator of the performance of the Military Health System (MHS) in meeting its mission to provide health care to over eight million eligible beneficiaries. For this metric, the following survey item is used:

> *We want to know your rating of all your experience with your health plan. Use any number from 0 to 10 where 0 is the worst health plan possible, and 10 is the best health plan possible. How would you rate your health plan now?*

Satisfaction is measured as the percentage of respondents (weighted by appropriate sampling weights) who answer 8, 9, or 10.

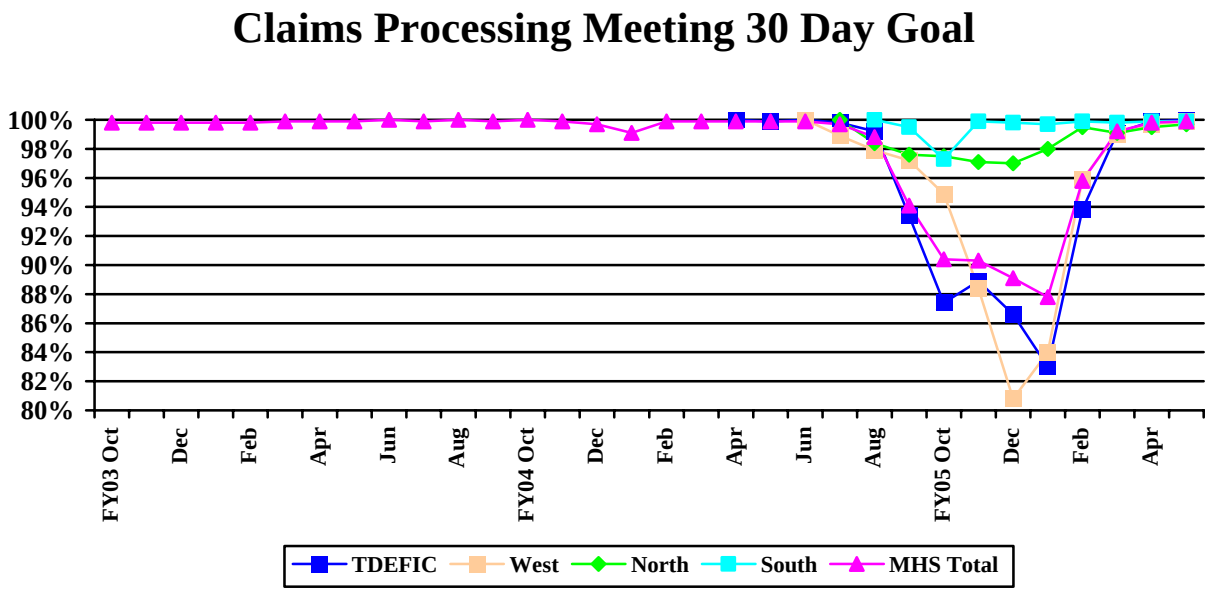
The survey, fielded quarterly, asks respondents questions about the plan during the prior year. Currently, the results for the year are based on the surveys fielded during the fiscal year, which means the results are actually based on the respondent's interactions with the health system during the prior fiscal year.

The goal established for this metric in FY 2003 is considered a stretch goal that will drive the organization forward, but will likely not be achieved during that year. For FY 2004, the goal was changed to reflect the desire to make the goal achievable during the current year, while still closing the gap with the civilian sector in three years. These goals are established based on a civilian survey, and will be updated on an annual basis.

**V&V Method.** The Department has hired a contractor to prepare the data for analysis; data preparation includes editing, cleaning, implementing the coding scheme, weighting the data, and constructing the analytic variables. The contractor provides appropriate data cleaning and checking procedures to ensure a high level of quality control each quarter. The contractor edits the data consistent with the skip patterns in the questionnaire and includes the specifications of

such recoding in the survey documentation. The contractor removes problem records from the database. Problem records include blank records, multiple records from the same respondent (the contractor keeps the record with the greatest amount of information), and records from ineligible respondents.

**Performance Results for FY 2005.** FY 2005 began with the initial rollout of the new Health Support Services Contracts and associated changes in claims processing and network development. As can be expected, some problems occurred during this transition and beneficiaries voiced their displeasure when completing our survey. For example, claims processing dropped from approximately 99.9% of claims properly processed within 30 days, to a low of 80% (during a single month) for one of the claims processors. Additionally, a number of providers decided to leave the network when the rollout of new contracts occurred.

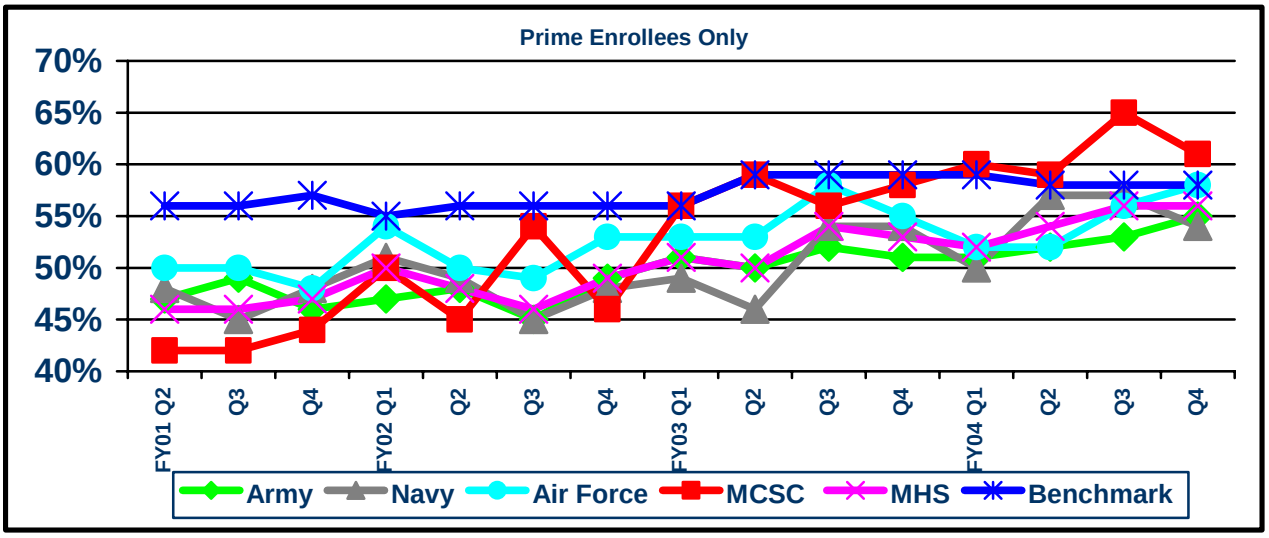



With claims processing improving, and provider networks expanded to previous levels, the expectation is that the Satisfaction with Plan metric will also improve for the rest of the year. For the first two months of this fiscal year, the metric is 1% above last year's performance at the same time.

**Performance Results for FY 2004.** The final FY 2004 score of 53% is two percentage points above last year's score and continues the Department's overall improvement trend. Beginning with the second quarter, each quarterly score was above the previous quarter, showing measured improvement for the system. It is expected that improvements will continue, and over time, the Military Health System will achieve the civilian benchmark.

For the individuals who have chosen to enroll in TRICARE Prime, the scores for their 3rd quarter report met the goal of 56%. During the 3rd quarter reporting, all but one enrollment Service managed to meet that goal. In fact, enrollees to the Managed Care Support Contractor not only met the goal for the year, but also surpassed the Civilian Benchmark for each quarter of FY

2004. Continuous increases in enrollment and improvement in the score demonstrates real progress for the program.



## Activity Metric: Commitment to Military Life Index

| End-State Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Trend data to monitor results in key commitment areas that are predictors of retention and satisfaction | No historical data: new metric | | • Reviewed corporate commitment literature<br>• Developed commitment factors reflecting military environment and culture<br>• Conducted focus groups to validate and expand commitment factors | • Fielded survey<br>• Developed final commitment index for military service<br>• Fielded commitment index in May 2004 survey of Guard and Reserve members<br>• Commitment index included in the August 2004 ActiveDuty survey | • Analyzed data from May 2004 survey of Guard and Reserve members<br>• Analyzed data from August 2004 Active Duty survey<br>• Established baseline commitment data and correlations<br>• Ongoing development of research methodology to link commitment and re-enlistment decisions |

[a] The FY 2005 data are final as of the 4th quarter.

**Metric Description**. The Commitment to Military Life Index is one indicator in a three-pronged approach that combines a Community Quality of Life (QoL) Per Capita Cost Metric and QoL Social Compact Improvement Index to measure the health of QoL programs and services supporting military members and families. The Commitment to Military Life Index is a new indicator that will track the factors that influence and predict commitment to military service for both Active Duty members and spouses. This index is modeled after an approach used in corporate America to measure employee commitment. This performance measure responds to the National Security Presidential Directive–2 (February 2001), "Improving Quality of Life," and is in line with guidance from the Secretary of Defense that states the Department will track QoL improvements and give priority to the implementation of QoL initiatives. Current deployment and high personnel tempo necessitate robust QoL support for troops and families. In an effort to mitigate force management risk and enhance workforce satisfaction, the Department must transform QoL to meet the needs of the changing demographics and expectations of military members and their families.

Retention is a critical problem in the military and commitment has been shown to be a primary predictor of retention decisions. Thus, this effort is directed at tracking a brief index of service member commitment to military service. A complementary index of spousal commitment to the military has been developed, thereby acknowledging the importance of both military and family factors in predicting commitment to the military.

The value of the index is to demonstrate the different fluctuations and factors of commitment over time. The commitment indexes contained in the Defense Manpower Data Center (DMDC)

Reserve Component Survey (May 2004) and the DMDC Active Duty Survey (August 2004) provided initial baseline data for the commitment index. Frequent short surveys to a statistically valid DoD military population will be used to pulse the commitment of military members and spouses. The index will gain meaning as the factors influencing commitment are tracked at different points in time. The survey instrument will be reviewed and updated as needed and data will be cross-referenced with the QoL Social Compact Improvement Index and Community QoL Per Capita Cost Metric.

**Ongoing Research.** We have developed and validated metrics for tracking member commitment, and are in the process of doing the same for spousal commitment. Tracking commitment as a component of retention is important, but not sufficient to create informed interventions. We have to understand the underlying causes of commitment for members and spouses. This includes understanding the shocks, policies and practices which buffer negative events or foster positive ones, and determining how they affect the retention decision processes for Service members and their families. We need to validate the impact of commitment on decisions to re-enlist. Ongoing research must track, over time, how commitment develops and changes. It must also be connected to actual decisions to stay or leave the service in order to verify the predictive validity of commitment. Ongoing research must also focus on the family so that we can learn how different events impact levels of commitment, and how re-enlistment decisions are negotiated.

**Timeline for Completion.** The spousal commitment index was completed in July 2005. It will be fielded in the Fall 2005 DMDC surveys of Active Duty and National Guard/Reserve spouses.

The scope of the project is being expanded so that we can better understand the commitment processes and link them to re-enlistment decisions. In order to capitalize on the value of the data as it impacts actual re-enlistment decisions over time, a long-term commitment to this research is required.

**Performance Results for FY 2005.** We established preliminary baseline commitment data for Active Duty, National Guard and Reserve members. We developed the spousal commitment index which will be fielded during the Fall 2005 in the DMDC Survey of Military Spouses.

Baseline data collected from the May 2004 Reserve Status of Forces survey and the August 2004 Active Duty survey showed that Active Duty members who were married with children had the highest levels of commitment. Ongoing analyses will provide us with a complete baseline of commitment for Active Duty and Reserve Component members, as well as their spouses.

**Performance Results for FY 2004.** We developed the final commitment index. It was fielded in the May 2004 DMDC survey of National Guard and Reserve Component members, as well as the August and December 2004 DMDC Active Duty surveys.

## *Maintain a Quality Workforce*

## Performance Metric: Active Component Enlisted Retention Goal

| Service | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual [b] | FY 2004 Target/Actual [b] | FY 2005 Target/Actual [b,c] |
|---|---|---|---|---|---|
| Army | | | | | |
| Initial | 20,000 | 19,433 | 21,838 | 23,000/24,465 | 21,080/20,721 |
| Mid-career | 23,727 | 23,074 | 19,509 | 20,292/20,407 | 18,433/18,669 |
| Career | 21,255 | 15,700 | 12,804 | 12,808/13,574 | 10,436/13,730 |
| Navy | | | | | |
| Initial | 56.9% | 58.7% | 61.8% | 56%/54.1% | 53%/57.1% |
| Mid-career | 68.2% | 74.5% | 76.7% | 70%/70.2% | 69%/66.2% |
| Career | 85.0% | 87.4% | 87.9% | 85%/86.9% | 85%/85.6% |
| Marine Corps | | | | | |
| First term | 6,144 [a] | 6,050 | 6,001 | 5,990/6,011 | 4,462/5,888 |
| Subsequent | 5,900 [a] | 7,258 | 5,815 | 5,628/7,729 | 3,809/5,520 |
| Air Force | | | | | |
| First Term | 56.1% | 72.1% | 60.5% | 55%/63% | 55%/47% |
| Mid-career | 68.9% | 78.3% | 72.9% | 75%/70% | 75%/52% |
| Career | 90.2% | 94.6% | 95.2% | 95%/97% | 95%/95% |

[a] In FY 2001, the Marine Corps established numeric goals for retention and established subsequent term goals for the first time.
[b] The Services are allowed (due to the National Emergency) to operate with the strength required to prosecute the War on Terror. Because of Operation Iraqi Freedom and Operation Enduring Freedom, the Services decided to operate at a higher level than they had planned at the beginning of the year. To get to this higher strength, they increased the retention goals. The Services use retention and recruiting as two levers they can adjust to hit the desired end strength. So, if recruiting is falling short, they increase retention goals. Similarly, if retention is falling short, they may choose to increase recruiting goals. In this case, they chose to adjust retention goals to operate at desired operational strength.
[c] The FY 2005 data are final as of the 3rd quarter.

Definitions:
Army: Mid-career: 7 to 10 years of service (YOS); career: 10 to 20 YOS
Navy: Mid-career: 6+ to 10 YOS; career 10+ to 14 YOS
Air Force: Mid-career: 6 to 10 YOS; career 10 to 14 YOS

**Metric Description.** The Services determine, within the zone of eligibility, their annual retention goals. Each Service is given latitude in how they establish their categories, goals within each category, and methods for tracking attainment of those goals. For that reason, the following two metrics are used: (1) number of people retained (used by the Army and Marine Corps), and (2) percentage of eligible people retained (used by the Air Force and Navy). The annual goals for either metric are dynamic and can change during the year of execution.

**V&V Method.** Each month, the Services' enlisted retention offices are queried for their goal and retention statistics for that month. Data normally are available two weeks after the end of the month. The Office of the Under Secretary of Defense for Personnel and Readiness reviews retention data obtained from the data systems (identified in the following table) monthly. The

information is evaluated within the context of recruiting performance, attrition trends, and retention of both officer and enlisted personnel in the Active and Reserve Components. The results of these assessments guide decisions on resource allocations and associated force management initiatives. The following table displays the data systems and data flow. Details of Service data accuracy procedures and processes are available and can be provided separately.

| **Data Flow for Active Retention** | | | |
|---|---|---|---|
| Service | Input System | Aggregate System | V&V Method |
| Army | Reenlistment, Reclassification, and Reserve Component Assignment System (RETAIN)<br>Standard Installation/Division Personnel System (SIDPERS) | Active Army Military Management Program (AAMMP) | Personnel commands report data weekly to the Deputy Chief of Staff, G-1.<br>Major commands process data via RETAIN and report it to ODCS, G-1, quarterly.<br>RETAIN data and SIDPERS updates are used to verify AAMMP assumptions and revise policies as necessary. |
| Navy | Navy Enlisted System (NES)<br>Officer Personnel Information System (OPINS) | NES/OPINS | Data for enlisted personnel are reported monthly.<br>Data for officers are gathered quarterly. Functional managers, analysts, and policymakers review the data to verify accuracy and monitor trends. |
| Air Force | Personnel Data System (PDS)—maintained by Headquarters, Air Force Personnel Center (HQ AFPC/DPS) | PDS | Air Force staff reviews retention programming codes and data aggregation methods annually. |
| Marine Corps | Total Force Retention System (TFRS)—used by commanders to request permission to reenlist individual Marines<br>Marine Corps Total Force System (MCTFS)—transmits headquarters decisions on TFRS requests to the respective commands and, for those requests that are approved, relays reenlistment data back to headquarters | MCTFS | TFRS crosschecks MCTFS. Written guidance for TFRS is provided to field units.<br>Use of data elements in MCTFS is standardized throughout the Marine Corps. |

**Performance Results for FY 2005.** The Services are on course for a strong finish in FY 2005. Army reenlisted 53,120 soldiers toward a year-to-date mission of 49,949 (106 percent). Army is on track to meet its annual goal. Air Force retention is sound, albeit below historical achievement as it seeks to reduce strength through voluntary separations in surplus skills. Like Army, Air Force is reducing stress by realigning military positions to War on Terrorism needs (e.g., one in eight Air Force recruits this year will be trained as security forces). Navy has had

strong reenlistment performance, and its attrition rates are at or near 15-year lows. Marine Corps continues to surpass its retention goals.

**Performance Results for FY 2004.** Army and Marine Corps met or exceeded their FY 2004 retention goals. Navy and Air Force were retaining high at the outset of the year, but force shaping initiatives aimed at balancing manpower skills and assisting with force reduction caused them to retain less members during the last quarter of FY 2004. Both the Navy and Air Force made their year-end performance targets except in two instances – Navy "Initial" and Air Force "Mid-Career."

## Performance Metric: Active Component End Strength Meets or Exceeds the Fiscal Year Authorization But No More Than 2% Over the Fiscal Year Authorization (At the End of Each Quarter)

| Service | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Authorized/Actual | FY 2005 Authorized/Actual [a] |
|---|---|---|---|---|---|
| Army | 480,801 (+0.2%) | 486,542 (+1.4%) | 499,301 ***(+4.0%)*** | 482,400/499,543 ***(+3.6%)*** | 502,400/489,971 **(-2.5%)** |
| Navy | 377,810 (+1.4%) | 383,108 (+1.9%) | 382,235 (+1.7%) | 373,800/373,197 (-0.2%) | 365,900/363,858 (-0.6%) |
| Marine Corps | 172,934 (+0.2%) | 173,733 (+0.7%) | 177,779 (+1.6%) | 175,000/177,480 (+1.4%) | 178,000/178,231 (+0.1%) |
| Air Force | 353,571 (-1.0%) | 368,251 ***(+2.6%)*** | 375,062 ***(+4.4%)*** | 359,300/376,616 ***(+4.8%)*** | 359,700/358,705 (-0.3%) |

[a] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** Service end-strength authorizations are set forth in the National Defense Authorization Act (NDAA) for the fiscal year. Services are required to budget and execute to that end strength by the end of the fiscal year. The Services' actual end strength for each quarter will be evaluated against the authorized strength for that fiscal year. By law (Section 115 of Title 10), the Service Secretaries may authorize operating up to two percent above the authorized end strength, and the Secretary of Defense may authorize the Services operate up to three percent above their authorized end strength for that fiscal year, if determined to be in the national interest. Because of the ongoing Global War on Terror, the Secretary of Defense has waived the strength constraints of Title 10, USC. FY 2003 was the first year that quarterly comparisons were made.

**V&V Method.** The Directorate for Information Operations and Reports of the Washington Headquarters Service (DIOR/WHS) publishes the official end strength for the Services monthly. Preliminary numbers are available three weeks after the end of the month, and final numbers are available five weeks after the end of the month. The final numbers will be compared to the authorized end strengths for each of the Active Components; the difference of the actual from the authorized end strengths will be calculated, as will the percentage delta from the authorized end strength. The resultant percentage will then be checked against the metric. This review is conducted at the directorate level. The results are provided to the leadership when a Component's actual end strength is below the authorized end strength or more than three percent of the authorized end strength.

The NDAA, once signed by the President and made public law, is the authorization for the Services. The DIOR/WHS is the official source for active duty military end strength. Because the Services are the managers of their own personnel accounts and any personnel data provided to an out-of-Service agency (e.g., Defense Manpower Data Center) is from the Service database, accuracy is assumed and cannot be confirmed by an independent source. Services provide

summary level data to DIOR/WHS as the "official" end strength information for their Service for that month. Data is at the grade-level of detail.

**Performance Results for FY 2005.** The nation continued to operate in a state of National Emergency by Reason of Certain Terrorist Threats in FY 2005. Consequently, the end strength requirements were waived. In addition, the Army and Marine Corps were granted authorized end strength increases during FY 2005. The Army's authorization was increased by 20,000; while the Marine Corps was increased by 3,000. The Marine Corps ramped to their new authorization by the end of the third quarter; while the Army struggled and lost ground as the year progressed. While Army had a successful retention program, they have had a challenging recruiting year and will probably miss their authorized strength for the fiscal year. Air Force ended FY 2004 almost 5% above their fiscal year authorization and set about reducing their strength levels and shaping their force in FY 2005. They are a little below their authorized strength in the third quarter but will have no trouble meeting their year-end requirement. Navy had a 7,900 reduction in authorized strength from FY 2004 to FY 2005 and their force shaping plans have enabled them to reduce their strength gradually. Although the Navy ended the third quarter slightly below their authorized strength, they will meet their authorization at the end of the fiscal year.

**FY 2005 Quarterly Metric**

| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr |
|---|---|---|---|---|
| Army | 494,112 **(-1.6%)** | 493,041 **(-1.9%)** | 489,971 **(-2.5%)** | |
| Navy | 370,445 (+1.2%) | 365,747 (-0.0%) | 363,858 **(-0.6%)** | |
| Marine Corps | 177,207 **(-0.4%)** | 177,338 **(-0.4%)** | 178,231 (+0.1%) | |
| Air Force | 369,523 (+2.7%) | 362,707 (+0.8%) | 358,705 **(-0.3%)** | |

**Performance Results for FY 2004.** The nation continued to operate in a state of National Emergency by Reason of Certain Terrorist Threats in FY 2004. Consequently, the end-strength requirements were waived. The Army and Air Force exceeded the three percent criterion at the end of fiscal year, while the Navy and Marine Corps ended the fiscal year within the acceptable criterion. (NOTE: While Navy was 0.2% below their authorized levels, that was considered an acceptable tolerance based on their out year plans to decrease their strength in fiscal year 2005.) In the spring of 2004, the Army received permission from the Secretary of Defense to operate with 512,400 troops, or 30,000 more than authorized. The Air Force instituted two phases of force shaping in FY 2004 to reduce its operating strength. FY 2004 Quarterly Metric.

## FY 2004 Quarterly Metric

| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr |
|---|---|---|---|---|
| Army | 490,174 (+1.6%) | 493,816 **(+2.4%)** | 500,203 **(+3.7%)** | 499,543 **(3.7%)** |
| Navy | 379,742 (+1.6%) | 377,369 (+0.9%) | 375,521 (+0.5%) | 373,197 **(-0.2%)** |
| Marine Corps | 177,030 (+1.1%) | 175,616 (+0.3%) | 176,202 (+0.7%) | 177,480 (+1.4%) |
| Air Force | 376,402 **(+4.6%)** | 379,086 **(+5.5%)** | 379,887 **(+5.7%)** | 376,616 **(+4.8%)** |

## Performance Metric: Critical Skill Recruit Needs

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [a] |
|---|---|---|---|---|---|
| Percentage of accession mission met for all skills | No historical data: new metric | | | ≥95% fill for all skills/3 of the 63 designated skills (5%) filled less than 95% | ≥95% fill for all skills/22 of the 67 designated skills (33%) filled less than 95% |

Notes:

1. Accession missions for each skill are set by the Services based upon required manning levels in the current and future force and expected losses in training.
2. Data was not collected for this metric prior to FY 2004.

[a]The FY 2005 data are final as of the 3rd quarter

**Metric Description.** The Department is now implementing a "critical skill recruit needs" metric. Each Service will annually identify the 10% of their skills that are most critical for their recruiting force to focus on in the coming year. At this time, the metric is only applied to Active Duty enlisted recruits.

A working group composed of representatives from the Services' Active Duty recruiting command was formed by the Office of the Secretary of Defense (OSD). This working group developed the following definition:

"Critical skill recruit needs" consist of a certain type of recruiting emphasis (e.g., enlistment bonuses, college funds, incentives to recruiters) and meet one or more of the following criteria:

- Crucial to combat readiness
- Undermanned in the force
- Unfilled class seats
- High volume required
- High entrance standards
- Undesirable duty

The exact fill rate for each skill will be measured, and each Service will be rated based on the recruit rate of its lowest skill rating.

The Department's overall readiness rating system, known as the Status of Resources and Training System (SORTS),[1] uses the following criteria for evaluating unit readiness with respect to skill match. The categories and percentages depict whether unit personnel have the skills to fit the unit's missions.

[1] Joint Publication 1-03.3, "Status of Resources and Training System."

| | | |
|---|---|---|
| C1 | Fully Mission Capable | 85% or above |
| C2 | Mostly Mission Capable | 75% to 84% |
| C3 | Major Parts Mission Capable | 65% to 74% |
| C4 | Some Parts Mission Capable | 64% and below |

The working group initially set its target for recruiting critical skills somewhat above the level applied to determine whether units are "Fully Mission Capable." The group decided to rate each skill as "Green" if its recruiting fill is 95% or above; "Yellow" if its recruiting fill is 85% to 94%; and "Red" if its recruiting fill is 84% or below. This is an ambitious rating scale and reflects an assumption that operational units will be best equipped to achieve the desired skill match levels, and that the recruiting system will provide greater precision in the job mix of each accession cohort. We will reassess this issue as our understanding of the process matures.

**V&V Method.**[2] Data collected as part of the enlistment process are routed, reviewed, and managed using the same mechanisms employed for the performance metric concerning recruiting quantity. The data systems and verification methods are discussed in the table below.

Procedures for verifying the data as it is transmitted from the data input to OSD have not been defined at this time. Service personnel systems can be queried if the data is in question on an as-needed basis.

| **Data Flows for Enlisted Recruiting** | | | | |
|---|---|---|---|---|
| Service | Input | Cross-Check | Aggregate | V&V |
| Army | REQUEST (Recruiter Quota System) database | Against manually assembled reports that the Army Recruiting Command provides to Army headquarters | Headquarters, Department of the Army (HQDA) Decision Support System | Army headquarters compared automated data and manually compiled reports monthly |
| Navy | PRIDE (Personalized Recruiting for Immediate and Delayed Enlistment) database | Recruit Training Center databases | PRIDE database | Office of Navy Personnel reviews input monthly |
| Air Force | AFRISS (Air Force Recruiting Information Support System) databases | MILPDS (Military Personnel Data System) | MILPDS and AFRISS | Commanders of recruiting stations review inputs daily; Air Force Recruiting Service reviews data monthly and conducts periodic audits |

[2] The information contained in this section is taken directly from the V&V section used for our other recruiting measures. These data sources may require supplementation for capturing critical skills information. Our working group members have been charged with assessing the applicability of this information and augmenting it as needed.

| Data Flows for Enlisted Recruiting | | | | |
|---|---|---|---|---|
| Service | Input | Cross-Check | Aggregate | V&V |
| Marine Corps | MCRISS-RS (Marine Corps Recruiting Information Support System-Recruiting Station) | Recruiting districts download information from MCRISS-RS | MCRISS-RS | District and regional staff review data monthly; Marine Corps Recruiting Command corrects any discrepancies in Monthly Enlisted Quota Attainment Brief (MATBRF). |

**Performance Results for FY 2005.** At the end of 3rd quarter, twenty-two of sixty-seven designated skills were filled to less than 95%. The challenging recruiting environment experienced thus far in FY 2005 is beginning to affect the depth of the critical skills shortage. In particular, the Army reports notable declines in a significant majority of critical skills. This more challenging recruiting environment may prove that our targets, established in a favorable time frame, are very ambitious. In fact, we project further decline for 4th quarter results.

| Enlisted Recruiting: FY 2005 Performance | |
|---|---|
| Army, Active | 19 of the 25 designated skills (76%) filled less than 95% |
| Navy, Active | 3 of the 8 designated skills (38%) filled less than 95% |
| Air Force, Active | 0 of the 21 designated skills (0%) filled less than 95% |
| Marine Corps, Active | 0 of the 13 designated skills (0%) filled less than 95% |

**Performance Results for FY 2004.** This measure is new for FY 2004. At the end of 4th quarter, three of sixty-three designated skills (5%) were filled to less than 95%.

| Enlisted Recruiting: FY 2004 Performance | |
|---|---|
| Army, Active | 0 of the 25 designated skills (0%) filled less than 95% |
| Navy, Active | 0 of the 7 designated skills (0%) filled less than 95% |
| Air Force, Active | 0 of the 21 designated skills (0%) filled less than 95% |
| Marine Corps, Active | 3 of the 10 designated skills (30%) filled less than 95% |

## Performance Metric: Selected Reserve Component Enlisted Attrition Ceiling

| Selected Reserve Component | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [a] |
|---|---|---|---|---|---|
| Army National Guard | 20.0[b] | 20.6[b] | 18.1[b] | 18.0/18.6[b] | 19.5[b]/15.6 |
| Army Reserve | 27.4 | 24.6 | 22.1 | 28.6/22.6 | 28.6/17.2 |
| Naval Reserve | 27.6 | 26.5 | 26.5 | 36.0/28.2 | 36.0/23.9 |
| Marine Corps Reserve | 26.4 | 26.0 | 21.4 | 30.0/26.3 | 30.0/16.0 |
| Air National Guard | 9.6 | 7.3 | 12.7 | 12.0/11.5 | 12.0/7.8 |
| Air Force Reserve | 13.4 | 8.7 | 17.0 | 18.0/13.6 | 18.0/11.1 |

[a] The FY 2005 data are final as of the 3rd quarter.
[b] The ceiling for ARNG enlisted attrition has been corrected to reflect enlisted attrition only, vice previously documented ARNG total (officer + enlisted) component attrition ceiling.
Note: All numbers are percentages representing total losses divided by average strength.

**Metric Description.** In assessing retention trends in the Reserve Components, we use attrition rather than retention rates. Attrition is computed by dividing total losses from the Selected Reserve of a specific component for a fiscal year by the average personnel strength of that component's Selected Reserve for that year. This metric is preferable to retention rates because only a small portion of the Reserve Component population is eligible for reenlistment during any given year. In addition to monitoring attrition, we have established annual attrition targets for Reserve Component personnel. These targets, which took effect in FY 2000, represent the maximum number of losses deemed acceptable in a given fiscal year—that is, they establish a ceiling for personnel departures. The attrition goal is actually a ceiling, which is not to be exceeded.

**V&V Method.** Monthly updates of databases maintained by the individual Reserve Components feed the Reserve Component Common Personnel Data System (RCCPDS), operated by the Defense Manpower Data Center (DMDC). DMDC is responsible for monitoring data quality. Quarterly workshops, conducted by the Office of the Assistant Secretary of Defense for Reserve Affairs (OASD(RA)), provide a forum for reviewing the data and recommending ways to improve attrition and meet annual projections.

Each Reserve Component is required under memorandum of agreement to provide feeder data to the Defense Data Manpower System on a monthly basis. DMDC data analysts carefully check validity of feeder data from each of the Reserve Components on a monthly basis. Current lag time for official data to be posted to the RCCPDS is 35 days. RCCPDS is the official database for the Reserve Components.

**Performance Results for FY 2005.** The Presidential Declaration of National Emergency by Reason of Certain Terrorist Threats and accompanying Executive Order, giving the Military Departments the authority to implement "stop loss" programs, remains in effect as the Global War on Terrorism and operations in Afghanistan and Iraq continue. The only Military Department that continues to use a "stop loss" program is the Army. Depending on the number

of members mobilized, this influences attrition rates, since mobilized Army Reserve Component members are subject to “stop loss” for the duration of their mobilization, plus a transition period of 90 days after demobilization. Through the end of the third quarter FY 2005, Reserve Component enlisted attrition remains within acceptable limits. There is nothing remarkable or unexpected in attrition figures for FY 2005 to date. However, continued vigilance is prudent, especially considering the large number of forces supporting the ongoing contingency operations and the ongoing Army “stop loss” program.

**Performance Results for FY 2004.** The Presidential Declaration of National Emergency by Reason of Certain Terrorist Threats and accompanying Executive Order, giving the Military Departments the authority to implement “stop loss” programs, remained in effect as the Global War on Terrorism and operations in Afghanistan and Iraq continued. The only Military Department that continued a “stop loss” program was the Army. Executing a “stop loss” program influenced attrition rates, since mobilized members were subject to “stop loss” for the duration of their mobilization, plus a transition period of 90 days after demobilization. For FY 2004, Reserve Component enlisted attrition remained well within acceptable limits. There is nothing remarkable or unexpected in attrition figures for FY 2004.

## Activity Metric: Manning Level of Critical Skills

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| The percentage of skills that are deemed critical for retention relative to a DoD-wide benchmark. | No historical data: new metric | | • Started to define critical skills<br>• Services developed list of critical skills | • Established common definition for critical skill<br>• Tested data collection | • Began tracking the metric during the 2nd quarter FY 2005. |
| [a] The FY 2005 data are final as of the 3rd quarter. | | | | | |

**Metric Description.** We are developing a way of measuring how effective we are at retaining the military skills most critical to our mission. As a first step, we established a common definition and metric to monitor critical skills across the Services. The next step is to test both our data collection methods and the effectiveness of the metric in monitoring manning levels.

To be designated as "critical," a skill must meet two tests: (1) it must be short of its targeted manning and (2) it must be critical to the Service's mission. The metric we developed monitors each Service's ability to retain members in its top-10 critical skills for retention. If the Service retains 95% or more of its desired goal for a particular skill, it will be deemed "Green." If the Service retains 86% to 94% of its goal for a particular skill, it will be deemed "Yellow." If it retains 85% or less of its goal for a particular skill, it will be deemed "Red." The Service's overall rating will be no higher than its lowest rated designated critical skill.

**Ongoing Research.** In fourth quarter FY 2004, the Services provided test data for this metric. This test collected information on the top ten most critical skills that meet both parts of the "critical" definition of shortage and mission criticality, as well as data about how well the Service is meeting retention goals for each category, and overall manning for each skill. The Department is working to refine the metric definition and its data collection methods.

**Performance Results for FY 2005.** Each Service began reporting its most critical skills for retention in second quarter FY 2005. In order to allow visibility into the full array of issues presenting retention challenges (e.g. skills in high demand in the civilian sector), we chose not to focus on a single criterion, but rather investigate a variety of potential issues. The metric did not come on-line until the 2nd quarter of FY 2005, therefore year-end data is not available. We will begin tracking this metric as a performance measure in FY 2006.

**Performance Results for FY 2004.** The Office of Secretary of Defense and Service points of contact refined data collection procedures in July 2004; the services tested data collection methods in August 2004.

## Performance Metric: Active Component Enlisted Recruiting Quality

| Category | FY 2001 Actual [a] | FY 2002 Actual [a] | FY 2003 Actual [a] | FY 2004 Target/Actual | FY 2005 Target/Actual [b] |
|---|---|---|---|---|---|
| Percentage of recruits holding high school diplomas (Education Tier 1) | 93 | 94 | 95 | ≥90/95 | ≥90/94 |
| Percentage of recruits in AFQT categories I–IIIA | 66 | 70 | 72 | ≥60/73 | ≥60/72 |
| Percentage of recruits in AFQT category IV | 1 | 0.7 | 0.2 | ≤4/0.3 | ≤4/1.0 |

NOTE: AFQT = Armed Forces Qualification Test. The AFQT is a subset of the standard aptitude test administered to all applicants for enlistment. It measures math and verbal aptitude and has proven to correlate closely with trainability and on the job performance.

[a] Official High School Diploma Graduates performance excludes 4,000 participants in the Army's GED+ pilot program, therefore the actual numbers were adjusted to reflect this factor.

[b] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** We measure recruiting quality along two dimensions – aptitude and educational achievement of non-prior service recruits. All military applicants take a written enlistment test called the Armed Services Vocational Aptitude Battery (ASVAB). One component of that test is the Armed Forces Qualification Test, or AFQT, which measures math and verbal skills. The table below shows how AFQT percentiles are grouped into categories:

**Armed Forces Qualification Test (AFQT) Categories and Corresponding Percentile Score Ranges**

| AFQT Category | Percentile Score Range |
|---|---|
| I | 93–99 |
| II | 65–92 |
| IIIA | 50–64 |
| IIIB | 31–49 |
| IV | 10–30 |
| V | 1–9 |

As shown in the table, those who score at or above the 50th percentile on the AFQT are in categories I-IIIA (CAT I-IIIA). We value these higher-aptitude recruits because their training and job performance are superior to those in the lower groupings (CAT IIIB-IV). We also value recruits with a high school diploma because years of research and experience tell us that high school diploma graduates are more likely to complete their initial three years of service. Quality benchmarks for recruiting were established in 1992 based on a study conducted jointly by the Department of Defense (DoD) and the National Academy of Sciences.[1] The study

[1] *Modeling Cost and Performance for Military Enlistment.* National Research Council, Commission on Behavioral and Social Sciences and Education, Committee on Military Enlistment Standards; Bert F. Green, Jr. and Anne S. Mavor, editors; National Academy Press, Washington; 1994

produced a model linking recruit quality and recruiting resources to the job performance of enlistees. As its minimum acceptable quality thresholds, the Department has adopted the following recruiting quality targets derived from the model: 90% in education tier 1 (primarily high school graduates), 60% in AFQT categories I–IIIA, and not more than 4% in AFQT category IV. Adhering to these benchmarks reduces personnel and training costs, while ensuring the force meets high performance standards.

**V&V Method.** Each Service maintains data on new enlistments in a dedicated computer system. Automated reports, produced monthly, are used to track progress toward meeting recruiting targets and to set new monthly targets. The Services are required to submit a spreadsheet summary report on recruiting performance to the Office of the Secretary of Defense (OSD) 15 days after the end of each month. The data systems and verification methods used by the Services are discussed in the table below.

The Defense Manpower Data Center (DMDC) also maintains data on new enlistments compiled through automated data transmission from the U.S. Military Entrants Processing Command (USMEPCOM) which conducts physicals, administers the Armed Services Vocational Aptitude Battery (ASVAB), and conducts other screening activities. Although USMEPCOM data are not used directly in tracking performance for this measure, they do provide the Services and OSD with additional insight into the recruiting process and V&V capability.

| **Data Flows for Enlisted Recruiting** | | | | |
|---|---|---|---|---|
| Service | Input | Cross-Check | Aggregate | V&V |
| Army | REQUEST (Recruiter Quota System) database | Against manually assembled reports that the Army Recruiting Command provides to Army headquarters | Headquarters, Department of the Army (HQDA) Decision Support System | Army headquarters compared automated data and manually compiled reports monthly |
| Navy | PRIDE (Personalized Recruiting for Immediate and Delayed Enlistment) database | Recruit Training Center databases | PRIDE database | Office of Navy Personnel reviews input monthly |
| Air Force | AFRISS (Air Force Recruiting Information Support System) databases | MILPDS (Military Personnel Data System) | MILPDS and AFRISS | Commanders of recruiting stations review inputs daily; Air Force Recruiting Service reviews data monthly and conducts periodic audits |
| Marine Corps | MCRISS-RS (Marine Corps Recruiting Information Support System-Recruiting Station) | Recruiting districts download information from MCRISS-RS | MCRISS-RS | District and regional staff review data monthly; Marine Corps Recruiting Command corrects any discrepancies in Monthly Enlisted Quota Attainment Brief (MATBRF). |

**Performance Results for FY 2005.** All Active Components, except Army, met or exceeded their recruiting quality goals for 3rd Qtr FY 2005. The Army is within 1% of the Tier 1 goal of 90%. Current Army drop in this metric during 3rd Qtr FY 2005 may indicate risk for FY 2005 outcome.

| **Enlisted Recruiting: FY 2005 Performance Through 3rd Quarter** | |
|---|---|
| Army, Active | 89% Tier 1 / 71% Cat I-IIIA / 2% Cat IV |
| Navy, Active | 96% Tier 1 / 71% Cat I-IIIA / 0.0% Cat IV |
| Air Force, Active | 99% Tier 1 / 79% Cat I-IIIA / 0.0% Cat IV |
| Marine Corps, Active | 98% Tier 1 / 69% Cat I-IIIA / 0.7% Cat IV |

**Performance Results for FY 2004.** All Active Components met or exceeded their recruiting quality goals for FY 2004, as they did in FY 2003.

| **Enlisted Recruiting: FY 2004 Performance** | |
|---|---|
| Army, Active | 92% Tier 1 / 72% Cat I-IIIA / 0.5% Cat IV |
| Navy, Active | 96% Tier 1 / 70% Cat I-IIIA / 0.0% Cat IV |
| Air Force, Active | 99% Tier 1 / 82% Cat I-IIIA / 0.0% Cat IV |
| Marine Corps, Active | 96% Tier 1 / 69% Cat I-IIIA / 0.5% Cat IV |

## Performance Metric: Reserve Component Enlisted Recruiting Quality

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [c] |
|---|---|---|---|---|---|
| Percentage of recruits holding high school diplomas (Education Tier 1) | 89 | 89 | 87 | ≥90/87[a] | ≥90/87 |
| Percentage of recruits in AFQT categories I–IIIA | 64 | 66 | 66 | ≥60/66[b] | ≥60/65 |
| Percentage of recruits in AFQT category IV | 1 | 1.1 | 1.5 | ≤4/2.0 | ≤4/2.0 |

NOTE: AFQT = Armed Forces Qualification Test. The AFQT is a subset of the standard aptitude test administered to all applicants for enlistment. It measures math and verbal aptitude and has proven to correlate closely with trainability and on the job performance.

[a] Excludes Air National Guard; see discussion in Performance Results paragraph.

[b] Excludes Air National Guard; see discussion in Performance Results paragraph.

[c] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** Quality benchmarks for recruiting were established in 1992 based on a study conducted jointly by the Department of Defense (DoD) and the National Academy of Sciences.[1] The study produced a model linking recruit quality and recruiting resources to the job performance of enlistees. As its minimum acceptable quality thresholds, the Department has adopted the following recruiting quality targets derived from the model: 90% in education tier 1 (primarily high school graduates), 60% in AFQT categories I–IIIA (top 50 percentiles), and not more than 4% in AFQT category IV. Adhering to these benchmarks reduces personnel and training costs, while ensuring the force meets high performance standards.

| **Armed Forces Qualification Test (AFQT) Categories and Corresponding Percentile Score Ranges** | |
|---|---|
| AFQT Category | Percentile Score Range |
| I | 93-99 |
| II | 65-92 |
| IIIA | 50-64 |
| IIIB | 31-49 |
| IV | 10-30 |
| V | 1-9 |

**V&V Method.** Data collected as part of the enlistment process are routed, reviewed, and managed using the same mechanisms employed for the performance metric concerning recruiting quantity. The data systems and verification methods are discussed in the table below.

Data from the Services are compared to data obtained from automated files maintained at the Defense Manpower Data Center (DMDC).

[1] *Modeling Cost and Performance for Military Enlistment*. National Research Council, Commission on Behavioral and Social Sciences and Education, Committee on Military Enlistment Standards; Bert F. Green, Jr. and Anne S. Mavor, editors; National Academy Press, Washington; 1994.

| Data Flows for Enlisted Recruiting | | | | |
|---|---|---|---|---|
| Service | Input | Cross-Check | Aggregate | V&V |
| Army | REQUEST (Recruiter Quota System) database | Against manually assembled reports that the Army Recruiting Command provides to Army headquarters | Headquarters, Department of the Army (HQDA) Decision Support System | Army headquarters compared automated data and manually compiled reports monthly |
| Navy | PRIDE (Personalized Recruiting for Immediate and Delayed Enlistment) database | Recruit Training Center databases | PRIDE database | Office of Navy Personnel reviews input monthly |
| Air Force | RMVS (Reserve Vacancy Management System) databases | MILPDS (Military Personnel Data System) | MILPDS | Commanders of recruiting stations review inputs daily; Air Force Recruiting Service reviews data monthly and conducts periodic audits |
| Marine Corps | MCRISS-RS (Marine Corps Recruiting Information Support System-Recruiting Station) | Recruiting districts download information from MCRISS-RS | MCRISS-RS | District and regional staff review data monthly; Marine Corps Recruiting Command corrects any discrepancies in Monthly Enlisted Quota Attainment Brief (MATBRF). |

**Performance Results for FY 2005.** All of the Reserve Components except for the Army National Guard met or exceeded the AFQT I-IIIA goal and the Tier 1/High School Diploma Graduate (HSDG) goal for enlisted recruit quality through the third quarter of FY 2005. However, there has been a slight decrease in quality throughout the year as the recruiting force continues to face significant challenges. There is increased emphasis on the non-prior service market as the number of individuals separating from Active Duty service has declined (due in part to increased emphasis on retention in the Regular forces) and fewer of those who are separating are affiliating with the Reserve Components. Some of the data below is drawn from data systems that are incomplete or known to contain errors. The Air National Guard continues to experience difficulties in reporting recruit quality data, but they report that a solution is near. They have historically far exceeded the DoD benchmarks, and we are confident that is still the case. The Army National Guard continues to struggle to meet the Department's quality benchmarks, and the Army National Guard recruit quality will likely continue to remain below the DoD benchmark.

| Reserve Component Enlisted Recruiting: FY 2005 Performance Though 3rd Quarter | |
|---|---|
| Army, Reserve | 90% Tier 1 / 69% Cat I-IIIA / 0.5% Cat IV |
| Army, National Guard | 83% Tier 1 / 57% Cat I-IIIA / 3.0% Cat IV |
| Navy, Reserve | 90% Tier 1 / 82% Cat I-IIIA / 0.0% Cat IV |
| Air Force, Reserve | 90% Tier 1 / 72% Cat I-IIIA / 0.0% Cat IV |
| Air National Guard | UNK% Tier 1 / UNK% Cat I-IIIA / UNK% Cat IV |
| Marine Corps, Reserve | 96% Tier 1 / 78% Cat I-IIIA / 2.0% Cat IV |

**Performance Results for FY 2004.** The Reserve Components, in the aggregate, fell short of their AFQT I-IIIA goal and their Tier 1/High School Diploma Graduate (HSDG) goal for enlisted recruit quality in FY 2004. However, all faced significant recruiting challenges. The data above is drawn from data systems that are incomplete or known to contain errors. The Air National Guard and the Navy Reserve experienced difficulties in reporting recruit quality data. Efforts are ongoing to correct these data issues. Both of these components have historically far exceeded the DoD benchmarks, and we are confident that is still the case. The Army National Guard continues to struggle to meet the Department's quality benchmark for high school diploma graduates.

| Reserve Component Enlisted Recruiting: FY 2004 Performance | |
|---|---|
| Army, Reserve | 91% Tier 1 / 70% Cat I-IIIA / 0.1% Cat IV |
| Army, National Guard | 84% Tier 1 / 57% Cat I-IIIA / 3.0% Cat IV |
| Navy, Reserve | UNK% Tier 1 / UNK% Cat I-IIIA / 0.0% Cat IV |
| Air Force, Reserve | 91% Tier 1 / 73% Cat I-IIIA / 0.0% Cat IV |
| Air National Guard | UNK% Tier 1 / 80% Cat I-IIIA / 0.0% Cat IV |
| Marine Corps, Reserve | 97% Tier 1 / 78% Cat I-IIIA / 1.0% Cat IV |

## Performance Metric: Active Component Enlisted Recruiting Quantity

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target [a]/Actual [b] |
|---|---|---|---|---|---|
| Number of enlisted Active Component accessions | 196,355 | 196,472 | 184,879 | 181,360/182,631 | 169,587/103,006 |

[a] FY 2005 target has changed since last report because of changes in requirements and recruiting behavior.
[b] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** Department-wide targets for Active-Duty enlisted recruiting represent the projected number of new Service members needed each year to maintain statutory military end strengths and appropriate distributions by rank, allowing for discharges, promotions, and anticipated retirements. As personnel trends change during the year, Active Component recruiting objectives may be adjusted.

**V&V Method.** Each Service maintains data on new enlistments in a dedicated computer system. Automated reports, produced monthly, are used to track progress toward meeting recruiting targets and to set new monthly targets. The Services are required to submit a spreadsheet summary report on recruiting performance to the Office of the Secretary of Defense (OSD) 15 days after the end of each month. The data systems and verification methods used by the Services are discussed in the table below.

The Defense Manpower Data Center (DMDC) also maintains data on new enlistments compiled through automated data transmission from the U.S. Military Entrants Processing Command (USMEPCOM), which conducts physicals, administers the Armed Services Vocational Aptitude Battery (ASVAB), and conducts other screening activities. Although USMEPCOM data are not used directly in tracking performance for this measure, they do provide the Services and OSD with additional insight into the recruiting process and V&V capability.

| Data Flows for Enlisted Recruiting | | | | |
|---|---|---|---|---|
| Service | Input | Cross-Check | Aggregate | V&V |
| Army | REQUEST (Recruiter Quota System) database | Against manually assembled reports that the Army Recruiting Command provides to Army headquarters | Headquarters, Department of the Army (HQDA) Decision Support System | Army headquarters compared automated data and manually compiled reports monthly |
| Navy | PRIDE (Personalized Recruiting for Immediate and Delayed Enlistment) database | Recruit Training Center databases | PRIDE database | Office of Navy Personnel reviews input monthly |
| Air Force | AFRISS (Air Force Recruiting Information Support System) databases | MILPDS (Military Personnel Data System) | MILPDS and AFRISS | Commanders of recruiting stations review inputs daily; Air Force Recruiting Service reviews data monthly and conducts periodic audits |
| Marine Corps | MCRISS-RS (Marine Corps Recruiting Information Support System-Recruiting Station) | Recruiting districts download information from MCRISS-RS | MCRISS-RS | District and regional staff review data monthly; Marine Corps Recruiting Command corrects any discrepancies in Monthly Enlisted Quota Attainment Brief (MATBRF). |

**Performance Results for FY 2005.** All active components, with the exception of the Army, are on track for meeting their FY 2005 goals. Army is showing signs of improvement, recruiting 507 more than their goal for June. However, Army's year-end goal is at risk.

| Enlisted Recruiting: FY 2005 Performance Through 3rd Quarter | |
|---|---|
| Army, Active | 54,935 target/47,121 achieved |
| Navy, Active | 23,022 target/22,969 achieved |
| Air Force, Active | 11,338 target/11,447 achieved |
| Marine Corps, Active | 20,986 target/21,416 achieved |

**Performance Results for FY 2004.** All Active Components met or exceeded their recruiting quantity goals for FY 2004. Some delayed-entry program levels were somewhat depleted, suggesting FY 2005 was going to be challenging.

| **Enlisted Recruiting: FY 2004 Performance** | |
|---|---|
| Army, Active | 77,000 target/77,586 achieved |
| Navy, Active | 39,834 target/39,871 achieved |
| Air Force, Active | 34,361 target/34,362 achieved |
| Marine Corps, Active | 29,659 target/31,006 achieved |

## Performance Metric: Reserve Component Enlisted Recruiting Quantity

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [b] |
|---|---|---|---|---|---|
| Number of enlisted Reserve Component accessions | 141,023 | 147,129 | 133,075 | 126,410[a]/118,177 | 93,196/77,375 |

[a] Army Reserve and Natioanl Guard and Navy Reserve have adjusted their FY 2004 targets downward because trends changed during FY 2003. Therefore, the DoD-wide target decreased from the 139,523 previously reported to 126,410.
[b] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** Department-wide targets for enlisted recruiting represents the projected number of new Service members needed each year to maintain statutory military end strengths and appropriate distributions by rank, allowing for discharges, promotions, and anticipated retirements. As personnel trends change during the year, Reserve Component recruiting objectives may be adjusted.

**V&V Method.** Each Service maintains data on new enlistments in a dedicated computer system. Automated reports, produced monthly, are used to track progress toward meeting recruiting targets and to set new monthly targets. The data systems and verification methods are discussed in the table below.

Data from the Services are compared to data obtained from automated files maintained at the Defense Manpower Data Center (DMDC).

| Data Flows for Reserve Component Enlisted Recruiting | | | | |
|---|---|---|---|---|
| Service | Input | Cross-Check | Aggregate | V&V |
| Army | REQUEST (Recruiter Quota System) database | Against manually assembled reports that the Army Recruiting Command provides to Army headquarters | Headquarters, Department of the Army (HQDA) Decision Support System | Army headquarters compares automated data and manually compiled reports monthly |
| Navy | PRIDE (Personalized Recruiting for Immediate and Delayed Enlistment) database | Recruit Training Center databases | PRIDE database | Office of Navy Personnel reviews input monthly |
| Air Force | RMVS (Reserve Vacancy Management System) databases | MILPDS (Military Personnel Data System) | MILPDS | Commanders of recruiting stations review inputs daily; Air Force Recruiting Service reviews data monthly and conducts periodic audits |
| Marine Corps | MCRISS-RS (Marine Corps Recruiting Information Support System-Recruiting Station) | Recruiting districts download information from MCRISS-RS | MCRISS-RS | District and regional staff review data monthly; Marine Corps Recruiting Command corrects any discrepancies in Monthly Enlisted Quota Attainment Brief (MATBRF). |

**Performance Results for FY 2005.** Two of the six Reserve components achieved their recruiting objectives through the third quarter of FY 2005 – the Marine Corps Reserve and the Air Force Reserve. The Army National Guard and Army Reserve fell short of their objectives and will likely not achieve their total year recruiting objectives. Recruiting challenges remain for all components. Enhanced recruiting and retention incentives are helping, and attrition is generally lower than programmed throughout the Reserve components. But, through June 30, the Reserve components, in the aggregate, are achieving just 83% of their recruiting objectives (77,375 achieved versus 93,196 objective).

| Reserve Component Enlisted Recruiting: FY 2005 Performance Through 3rd Quarter | |
|---|---|
| Army, National Guard | 44,989 target/34,589 achieved |
| Army, Reserve | 19,753 target/15,540 achieved |
| Navy Reserve | 8,733 target/8,002 achieved |
| Marine Corps, Reserve | 6,333 target/6,350 achieved |
| Air Force, National Guard | 7,619 target/6,290 achieved |
| Air Force, Reserve | 5,769 target/6,604 achieved |

**Performance Results for FY 2004.** Four of the six Reserve Components met or exceeded their FY 2004 numeric recruiting goals. Overall, the Reserve Components recruited 118,177 new members in FY 2004 against a goal of 123,304, or 96% of their mission. In a difficult recruiting environment, made more difficult by significantly smaller numbers of individuals who affiliate with the Reserve components following separation from the Active force, the Army National

Guard and the Air National Guard have failed to achieve their numeric goal. However, the Air National Guard was still able to end the year within two tenths of a percent of their authorized end strength.

Recruiting targets may change throughout the year due to mission adjustments made as the year progresses. Each Reserve component builds recruiting and attrition goals to achieve the end-of-year strength authorized by Congress. If, as the year progresses, attrition is lower or higher than expected, the component will make necessary adjustments to monthly, and thus annual, recruiting goals to compensate to ensure that authorized strength is achieved within acceptable limits. Last year's submission contained information based on 3rd quarter FY 2004 estimates and adjustments to recruiting missions were made after that submission.

| **Reserve Component Enlisted Recruiting: FY 2004 Performance** | |
|---|---|
| Army, National Guard | 56,002 target/48,793 achieved |
| Army, Reserve | 32,275 target/32,710 achieved |
| Navy Reserve | 10,101 target/11,246 achieved |
| Marine Corps, Reserve | 8,087 target/8,248 achieved |
| Air Force, National Guard | 8,842 target/8,276 achieved |
| Air Force, Reserve | 7,997 target/8,904 achieved |

## Performance Metric: Reserve Component Selected Reserve End Strength Within 2% of the Fiscal Year Authorization (at the End of Each Quarter)

| Reserve Component | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Authorized/Actual | FY 2005 Authorized/Actual [b] |
|---|---|---|---|---|---|
| Army National Guard (ARNG) | 351, 829 (+0.4%) | 351,078 (+0.3%) | 351,089[a] (+0.3%) | 350,000/342,918 (-2.0%) | 350,000/330,312 ***(-5.6%)*** |
| Army Reserve (USAR) | 205,628 (+0.2%) | 206,682 (+0.8%) | 211,890 ***(+3.4%)*** | 205,000/204,131 (-0.4%) | 205,000/192,267 ***(-6.2%)*** |
| Naval Reserve (USNR) | 87,913 (-1.1%) | 87,958 (+1.1%) | 88,156 (+0.4%) | 85,900/82,558 ***(-3.9%)*** | 83,400/77,484 ***(-7.1%)*** |
| Marine Corps Reserve (USMCR) | 39,810 (+0.6%) | 39,905 (+0.9%) | 41,046 ***(+3.8%)*** | 39,600/39,644 (+0.1%) | 39,600/40,318 (+1.8%) |
| Air National Guard (ANG) | 108,485 (+0.4%) | 112,071[a] ***(+3.4%)*** | 108,137 (+1.4%) | 107,030/106,822 (-0.2%) | 106,800/105,964 (-0.8%) |
| Air Force Reserve (USAFR) | 74,869 (+0.7%) | 76,632 ***(+2.6%)*** | 74,754 (-1.1%) | 75,800/75,322 (-0.6%) | 76,100/75,499 (-0.8%) |
| Coast Guard Reserve (USCGR) | 7,976 (-0.3%) | 7,816 ***(-2.3%)*** | 7,720 ***(-14.2%)*** | 10,000/8,011 ***(-19.9%)*** | 10,000/8,146 ***(-18.5%)*** |

[a] Selected actual results for prior years were found to be in error and were updated in FY 2005.
[b] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** End of year strength authorizations for each of the seven Reserve Components (RC) are set forth in the National Defense Authorization Act (NDAA) for the fiscal year (FY). Components are compelled to budget and execute to that end strength by the end of the FY. By law, the Secretary of Defense may authorize the components to vary, by no more than 2%, their authorized end strength for the end of that FY, if determined to be in the national interest. Additionally, based on a recent change to section 115 of Title 10, a quarterly measure has been added. This statutory revision requires that the Secretary of Defense prescribe, within the Department's budgetary documentation for the FY, the strength levels of each component for each of the first three quarters of the FY, and the maximum allowable variance from those prescribed strengths. The component actual end strength for each quarter is to be evaluated against the prescribed end of quarter strength.

The Department is currently evaluating (internally) the RC quarterly strengths against the year end authorization, and is considering changing that measure to relate actual end of quarter strengths against the quarterly prescribed strengths. It should be noted that while under partial

mobilization, the Secretary may, as authorized by the President, waive all end strength limitations, if deemed appropriate.

**V&V Method.** The Defense Manpower Data Center (DMDC) publishes the official end strengths for the components monthly from data in the Reserve Component Common Personnel Data System (RCCPDS). The data are developed from the input provided by the components in their feeder systems to RCCPDS. Preliminary numbers are available two weeks after the end of the month, and final numbers are available five weeks after the end of the month. These numbers are compared to the authorized end strengths. Component manual data may be accepted under extreme circumstances.

Each component processes the data input from the field and provides edits and quality control checks on the validity of the data. Once reviewed, the component headquarters sends the data to RCCPDS. Working Integrated Process Teams review the data for quality regarding end strength accounting. Comparisons are done with other component systems and Defense Finance and Accounting Systems (DFAS) files. The NDAA, once made public law, is the authorization for the military services and components. RCCPDS is the official source for Reserve Component military end strength.

**Performance Results for FY 2005.** In his Declaration of National Emergency by Reason of Certain Terrorist Threats, the President, among other things, waived the end-strength limitations during the time of national emergency. Components, however, have been directed by the Secretary to attempt to meet the 2% criterion, though exceptions are authorized based on the operational situation. As of the end of the 3rd quarter of FY 2005, four components are outside the prescribed 2% criterion – as evaluated against the end of year authorization. All are under their authorizations (Army National Guard is 5.6%; Army Reserve is 6.2%; Navy Reserve is 7.1%; and Coast Guard Reserve is 18.5%).

The primary reason for the shortfall in the two Army Reserve components is a shortfall in recruiting. The shortfall in the Navy Reserve is primarily due to budgeted and programmed Navy Reserve downsizing. This equated to a 2,500 reduction in FY 2005, and a planned reduction of about 10,000 for FY 2006. Also, the Coast Guard Reserve shortfall is exaggerated because of certain strength accounting rules. The Coast Guard Reserve actually has another 897 members who are not counted in their strength, but are being counted in the Active Coast Guard strength because of the accounting rules. Additionally, the Coast Guard Reserve budgeted for an end strength of 9,000 instead of the congressionally authorized 10,000, which makes their end strength achievement appear even lower. Finally, the Coast Guard Reserve comes under the new Department of Homeland Security (DHS) and not the Department of Defense (DoD). Based on budgeted manpower ramps, the current end strength status may approximate year-end data.

**FY 2005 Quarterly Metric**

| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr |
|---|---|---|---|---|
| ARNG | 335,490 ***(-4.1%)*** | 331,446 ***(-5.3%)*** | 330,312 ***(-5.6%)*** | |
| USAR | 199,791 ***(-2.5%)*** | 196,132 ***(-4.3%)*** | 192,267 ***(-6.2%)*** | |
| USNR | 79,791 ***(-4.3%)*** | 77,953 ***(-6.5%)*** | 77,484 ***(-7.1%)*** | |
| USMCR | 40,084 (+1.2%) | 40,045 (+1.1%) | 40,318 (+1.8%) | |
| ANG | 106,305 (-0.5%) | 106,020 (- 0.7%) | 105,964 (-0.8%) | |
| USAFR | 75,267 (-1.1%) | 75,541 (-0.7%) | 75,499 (-0.8%) | |
| USCGR | 8,130 ***(-18.7%)*** | 8,099 ***(-19.0%)*** | 8,146 ***(-18.5%)*** | |

**Performance Results for FY 2004.** In his Declaration of National Emergency by Reason of Certain Terrorist Threats, the President, among other things, waived the end-strength limitations during the time of national emergency. Components, however, were directed by the Secretary to attempt to meet the 2% criterion, though exceptions were authorized based on the operational situation. At year end, only two components were outside the prescribed 2% variance limits (Naval Reserve was 3.9%; Coast Guard Reserve was 19.9%). The Naval Reserve shortfall was primarily attributed to budgeted and programmed downsizing by over 10,000 people over the next five years, with a 2,500 reduction expected in FY 2005 alone. Also, the Coast Guard Reserve shortfall is exaggerated because of certain strength accounting rules. The Coast Guard Reserve actually had another 1,027 members who were not counted in their strength, but instead were counted in the Active Coast Guard strength because of the accounting rules. Additionally, the Coast Guard Reserve budgeted for an end strength of 8,052 instead of the congressionally authorized 10,000, which makes their end strength achievement appear even lower. Finally, the Coast Guard Reserve comes under the new Department of Homeland Security (DHS) and not the Department of Defense (DoD).

## FY 2004 Quarterly Metric

| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr |
|---|---|---|---|---|
| ARNG | 346,501 (-1.0%) | 345,092 (-1.4%) | 342,970 (-2.0%) | 342,918 (-2.0%) |
| USAR | 211,478 ***(+3.2%)*** | 210,509 ***(+2.7%)*** | 210,630 ***(+2.7%)*** | 204,131 (-0.4%) |
| USNR | 87,083 (+1.4%) | 84,378 (-1.8%) | 82,711 ***(-3.7%)*** | 82,558 ***(-3.9%)*** |
| USMCR | 40,751 ***(+2.9%)*** | 39,995 (+1.0%) | 40,127 (+1.3%) | 39,644 (+0.1%) |
| ANG | 107,651 (+0.6%) | 107,081 (+/- 0%) | 106,781 (-0.2%) | 106,822 (-0.2%) |
| USAFR | 74,179 ***(-2.1%)*** | 74,343 ***(-1.9%)*** | 74,369 (-1.9%) | 75,322 (-0.6%) |
| USCGR | 7,708 ***(-22.9%)*** | 7,605 ***(-24.0%)*** | 7,729 ***(-22.7%)*** | 8,011 ***(-19.9%)*** |

## Activity Metric: Retain Balanced Mix of Non-Commissioned Officer Grade-Experience

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Number of skills/experience deficiencies in top-ten enlisted occupational groups | No historical data: new metric | | • Services established a promotion-timing benchmark for 10 most critical enlisted occupational specialties | • Completed study of Service retention metrics<br>• Began policy revisions to establish a tie between grade and experience | • Contracted a study to operationalize policy changes and align enlisted grade and experience pyramids<br>• Developed metric<br>• Completed the revision of DODD 1304.20 |
| [a] The FY 2005 data are final as of the 3rd quarter. | | | | | |

**Metric Description**. This metric will measure alignment, within certain occupational skill/groups, between by-grade requirements and the supply of experience emerging from promotion and retention programs, as well as promotion bottlenecks that operate against retention. The performance metric will monitor the top-10 enlisted occupational skills/groups that fall outside Service-defined promotion boundaries, time-in-service, time-in-grade and/or promotion points. Annual goals are dynamic and can adjust from year to year. The goal for this metric is that we will have no skill/experience deficiencies. That will likely never be the case; however, this information is useful to evaluate our experience/skill mix and to determine where emphasis should be placed in our development, promotion, and retention programs.

**Ongoing Research.** In support of the DoD Military Personnel Human Resources Strategic Plan, we are assessing the Services' current retention metrics to ensure measurement tools are designed to meet force sustainment goals. The Department asked the Center for Naval Analyses to determine why promotion policies vary across the Service's (and across different communities within the Services), to suggest whether this variation is rational (in that it supports useful objectives), and to suggest how the Department might integrate the Services' different promotion policies into Service-specific models of military force shaping.

**Timeline for Completion.** During FY 2006, the Services will establish a long-term baseline/goal to determine the promotion timing benchmark to help focus retention programs and evaluate outcomes. Promotion data is available now; however, the Services need to determine benchmarks for the occupations, such as time-in-service, time-in-grade at pin-on, or promotion points.

**Performance Results for FY 2005**. Fully coordinated the draft revision of DoD Directive 1304.20; final approval is pending as of the 3rd quarter FY 2005. When the directive is approved and published, it will require the Services to establish baselines, goals and metrics to determine

promotion timing for enlisted grades in FY 2006. The Department has also contracted the Center for Naval Analyses to make recommendations on: 1) how to employ the new policy 2) project the average experience at promotion 1-3 years in the future, and 3) provide the Services a methodology to establish the benchmarks and metrics.

**Performance Results for FY 2004.** During FY 2004 we completed a study of Service retention goal setting in order to understand how Services establish goals today. Based on the results of this study, we began the revision of DoD Directive 1304.20, "Enlisted Personnel Management," to be published in FY 2005. The planned revision will mark a distinct change in Department policy by establishing that grade and experience should be linked. After the Directive is published, a metric will be established.

## *Maintain Reasonable Force Costs*

### Performance Metric: Civilian Force Costs

| Civilian force costs (Current Year $000) | FY 2001 Actual [b] | FY 2002 Actual [c] | FY 2003 Actual [e] | FY 2004 Actual | FY 2005 Projected [f] |
|---|---|---|---|---|---|
| Total [a] | 42,258,733 | 44,867,328 | 47,227,585 | 50,326,400 | 51,971,521 |
| Basic pay | 31,887,999 | 33,376,576 | 34,947,575 | 37,046,481 | 38,765,799 |
| Premium pay [d] | 1,985,502 | — | — | — | — |
| Overtime pay | — | 1,173,810 | 1,215,873 | 1,503,543 | 936,046 |
| Holiday pay | — | 53,772 | 46,787 | 66,610 | 62,161 |
| Other pay | — | 1,119,919 | 1,105,238 | 1,150,070 | 1,141,362 |
| Benefit pay | 8,066,742 | 8,822,937 | 9,501,778 | 10,276,114 | 10,895,709 |
| Separation pay | 318,490 | 320,049 | 410,333 | 283,582 | 170,444 |

[a] Totals may not add due to rounding error.
[b] FY 2001 data are from DoD component summary of President's Budget FY 2003.
[c] FY 2002 data are from FY 2004 President's Budget.
[d] Premium pay includes overtime pay, holiday pay, and other pay. It was reported only as an aggregate number in FY 2001.
[e] FY 2003 through FY 2005 data are from FY 2005 President's Budget, OP 08 Exhibit.
[f] The FY 2005 data are projected based on FY 2005 President's Budget, OP 08 Exhibit, and includes actual results as of the 2nd quarter.

**Metric Description.** In the past, civilian force costs reflected costs reported annually to the Office of Personnel Management (OPM) in the "Work Years and Personnel Costs" Report. However, this resource has proven to be less than timely. Currently, OPM has FY 2001 costs available to its users, and FY 2002 is still being analyzed and not available for public consumption; no call has been made for FY 2003 data. Beginning in FY 2004, we sought a more useful alternative and determined that the OP 08 Exhibit of the President's Budget provided a better source of current and projected workforce cost data. Consequently, beginning in FY 2002, premium pay costs are presented with more specificity in these categories: overtime, holiday, and other Pay.

Although this metric provides only a broad overview of civilian compensation costs, it may become a baseline for evaluating National Security Personnel System (NSPS) costs. However, it is not an effective measure of the success of any individual personnel program or benefit. For example, additional benefit costs do not indicate successful use of recruitment or retention incentives. Furthermore, increased recruitment bonus or retention allowance payment amounts would only measure usage rates, not the change in recruitment or retention based on payment of the incentive.

The metric monitors trends in the following pay categories:

- **Basic pay** (Office of Management and Budget (OMB) Object Classes 11.1 and 11.3) represents the aggregate personnel compensation for full-time permanent, full-time temporary, and part-time/intermittent appointments.

- **Premium pay** (OMB Object Class 11.5) represents personnel compensation for: overtime, holiday, Sunday, night differential, hazardous duty, post differential, staffing differential, supervisory differential, physicians comparability allowance, remote work site allowance, cash awards, and other.

- **Benefit pay** (OMB Object Class 12.1) represents personnel compensation for: health insurance, life insurance, retirement, social security, workers' compensation, uniform allowances, overseas allowances, non-foreign cost-of-living allowance (COLA), retention allowance, recruitment bonus, relocation bonus, and other.

- **Separation pay** (OMB Object Class 13.0) represents personnel compensation to involuntarily separated employees and payments made through the $25,000 voluntary separation incentive pay program (e.g., buyout bonuses).

**V&V Method.** OPM has directed that, "Agencies should establish appropriate internal coordination procedures to ensure that the data is reconciled." In DoD, payment data are compiled by Service or defense agency, and by object class, from Defense Finance and Accounting Service payroll records. Data input into the system are subject to stringent time and accounting rules and procedures.

Payroll records are governed by DoD Financial Management Regulation, Volume 8, *Civilian Pay Policy and Procedures*, DoD 7000.14R. OMB requests that agencies reconcile their fiscal year work years and personnel cost data with corresponding "object class data" in the actual year column of the President's Budget.

**Performance Results for FY 2005.** In FY 2005, civilian force cost continues a relatively slight upward trend. In constant dollar terms, the FY 2005 civilian payroll costs have increased 1.7% from FY 2004 payroll costs. Simultaneously, the size of the workforce has increased 1.2%, or 4,228 employees.

In early FY 2006, Civilian Personnel Policy (CPP) will further refine the reporting process to establish standards and goals based on trend analysis of the data from the previous five years.

**Performance Results for FY 2004.** In FY 2004, we changed the source of our civilian cost trend data to increase the timeliness of reporting. We also are now displaying civilian workforce costs in "constant dollars" to more clearly define trends in compensation. Currently, the trend is relatively a flat line. Full-Time Equivalent work years were added to the metric in order to tie dollars and workyears together to provide a more complete representation. In constant dollar terms, the FY 2004 civilian payroll costs increased 4.75% from FY 2003 payroll costs while benefit costs increased 5.75%. The size of the workforce has increased slightly by 0.10% or 714 employees.

## Performance Metric: Community Quality of Life per Capita Metric

| Community Quality of Life Per Capita Cost Metric (Current $) | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual [a] | FY 2005 Target/Actual (Budget)[b] |
|---|---|---|---|---|---|
| Army | $1,125 | $1,180 | $1,539 | $1,559/$1,628 | $1,581/(-$37) |
| Navy | $1,121 | $1,269 | $1,391 | $1,409/$1,365 | $1,429/(-$214) |
| USMC | $812 | $940 | $1,018 | $1,031/$1,103 | $1,045/(+$47) |
| Air Force | $1,507 | $1,580 | $1,642 | $1,663/$1,884 | $1,687/(+$239) |

[a] FY 2004 includes emergency supplemental funding.
[b] The FY 2005 data are budget estimates in the FY 2006 President's Budget. Actual funding will not be available until the FY 2007 President's Budget is approved.

**Metric Description.** Quality of Life (QoL) per capita is one metric in a three-pronged approach that combines a QoL Social Compact Improvement and Commitment to Military Life Index to measure the health of QoL programs and services supporting military members and families. The QoL per capita metric responds to the National Security Presidential Directive–2 (February 01), "Improving Quality of Life," and is in line with guidance from the Secretary of Defense that states the Department will track QoL improvements and give priority to the implementation of QoL initiatives. Current deployment and high personnel tempo necessitate robust QoL support for troops and families. In an effort to mitigate force management risk, we must measure critical QoL areas to ensure there is adequate support to ameliorate the stress associated with the military lifestyle, and to engender commitment to military service.

The QoL per capita metric will monitor trends in the Department's QoL funding investment per active duty member over time. We also will track individual Service progress towards sustaining or improving funding for critical QoL support.

The metric will calculate per capita cost using financial data submitted annually by the Services and annual Active-Duty end strength data. The majority of funding to support Service QoL activities is identified in specific budget and program exhibits submitted to the Office of the Secretary of Defense on an annual basis. The metric will correlate Active-Duty end strength with Service direct operation and maintenance funding for the following programs: morale, welfare and recreation; child care; family centers; voluntary education and tuition assistance; and youth programs.

**V&V Method.** The Office of the Deputy Under Secretary of Defense/Military Community and Family Policy will review and update the data annually using the President's Budget. Future year funding data will be tracked to monitor planned program improvements and ensure QoL resources are preserved. Data from the QoL Social Compact Improvement Index and Commitment to Military Life Index will be cross-referenced to provide a more complete depiction of the status of QoL across the Department.

**Performance Results for FY 2005.** FY 2005 performance reflects preliminary data based on budget estimates in the FY 2006 President's Budget. Final performance results for FY 2005 will not be available until the FY 2007 President's Budget is approved. The FY 2006 budget estimate reveals a decline in per capita funding for Army and Navy QoL programs. We are particularly concerned about these planned reductions and will monitor these programs for potential impact on the support provided to troops and their families.

QoL per capita will become the benchmark for QoL investments as we change our global basing profile. Our goal is to keep standards high, even as we close, realign, and relocate installations and units to better fit our global defense mission. QoL per capita is a macro-level indicator that must be analyzed in conjunction with the QoL Social Compact Improvement Index and the Commitment to Military Life Index to gain insight into the best ways to support and take care of Service members and their families.

**Performance Results for FY 2004.** Per capita increased between FY 2003 and FY 2004 in all Services except the Navy, which showed a slight decline. Each of the services, except the Navy, also met their performance targets for FY 2004.

## Performance Metric: Cost of Basic Training

| Cost Indicator (Constant FY 2005 $) | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Actual | FY 2005 Actual [a] |
|---|---|---|---|---|---|
| Cost of basic training per enlisted recruit | $7,615.4 | $8,491.9 | $8,915.4 | $11,359.9 | $10,158.3 |
| [a] The FY 2005 data are estimated as of the 3rd quarter. | | | | | |

**Metric Description**. Basic training is the fundamental introductory and indoctrination training provided to enlisted entrants. Each Service has different training pipelines that take different lengths of time to complete. The cost of basic training is a management cost indicator – performance/production targets are accession-driven and vary by Service and year. Funding requirements are projected by fiscal year in the Department's Future Years Defense Program (via Program Element 804711); this projection includes manpower, support equipment, facilities, and all other costs associated with indoctrinating recruits into military culture, raising their standards of physical conditioning, and instructing them in basic military skills. (Basic training costs do not include expenses associated with initial skills training; initial skills training follows basic training, and its duration and costs vary with each military specialty.)

**V&V Method.** Recruit training inputs (non-prior service accessions) are reported annually by the Services and compiled by the Defense Manpower Data Center (DMDC) for the Office of the Under Secretary of Defense (Personnel and Readiness). Subsequently, trend analysis compares the submissions with prior years' data. Recruit training workload data are the basis for Service budget submissions for the annual President's Budget.

**Performance Results for FY 2005.** The basic training cost reported in Program Element 0804711 rose from $1660.8 million in FY 2001 to $1990.0 million in FY 2005, a total increase of 19.8%. However, the Army's costs are projected to decrease significantly this year. The mobilization and deployment of large numbers of Army Reserve and National Guard soldiers for operations Enduring Freedom and Iraqi Freedom required expansion of the training base and its infrastructure in FY 2004, including the construction of training barracks in Afghanistan and Iraq for operations. The removal of this expense drops the Army's projected costs to a more reasonable $811.2 million, a decrease of approximately 30% from the $1,147.9 million expended in FY 2004. At the same time, the number of recruits entering the system increased by 4.3% from 77,804 to 81,116. In terms of the Cost of Basic Training per Recruit, the total change FY 2004 to FY 2005 is a 32.2% decrease, from $14,754 to $10,001.

In summary, for the period, the total number of recruits continued a general decline from 198,092 in FY 2004 to 195,899 entrants in FY 2005, a decrease of 1.1%. Meanwhile, funding for training also decreased from $2,250 million to $1,990 million, a drop of 11.6%. This has the overall effect of changing the Cost of Basic Training per Recruit metric from $11,359 to $10,158 per recruit, a decrease of 10.6% from FY 2004 to FY 2005.

## Cost Indicator – Enlisted Basic Training Costs

| | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Actual | FY 2005 Estimate |
|---|---|---|---|---|---|
| **Enlisted Accession Costs** | | | | | |
| Recruit Training Costs (In 2005 Constant Dollars – PE 0804711) | $1,660.8M | $1,868.2M | $1,886.0M | $2,250.3M | $1,990.0M |
| Army<br>Navy<br>Marine Corps<br>Air Force<br>**Total** | $495.1<br>$458.6<br>$486.5<br>$220.6<br>$1,660.8 | $563.2<br>$504.0<br>$466.3<br>$334.7<br>$1,868.2 | $578.8<br>$564.4<br>$554.7<br>$188.1<br>$1,886.0 | $1,147.9<br>$541.1<br>$484.0<br>$77.3<br>$2,250.3 | $811.2<br>$525.8<br>$493.5<br>$159.5<br>$1,990.0 |
| Basic Training Input (non-prior enlistees) | 218,084 | 219,998 | 211,543 | 198,092 | 195,899 |
| Army<br>Navy<br>Marine Corps<br>Air Force<br>**Total** | 86,866<br>53,976<br>36,600<br>40,642<br>218,084 | 87,405<br>46,547<br>39,999<br>46,047<br>219,998 | 86,046<br>43,919<br>37,363<br>44,215<br>211,543 | 77,804<br>42,188<br>37,128<br>40,972<br>198,092 | 81,116<br>44,150<br>38,434<br>32,199<br>195,899 |
| Average cost per recruit trainee (In 2004 constant dollars) | $7,615.4 | $8,491.9 | $8,915.4 | $11,359.90 | $10,158.3 |
| Army<br>Navy<br>Marine Corps<br>Air Force<br>**Average Total Costs** | $5,699.6<br>$8,496.4<br>$13,292.3<br>$5,427.9<br>$7,615.4 | $6,443.6<br>$10,827.8<br>$11,657.8<br>$7,268.7<br>$8,491.9 | $6,726.6<br>$12,850.9<br>$14,846.2<br>$4,254.2<br>$8,915.4 | $14,753.7<br>$12,825.9<br>$13,036.0<br>$1,886.7<br>$11,359.9 | $10,000.5<br>$11,909.4<br>$12,840.2<br>$4,953.6<br>$10,158.3 |

**Performance Results for FY 2004.** Although basic training costs for the Navy and Marines have remained steady for the past several years, the Army's costs have risen dramatically due to mobilization and deployment of large numbers of Army Reserve and National Guard soldiers for operations Enduring Freedom and Iraqi Freedom (OEF/OIF). This has required expansion of the training base and its infrastructure. Construction of training barracks in Afghanistan and Iraq have also added to higher costs but they may be removed from the FY 2005 training budget data to better represent the cost to train recruits domestically.

The overall increase in Army costs was not entirely due to these factors, however. The increased costs per recruit also reflect the higher cost for TRICARE-FOR-LIFE healthcare accrual. When coupled with fewer new recruits (accessions), the cost per recruit rises. Without these costs, the Army cost per recruit would drop to a more reasonable figure.

On the other hand, the Air Force showed a significant drop in the cost of Recruit Training, reported at $77.3 million in FY 2004, lowering their cost per recruit to $1,887. However, Air Force confirms that the figure is, in actuality, approximately $175 million, which would place

the Air Force cost per recruit within the historical range. This discrepancy originates in the Air Force process for posting manpower authorizations and workloads to the correct program element codes (PECs). When the automated Air Force manpower data systems fail to post all manpower data records to a PEC, it is Air Force policy to post the remaining information manually. In this manual process, the manpower analysts use their best judgment to determine the proper PEC(s). Occasionally this results in some PECs being over/under posted from the actual execution and, consequently, dollar amounts reported in the PEC will be off.

In summary, the average Cost of Basic Training per Enlisted Recruit of record reflects known discrepancies in both Army and Air Force Recruit Training dollars. While these two Service anomalies do, in part, offset each other, the resulting average is still greatly inflated by Army expenditures in support of OEF/OIF. However, by adjusting the overall Recruit Training costs for FY 2004 according to these known anomalies, we obtain an average cost per recruit which is approximately 20% lower than the $11,360 of record. This adjusted average falls in line with the historical trend for this metric and, as such, is a more meaningful representation of the average Cost of Basic Training per Enlist Recruit.

## Performance Metric: Cost per Enlisted Recruit – Active Component

| Cost Indicator (Constant FY 2005 $) | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Actual [b] |
|---|---|---|---|---|---|
| Cost per Recruit [a] | $12,202 | $13,620 | $14,361 | $14,675 | $14,750 |

[a] Methodology and data updated from the FY 2003 performance report.
[b] The FY 2004 data are final as of the 4th quarter.

**Cost Indicator Description.** The metric is a performance indicator designed to analyze costs and trends over time, not set specific annual performance targets. Each year, we enlist about 200,000 new recruits for the Active Components. These new Service members provide us with the entry-level manning necessary to meet manning and readiness needs. The cost of recruiting is calculated by dividing a Service's total number of accessions (Non-Prior Service + Prior Service) into the total expenditures for enlisted recruiting. These resources are made up of recruiting personnel compensation, enlistment bonuses, college funds, advertising, communications, recruiting support (vehicles, equipment, computers, supplies and applicant's transportation, food and lodging, etc.), and other appropriations resources within the recruiting command/service (i.e., other procurement and research, development, test and evaluation funding).

**V&V Methodology.** The Military Personnel Procurement Resources Report, as reported to Office of the Deputy Under Secretary of Defense, Military Personnel Policy (ODUSD(MPP/AP)) in accordance with DoD Instruction 1304.8, *Military Personnel Procurement Resources Report*, collect the Services' total cost of recruiting, separating those costs into enlisted, officer, and medical recruiting efforts. This is known as the DD 804 report and is completed by the Military Departments 30 days after the President's Budget is submitted. DD 804 data are compiled into master data files, and the cost-per-recruit calculated using resource data from DD 804 series and accession data from Service input/budget justification material.

Comparisons are made between the resource data submitted by the Services in the DD 804 series and data submitted in budget justification materials. Calculations and reports are shared by ODUSD(MPP/AP) with the Services.

**Performance Results for FY 2004** As stated earlier, Cost per enlisted recruit is a macro-level performance indicator that is used in the analysis of Service programs. Recruiting costs are driven by a host of external variables, such as the state of the economy, unemployment, youth propensity to serve, the posture of the delayed-entry program, etc. After steady growth through FY 2002, this measure has stabilized in budgets at the FY 2003 level through FY 2004, and into the FY 2005 budget. However, with steep recruiting mission requirements for the Army in FYs 2004 and beyond, coupled with a strengthening economy, we expect to see growth in this measure through supplemental appropriations and in-year reprogramming in FY 2005.

**Performance Results for FY 2003.** Although cost-per-recruit increased annually through FY 2002, it has stabilized at about the 2002 level in FY 2003, with all Services having successful recruiting years.

## Performance Metric: Cost per Enlisted Recruit Reserve Component

| Cost Indicator (Constant FY 2005 $) | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Actual |
|---|---|---|---|---|
| Cost per Recruit – Reserve | $7,065[a] | $6,636[a] | $7,773[a] | $11,369[b] |

[a] Methodology and data updated from the FY 2003 performance report.
[b] The FY 2004 data are final as of the 4th quarter.

**Metric Description.** The metric is designed as an indicator to analyze costs and trends over time, not to set annual targets for performance. Each year, we enlist about 200,000 new recruits for the Active Components and about 130,000 for the Reserve Components. These new Service members provide us with the entry level manning necessary to meet manning and readiness needs. The cost of recruiting is calculated by dividing a Service's total number of accessions (Non-Prior Service + Prior Service) into the total expenditures for enlisted recruiting. These resources are made up of recruiting personnel compensation, enlistment bonuses, college funds, advertising, communications, recruiting support (vehicles, equipment, computers, supplies and applicant's transportation, food and lodging, etc.), and other appropriations resources within the recruiting command/service (i.e., other procurement and research, development, test, and evaluation funding).

**V&V Methodology.** The *Military Personnel Procurement Resources Report*, as reported to the Directorate of Accessions Policy in the Office of the Deputy Under Secretary of Defense, Military Personnel Policy (ODUSD (MPP) AP) and the Office of the Assistant Secretary of Defense, Reserve Affairs (OASD(RA)), collects the Services' total cost of recruiting, separating those costs into enlisted, officer, and medical recruiting efforts. This is known as the DD 804 report and is provided to OSD(RA) by the Military Departments 30 days after the President's Budget (PB) is submitted. The DD 804 compiles Service data into master data files, and calculates the cost-per-recruit with resource data from DD 804 series and accession data from budget justification material.

Comparisons are made between the resource data submitted by the Services in the DD 804 series and data submitted in budget justification materials. Calculations and reports are shared by ODUSD(MPP), OASD(RA), and the Services.

**Performance Results for FY 2004.** The pressures of the Global War on Terrorism and the necessary focus of recruiting efforts on the non-prior service market have driven up sharply costs associated with Reserve recruiting. For example, from FY 2003 to FY 2004, funds dedicated to total Reserve recruiting increased as follows: College programs – $11 million; enlistment bonuses – $49 million; advertising – $59 million; and, recruiter support – $18 million. With continuing challenges and increased bonus authorities, recruiting costs will likely continue to climb.

**Performance Results for FY 2003.** This macro-level indicator is used in the analysis of Service programs. Recruiting costs are driven by a host of external variables, such as the state of the

economy, unemployment, youth propensity to serve. Costs have risen steadily over the past years, but appear to be leveling in the current budget.

## Performance Metric: Medical Cost per Enrollee per Month

| Metric (Current $000) | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual [b] | FY 2003 Actual [c] | FY 2004 Target/ Actual [c] | FY 2005 Target/ Actual [d, e] |
|---|---|---|---|---|---|---|
| Medical cost per enrollee per Month | No historical data: new metric [a] | | $174 | $192 | $219/$206 | $229/$222 |
| Percentage change | | | N/A (First Year Data Reported) | 10.2% | ≤14% / 7.3% | ≤11%/ 11.4% |

[a] Data used to calculate this metric were not available in FY 1999 or 2000. Additionally, since the metric is based on rolling 12-month expenses from the Medical Treatment Facilities, FY 2002 was first year when data could be reported.

[b] FY 2002 data have been updated to reflect additional purchased care claims and reallocation of pharmacy expenses in the calculation.

[c] The data for FY 2003/2004 has been updated as of July 2005. The data is updated to reflect the most recent purchased care claims that have been adjudicated - a process that takes three years. The metric is expressed as a percentage; however, dollar amounts are shown for informational purposes.

[d] The FY 2005 data are estimated as of the 2nd quarter.

[e] The FY 2005 actual data is for a six month period. $222 (FY05) is compared to $199.67 (similar period FY 2004) resulting in the actual percentage of 11.4%.

**Metric Description.** This metric looks at how well the Military Health System manages the care for those individuals who have chosen to enroll in a Health Maintenance Organization (HMO)-type of benefit. It is designed to capture aspects of three major management issues: (1) how efficiently the Military Treatment Facility (MTF) is providing care; (2) how efficiently the MTF is managing the demand of its enrollees; and (3) how well the MTF is determining which care should be produced inside the facility versus that purchased from a managed care support contractor.

The measure is constructed based on the workload consumed by the enrollees for any individual month. For each enrollment location, workload is accumulated for each enrollee, and priced out according to care provided in MTFs, claims paid for purchased care, and mail-order pharmacy.

This aggregate measure helps us monitor how well the MHS is managing the care for TRICARE Prime enrollees. It looks at all Prime enrollees, whether at the MTF or with the health support services contractors. The overall measure can be broken into multiple components that allow for review of utilization factors for both direct care and purchased care, and unit cost information for direct care and purchased care. By reviewing this information, MTFs are able to determine the cost of providing care at the MTF, and how many times the enrollees are receiving care. For an efficient Military Health System, the cost per unit needs to be at or below the cost of purchasing the care, and the utilization of services by the enrollees must be controlled. While the top-level measure is used to track overall performance; the detailed measures allow for review and management at the local level.

Due to claims processing times, purchased care workload is projected to completion six months after the fiscal year ends; final results will not be available for approximately three years. Purchased care workload does not place care delivered overseas into hospital or clinic areas, so overseas workload is excluded. To ensure consistency across the program years, purchased care excludes all resource sharing, continued health care benefit plan, and TRICARE-for-Life purchased care workload. Since data will not be available until six months after fiscal year end, this will be a lagging indicator.

**V&V Method.** As part of an agreement with the Government Accountability Office, the Defense Health Program has established a Data Quality Management Control Program, which requires MTF commanders to certify monthly that systems and processes are working properly. This is the source of data on direct care visits.

Purchased care claims go through extensive automated clinical coding reviews prior to processing for payment. Once processing is completed, zip codes are mapped to the data to define hospital and clinic areas. Due to claims processing and adjudication lag times, the workload data are projected to completion; and final numbers will not be available for approximately three years.

MTFs are required monthly to submit a Management Control document where the MTF commanding officer certifies the information has been submitted in a timely manner, and a records review was completed on a subset of the clinical records. For any area not incompliance the MTF commanding officer certifies there is a program in place to fix the problem.

Purchased care claims go through extensive automated clinical coding reviews prior to processing for payment.

**Performance Results for FY 2005.** Due to delays in claims processing and medical records coding, this measure is delayed longer than other performance measures for reporting. Through the second quarter of FY 2005, the system is slightly above its annual goal (11.4% vs ≤11%). Yet, because of changes that occurred in claims processing this year, it is expected that the most recent months are overstated, and performance is actually below the goal. In addition, current reporting through the second quarter of FY 2005 is largely based on projected to completion data that will improve over time. The overall metric goal of equal to or less than 11% is based on the average premium increase in private sector plans for the calendar year 2005.

Also in FY 2005, the new "Equivalent Lives" methodology is being used to make comparisons across the Services and across time. "Equivalent Lives" is designed to properly account for differences in population demographics and health care utilization of the enrolled population by age, gender, and beneficiary status.

**Performance Results for FY 2004.** The Military Health System achieved the goal of less than 14% increase in Medical per Member per Month for FY 2004. Based on the most recent data refresh in July 2005, the increase was limited to 7% across the entire enterprise. In general, the increase was primarily related to price increases per unit of work within the Military Treatment Facilities (MTFs), and increased utilization of purchased health care.

Currently the measure provides insight to issues regarding unit cost, utilization management, and purchased care management. During FY 2004, the measure was enhanced to properly account for differences in population demographics and health care requirements of the enrolled population. Since enrollment demographics can vary significantly by Service, and across time, it is important to adjust the measure. For example, as increasing numbers of older individuals are enrolled, the overall average medical expense per enrollee would likely increase. Conversely, as more young and healthy Active Duty personnel enroll, the overall average would likely decrease. Through the use of adjustment factors, a comparison across Services and across time can be made more meaningful.

## Performance Metric: Military Personnel Costs – Enlisted Pay Gap

| Metric | FY 2001 Actual | FY 2002 Actual[b] | FY 2003 Actual | FY 2004 Target/Actual[b] | FY 2005 Target/Actual[c] |
|---|---|---|---|---|---|
| Percentage of enlisted pay gap closed [a] | 23% | 48% | 61% | 71%/73% | 79%/88% |
| Percentage of remaining gap closed (annually) | N/A | 31% | 25% | 33% | 27%/54% |

[a] Relative to FY 2000 baseline
[b] Actual results for FY 2002 and FY 2004 changed from prior reports because the baseline for civilian wages was updated due to the availability of more recent data.
[c] The FY 2005 data are final as of the 4th quarter.

**Metric Description.** The goal of military compensation is to provide sufficient military manpower to provide for the national defense. To achieve this end, military compensation must be competitive. The 9th Quadrennial Review of Military Compensation (QRMC) has determined that military pay that matches the 70th percentile of pay earned by comparably experienced civilian workers is an appropriate short-run measure for assessing whether military pay is competitive with civilian compensation. In the past, whenever military compensation was significantly less than the 70th percentile as compared to civilian pay, recruiting and retention problems arose. It is generally very costly, both in terms of dollars and experience mix, to correct recruiting and retention shortfalls after they have appeared. This metric tracks the percentage of the pay gap between military pay and the comparable 70th percentile for civilian counterparts that has been closed, as measured and beginning in FY 2000.

For officers, the appropriate comparison group is civilians with college degrees and advanced degrees in managerial and professional occupations. The FY 2000 pay gap for officers was eliminated in FY 2002 through a combination of targeted pay increases, across-the-board raises that exceed the average increase in the private sector, and general increases in allowances.

Measurement of the enlisted pay gap is based on civilian pay by education and years of experience and enlisted pay by pay-grade and years of service. There still is a measurable pay gap today for enlisted service members. Therefore, our goal is to close at least 25 percent of the remaining gap annually until the gap is eliminated. After the gap is closed, the goal is to ensure military pay remains commensurate with the 70th percentile of comparable civilians.

Ratings for this metric will be assigned based on the percentage of the enlisted pay gap closed each year. If at least 25% of the remaining gap is closed, the result will be rated “Green.” If at least 15% but not 25% is closed, the result will be rated as “Yellow.” If the result is less than 15% of the remaining gap is closed, the rating will be “Red.”

Although a good leading indicator of recruiting or retention trends, this metric alone is not sufficient to gauge the overall efficiency or effectiveness of the military personnel compensation

program. Consequently, we are also working on monitoring change in total military personnel costs (in current and constant dollars); the probability an enlisted member will remain in service until 15 years; and the average experience at promotion for grades affected by the pay gap.

**V&V Method.** Data on Active-Duty and Reserve Component costs are extracted from budget documents. Calculations of the percentage of the gap closed are based on average regular military compensation by years of service and grade, as well as an estimate of civilian wages by education level and age. Civilian wage estimates are derived from Current Population Survey data and updated to current levels by Employment Cost Index changes. (For current indices, see www.bls.gov.)

**Performance Results for FY 2005.** We achieved a sizeable reduction in the enlisted pay gap from 73% of the total gap to 88%. This was accomplished with an average pay increase of 3.5%, an increase in the average basic allowance for housing of 12.4%, and a 5.0% rise in the basic allowance for subsistence. The average civilian wage increase during this period was 3.0%. It should be noted that the civilian reference series was revised during 2005, resulting in a slight increase in the amount of the 2004 pay gap closed from 71 to 74%.

**Performance Results for FY 2004.** Military members received an average pay raise of 4.15 percent for FY 2004. The average civilian wage as measured by the Employment Cost Index (Private Industry Wages and Salaries) for this period was 3.2%. Mid-career enlisted members received wage increases of 3.7% to 6.25%. The Basic Allowance for Housing, an important component of Regular Military Compensation, increased by 7% for FY 2004. The combination of basic pay and basic allowance for housing increased relative to civilian wages and salaries. As a result, the percentage of the pay gap closed from 61% to 73 %. The Department achieved its goal by closing 33% of the remaining gap in FY 2004.

## Performance Metric: TRICARE Prime Outpatient Market Share

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/ Actual [a] | FY 2005 Target/Actual [b] |
|---|---|---|---|---|---|
| TRICARE Prime Outpatient market share (MTF Enrolled) | 84.4% | 81.0% | 75.1% | 78%/71% | No longer reported |

[a] This is a new measure for FY 2004. For FY 2004, the target is based on business plans received from Medical Treatment Facilities and is contained in the Defense Health Program performance plan. Changes to the performance plan goals will result in changes to the goals for this metric.
[b] After further review of this modified measure, the value of reporting was found to be limited, and therefore this measure is being removed.

**Metric Description.** Outpatient encounters represent the majority of contacts between the Military Health System (MHS) and its beneficiaries. Accordingly, the market-share metric looks at how much of the care is delivered in the direct system rather than being purchased. Since there is a large fixed manpower cost related to the medical readiness mission, it is vital for proper program management to use resources efficiently and effectively during peacetime operations. Thus, the goal is to have Military Treatment Facilities (MTFs) achieve the targets established in their business plans for each year.

Although medical care can be purchased at numerous locations throughout the United States and in overseas locations, the focus of this measure is on enrollees in the United States. Overseas activities are currently excluded from the measure since purchased care data is not available in sufficient detail. Due to the extensive medical capabilities of the hospitals compared with ambulatory clinics, the market-share percentage will vary by MTF and military Service.

Over the past couple of years, the downsizing of small hospitals into ambulatory care clinics has affected the clinical capabilities of these facilities, and market share has decreased. This reduction is expected to continue for the next couple of years until the direct-care system stabilizes.

Market-share percentages for the Services are shown based on direct-care workload compared to total purchased-care plus direct-care workload for MTF TRICARE Prime enrollees. This metric will be based on relative value units (RVUs)[1] to more accurately compare the relative complexity of care instead of just a visit count.

Due to claims processing times, purchased-care workload is projected to completion six months after the fiscal year ends; final results will not be available for approximately three years. Because purchased-care workload does not place care delivered overseas into hospital or clinic areas, overseas workload is excluded. To ensure consistency across the program years, purchased care excludes all resource sharing, continued health care benefit plan, and TRICARE-

[1] The RVUs approximate the physician resources used during the visit. For example, a returning visit by a patient with a simple problem might be 0.17 RVUs, whereas arthroscopic surgery of the knee might be 16.00 RVUs.

for-Life purchased-care workload. Since data will not be available until six months after fiscal year end, this will be a lagging indicator.

To compensate for factors that cannot be controlled under current program rules, the metric was changed in FY 2004 to focus just on the Medical Treatment Facility TRICARE Prime enrollees. Rules under the TRICARE Prime enrollee program provide more oversight for the MTF in managing the overall health and utilization of this population. During FY 2003, each MTF provided a business plan indicating how much care their enrollees would demand from both direct care and purchased care. This information will be used to set the goal for the FY 2004 TRICARE Prime outpatient market-share metric.

**V&V Method.** As part of an agreement with the Government Accountability Office, we have established a Data Quality Management Control Program, which requires MTF commanders to certify monthly that systems and processes are working properly. This is the source of data on direct care visits.

Purchased-care claims go through extensive automated clinical coding reviews prior to processing for payment. Once processing is completed, enrollment information is assigned to the processed claims. Due to claims processing and adjudication lag times, the workload data are projected to completion; and final numbers will not be available for approximately three years.

MTFs are required monthly to submit a Management Control document where the MTF commanding officer certifies the information has been submitted in a timely manner, and a records review was completed on a subset of the clinical records. For any area not incompliance the MTF commanding officer certifies there is a program in place to fix the problem. Purchased care claims go through extensive automated clinical coding reviews prior to processing for payment.

**Performance Results for FY 2005.** Based on results from business plan execution for the first two years, the value of the measure is uncertain. In the future, when business plans become more stable, the measure may be reviewed again, but for the time being, this measure has been closed.

**Performance Results for FY 2004.** In FY 2004, performance was significantly below the goal set forth by the Services based on annual production business plans. This measure was designed to focus solely on enrolled beneficiaries. The Military Treatment Facilities (MTF), furthermore, are responsible for the management of their health care. All of the annual production business plans were developed with the expectation that the MTFs would increase production levels and maintain enrollment levels. During execution however, MTF production remained stable, while enrollment increased, which limited the number of appointments available to enrollees. As would be expected, additional enrollment generated increased demand. Yet the MTFs did not increase overall production, therefore care was shifted to purchased care.

## Performance Metric: Primary Care Provider Productivity

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target[a] /Actual[b] |
|---|---|---|---|---|---|
| Relative Value Units (RVUs) per primary care provider per day | 13.6 | 13.8 | 14.0 | ≥14.5/14.1 | ≥14.3/14.6 |

[a] The FY 2005 target was reset to a yearly goal that would match the Defense Health Program Performance plan for FY 2005. All future years goals will be updated on an annual basis.
[b] The FY 2005 data are estimated as of the 3rd quarter.

**Metric Description.** To run a premier Health Maintenance Organization (HMO), the critical focus area is primary care. The primary care provider frequently represents the first medical interaction between the beneficiary and the HMO. In this role, the primary care provider is responsible for the majority of the preventive care to keep beneficiaries healthy and away from more costly specialty care. While the HMO has a goal to reduce the overall number of encounters per beneficiary, an additional goal is to ensure that the dollars spent on medical care are used efficiently.

The targets for this metric represent stretch goals that were instituted to move the organization forward, but were not achieved in FY 2003 or FY 2004. This metric looks at the complexity of care and the number of patients seen by the primary care providers each day, with a goal of increasing the complexity, number, or both, of patients seen each day by the provider.

To measure the complexity of care, and not just the count of visits, the relative value unit (RVU) is used. Developed by the Centers for Medicare and Medicaid Services, RVUs approximate the physician resources used during a visit. (For example, a returning visit by a patient with a simple problem might be 0.17 RVUs, whereas arthroscopic surgery of the knee might be 16.00 RVUs.)

Due to the nature of this data reporting, the metric results will lag the actual performance by one quarter.

**V&V Method.** As part of an agreement with the Government Accountability Office, the Defense Health Program has established a Data Quality Management Control Program that requires Military Treatment Facility (MTF) commanders to certify monthly that systems and processes are working properly. Two of the sections of the program are relevant to this metric. The first deals with a records review to ensure that records are coded properly, and the second is related to proper and timely reporting of manpower data.

MTFs are required monthly to submit a Management Control document where the MTF Commanding Officer certifies the information has been submitted in a timely manner, and a records review was completed on a subset of the clinical records. For any area not in compliance, the MTF Commanding Officer certifies that there is a program in place to fix the problem.

Data are reviewed during the reporting process to ensure that MTFs are only included in the data reporting where both Clinical workload and Manpower FTEs are reported. If FTEs are missing for a small number of facilities, values are imputed from prior time periods. Once data are submitted, the values are recalculated.

**Performance Results for FY 2005.** Prior to the beginning of the fiscal year, the performance target was adjusted to make the goal more realistic for annual performance, and also to match the Defense Health Program Performance plan for FY 2005. Instead of an increase of 1 RVU per Primary Care Provider per day, the goal was adjusted to a .2 increase, a target that was viewed as more achievable by the Services. Based partially on that change, and an emphasis on provider productivity, two of the three Services showed immediate improvements as the fiscal year began. As of the third quarter, the last Service is also showing signs of improvement that will likely help it to achieve its goal. Assuming that performance levels remain steady, or continues to improve, the overall Military Health System will meet its goal for the year.

**Performance Results for FY 2004.** Improvements in productivity continued in FY 2004, but the improvement was well below the "stretch" goal of 14.5 RVUs. At year end, one Service was able to achieve their target of performance, with small improvements from the other Services. FY 2004 performance is similar to previous annual improvements, however, the target of performance is more aggressive. The Department desires to move the organization forward in a manner that requires dramatic improvements to the system.

There are a number of issues that cause problems when interpreting these results. First, there has been an emphasis on improving medical coding which has resulted in a decrease in the average level of complexity being reporting in medical records. This, in turn, has driven down the RVUs used in the numerator of the metric.

Additionally, as part of the effort to improve coding and overall operations at MTFs, a new clinical information system was deployed during FY 2004. Part of the reason for adjusting the goal at the beginning of the year was the expectation that this new deployment would have a small impact on performance related to physician training and implementation. However, the impact appears to be much greater than expected. In fact, concerns about the performance of the system created a delay in deployments until the issue could be resolved. The full impact of this deployment is still unknown. Finally, due to the enforcement of coding guidelines, the average encounter complexity dropped, decreasing RVUs approximately 6%.

The aggressive nature of this goal will likely result in performance below the goal level in the future also, still we expect performance to continue to improve, for the system and the Department will work toward achieving its stretch goal.

## Activity Metric: Total Costs for Contractor Support

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Trend data showing the percentage increase or decrease in costs associated with contract support | No historical data: new metric | | • Army assigned pilot program to contractor manpower and costs | • Worked towards overcoming legal hurdles and developing processes to implement pilot program within Army | • Army began to determine DoD-wide applicability<br>• Implemented pilot program within the Army |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** The contractor workforce is an unofficial but recognized third component of the Department's workforce, along with military members and civilian employees. Contractor costs will grow as we continue our efforts to balance personnel investments by outsourcing non-core functions, allowing us to return military manpower slots to the kinds of operational tasks that can only be performed by a trained soldier, sailor, or Marine.

The purpose of the contract support cost indicator is to provide visibility into the total funding burden that contracted personnel render across the entire Department. To do this, we must find ways to capture data about the contracted work performed, the associated costs, and the unit supported. This information is needed to satisfy fiscal accountability standards as well to help us discover where our contractor investments overlap, allowing us to propose alternative solutions, as needed.

Unfortunately, our existing financial and procurement systems do not capture contractor workforce data such as direct labor hours, direct labor dollars, and the unit supported. Thus, we are working to establish a systemic method to capture this data across DoD; the final cost indicator will allow us to monitor the trends in contract investments in direct labor dollars for all military Services.

**Ongoing Research**. In summer 2002, the Department approved an Army pilot program to capture contractor manpower and costs. The Army is testing a Contractor Manpower Reporting Application, documenting lessons learned, and developing a proposal for DoD-wide (Service-only) use.

**Timeline for Completion.** The Army Pilot program and final proposal for DoD-wide applicability are scheduled for completion in September 2007; DoD-wide implementation is expected by 2008. It is projected that Services may begin reporting total contracting support cost data in 2009.

**Performance Results for FY 2005.** The Secretary of the Army issued implementation guidance to the field to include reporting requirements into applicable contracts, albeit a year late.

Contracting offices are implementing standardized contract workforce data as a line item in new Army contracts and the industry is populating the web site for data collection. The Army plans to garner lessons learned and based upon results, the Army staff will conduct a cross-Service working group to develop DoD implementation instructions and negotiate legal and policy requirements.

**Performance Results for FY 2004.** The Army faced significant challenges in securing approval for this pilot program. A good portion of the year was spent negotiating with the Office of Management and Budget for permission to waive the Paperwork Reductions Act and Federal Register publication requirements. At the time of writing, the Army was awaiting approval from the Secretary of the Army to issue and implement guidance to the field to include reporting requirements into applicable contracts. Despite setbacks, the Army Manpower and Reserve Affairs staff continues to steer this initiative forward. Delays will require changes in the original timeline. Implementation of the pilot is now scheduled for early 2005.

*Shape the Force of the Future*

## Activity Metric: Active Component-Reserve Component Force Mix

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Benchmark of the proper balance between Active and Reserve component forces | No historical data: new metric | | • Services determined spaces to be rebalanced<br>• Services began rebalancing (rebalanced 22,486 spaces) | • Services rebalanced 18,366 spaces | • Services rebalanced 28,905 spaces |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** FY 2001 Quadrennial Defense Review directed a comprehensive study of the proper mix of Active Component/Reserve Component (AC/RC) forces. That study was completed in December 2002, and concluded that we could enhance capability overall military by rebalancing both AC/RC force mix and mission assignments. The Secretary of Defense directed in his 9 July 2003 memorandum that the Services were to review their force structure and where required, rebalance their forces to ease stress on the Guard and Reserve.

The Secretary provided the Services with two force structure planning objectives. They were: (1) rebalance forces to eliminate the involuntary mobilization of Reservists during the first 15 days of a rapid response operation, and (2) limit the involuntary mobilization of Reservists to no more than one year out of any six year period.

**Ongoing Research:** A variety of initiatives have been undertaken, ranging from studies to Secretary of Defense memorandums and guidance. A study of the stress on the RC forces examined all specialties mobilized for current military operations (Operations Noble Eagle/Enduring Freedom/Iraqi Freedom) and comparing the data against previous operations (Desert Shield/Desert Storm) and recent Presidential Reserve Call-ups (Bosnia, Kosovo, Southwest Asia). The study measured stress using three factors: (1) frequency of call-ups; (2) duration of call-ups; and (3) percentage of inventory used (i.e., how much of the force capability was employed). The results of this study helped us inform the Services as to where rebalancing was needed.

The Department began tracking rebalancing actions in fiscal year 2003. Rebalancing is a continuous and iterative process. As the environment in which we fight changes, the Services will review their force structure and where applicable, will take additional rebalancing actions.

**Timeline for Completion.** Although rebalancing is an iterative and continuous process, the rebalancing actions required to compensate for the transition from the Cold War to the Global War on Terrorism (GWOT) are scheduled to be completed by September 2010.

**Performance Results for 2005.** We estimate that 28,905 spaces will be rebalanced in 2005 (pending end of fiscal year results from the Services). The Services have each reviewed their force structure and have submitted their plans for rebalancing. The number and type of spaces rebalanced varies by Service. Current Service plans call for rebalancing to continue through fiscal year 2010.

**Performance Results for 2004.** The Services continued to rebalance in fiscal year 2004. Keeping in mind that some of the spaces that the Services had planned to rebalance in this fiscal year, were accelerated and actually converted in fiscal year 2003, they only rebalanced a total of 18,366 spaces. This was only 91% of the projected yearly total, but still generated a green rating. For the two years, the Services rebalanced 40,852 spaces against a projected 29,900 spaces indicating they achieved 136% of their two year goal.

## Performance Metric: Civilian Human Resources Strategic Plan

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [a] |
|---|---|---|---|---|---|
| Percentage of Civilian HR Strategic Plan tasks completed | No historical data: new metric | 90% (26 of 29 tasks completed) | 98% (40 of 41 tasks completed) (includes three FY 2002 carryover tasks) | 80%/90% (54 of 60 tasks completed) (includes one FY 2003 carryover task) | 80%/60% (20 tasks scheduled) (includes one FY 2004 rescheduled task) |
| [a] The FY 2005 data are final as of the 3rd quarter. | | | | | |

**Metric Description.** Good human capital management is one of the key tenets of the Department's transformation initiative. The DoD Civilian Human Resources Strategic Plan is the roadmap that provides direction and outlines the standards for achieving those transformational results. This plan links to agency mission and goals that cascade throughout the Department. We measure progress quarterly.

We judge success by comparing the number of tasks scheduled to the number completed on a quarterly and annual basis. To be rated as successful, 80% of tasks scheduled must be completed annually. (This target changed in FY 2003 to be consistent with how progress under the Military Personnel Human Resources Strategic Plan was being measured.) To provide more qualitative information about the overall effect of our annual activities, we are now working to replace task-dependent *output* measures with task-dependent *outcome* measures.

The process of refreshing the strategic plan is dynamic and necessary to ensure implementation of any requirements levied by law, policy, or best practice. The total number of tasks identified for any given reporting period is not static over time, but remains fairly consistent in the short term.

Our strategic planning process is effectively integrated with the combined program and budget and Unified Legislative Budget processes. The Human Resources Strategic Planning Senior Steering Group meets at least annually to refresh the plan and ensure that new and emerging initiatives are considered and receive the highest level of support and recognition.

**V&V Methodology.** The Civilian Personnel Management Service, Strategic Integration Division (CPMS-SID) in a quarterly report entitled "Monitoring the Status of the Force, Part A, Civilian Human Resources Strategic Plan Accomplishments", provides data on the completion of scheduled tasks. This report is supplemented quarterly by detailed information or "proof" of the accomplishment(s) (e.g., law, policy, memoranda, directives, websites, and studies) by individual measure and its associated strategic goal and objective. Documentation on accomplishment of each measure is compiled and maintained by CPMS-SID.

Once an item is approved as a planning item, it is input into the database, where it is assigned to its associated goal and objective, and to a specific fiscal year and action office. Each item is

assigned a unique number for tracking. Specific activities are closed out or converted to accomplishments by virtue of input made to the plan database via the performance measure summary form. This automated form is designed to capture all relevant information pertaining to specific activities that will ultimately be used to support all reporting requirements, such as the Department's annual performance plan and report. This information is also the basis for any narrative explanation of performance and is supplemented by additional documentation as necessary. Reports are designed and generated from the database to manage our activities and accomplishments. Activities can be tracked either by specific activity, action office, fiscal year, goal, or objective, or in a more broad perspective across the fiscal years.

All changes or deletions to specific activities or completion dates must be reviewed and approved by CPMS/DUSD(CPP) leadership.

**Performance Results for FY 2005.** As of the 3rd quarter FY 2005, 12 of the 20 activities were completed. The Department is expected to complete the remaining eight activities in the fourth quarter. The civilian human resources strategic plan is being revised for FY 2006. The focus will be on analysis of components performance against specific metrics and standards than the current activity-based strategic plan.

**Performance Results for FY 2004.** As of the end of the fourth quarter of FY 2004, 54 of 60 activities were completed, for a 90% annual completion rate. Additionally, one (1) FY 2002 activity was carried over and completed in FY 2004. Six activities were incomplete with two exceptions. One exception was to carryover the Department's scheduled July 2004 fielding of the DoD Civilian Satisfaction Survey to October 2004 or FY 2005 at the direction of the Under Secretary of Personnel and Readiness. The other exception was to move the beginning of the first class of Interns for the Defense Business Fellows Program to FY 2005 due to funding issues and as of the third quarter FY 2005 this activity remains unfunded.

## Activity Metric: Civilian Recruiting Cycle Time

| End-State Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Trend data to monitor the number of days appropriated fund positions are vacant. | No historical data: new metric | | • Draft Performance Measures<br>• Benchmark with Fortune 500 | • Issue reporting requirements for measure<br>• Integrate OPM reporting requirements into DoD reporting requirements. | • Collected and validated data<br>• Began to characterize results<br>• Metrics will be applied to the data in the 4th Quarter |
| [a] The FY 2005 data are final as of the 3rd quarter. | | | | | |

**Metric Description.** This measure provides a standard performance metric and a standard data collection method for evaluating the efficiency of civilian recruiting cycle time across the Department. It is linked to the Office of Personnel Management (OPM) Human Capital Standards for Success, the Office of Management and Budget (OMB) scorecard and is benchmarked to the "time to fill" metric used by Fortune 500 companies. Once data is collected, the Department will be able to determine, for appropriated fund placement actions, the average number of days from the date the position became vacant to the effective date of the placement action.

The time it takes to fill a vacancy can seriously affect an organization's ability to accomplish its mission. OPM's Human Resources Management (HRM) Accountability System Standards issued on January 4, 2002, lists "time to hire" as an example of a measure of human resources operational efficiency. The HRM Accountability System Standards may be viewed at: *http://www.opm.gov/account/standards.asp*.

**Ongoing Research.** On May 6, 2004, OPM imposed a new requirement to report on their 45-day hiring model. The OPM model tracks the number of working days from the date the vacancy announcement closed to the date the job offer was made. Since the OPM 45-day hiring requirement is a subset of the DoD "Time to Fill Metric" DoD plans to combine the DoD and OPM requirements into a single reporting requirement.

**Timeline for Completion.** During the first three quarters of FY 2005, the data were collected and validated. Metrics will be applied to the data beginning 4th Quarter FY 2005.

**Performance Results for FY 2005.** As of the third quarter FY 2005, 71% of the Requests for Personnel Action (RPA) were completed within 90 days from the RPA initiation date to the effective date. Additionally, 12% were completed within 120 days while the remaining 17% were completed 120 plus days.

The following table shows third quarter data by component.

## Civilian Fill Time
## Time to Fill – Through 3rd Quarter FY 2005

| Number of calendar days from initiation of the Request for Personnel Action (RPA) initiated to the effective date<br>**PLACEMENTS** | **ARMY** | **NAVY** | **AIR FORCE** | **WHS** | **DLA** | **DCMA** | **DFAS** | **DISA** | **DCAA** | **DoDIG** | **DAU** | **DeCA** | **DoDEA** | **DoD TOTAL** | **% of Total Transactions** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Number of Transactions per Component** | | | | | | | | | | | | | | | |
| < 30 days | 7,894 | 2,136 | 1,121 | 239 | 331 | * | 104 | 51 | 16 | 28 | * | 482 | 544 | **12,946** | **25%** |
| 31-60 days | 6,009 | 2,968 | 2,766 | 72 | 471 | * | 240 | 59 | 75 | 10 | * | 292 | 97 | **13,059** | **25%** |
| 61-90 days | 5,179 | 2,005 | 3,016 | 71 | 227 | * | 188 | 44 | 65 | 11 | 2 | 111 | 27 | **10,946** | **21%** |
| 91-120 days | 3,009 | 1,119 | 1,733 | 44 | 146 | * | 100 | 31 | 32 | 15 | 18 | 37 | 9 | **6,293** | **12%** |
| 120+ days | 4,650 | 1,344 | 2,102 | 184 | 112 | * | 197 | 126 | 14 | 24 | 7 | 29 | 11 | **8,800** | **17%** |
| TOTAL | 26,741 | 9,572 | 10,738 | 610 | 1,287 | | 829 | 311 | 202 | 88 | 27 | 951 | 688 | **52,044** | **100%** |
| **Number of Transactions per Component** | | | | | | | | | | | | | | | |
| New to Government | 13,237 | 2,389 | 5,822 | 275 | 202 | * | 288 | 36 | 146 | 24 | * | 219 | 363 | **23,001** | **44%** |
| External Hire | 278 | 1,112 | 194 | 17 | 147 | * | 7 | 74 | 8 | 21 | * | 588 | 7 | **2,453** | **5%** |
| Internal to DoD Hire | 319 | 448 | 147 | 145 | 124 | * | 16 | 39 | 5 | 10 | * | 19 | 25 | **1,297** | **3%** |
| Internal to Component Hire | 12,907 | 5,623 | 3,813 | 173 | 814 | * | 518 | 162 | 43 | 33 | * | 125 | 293 | **24,504** | **48%** |
| **Average Number of Calendar Days** | | | | | | | | | | | | | | | **100%** |
| From date position became vacant to EOD | * | * | * | * | 67 | * | 93 | 248 | 69 | 129 | 110 | * | 19 | | |
| From date RPA was initiated to EOD | 69 | 74 | 85 | 78 | 60 | * | 85 | 55 | 69 | 116 | 95 | * | 24 | | |

* Data not provided this quarter.

**Performance Results for FY 2004.** Representatives from the Office of the Secretary of Defense (OSD) and the Components participated in a working group to develop standard performance metrics for human resources as part of the DoD Civilian Human Resources Strategic Plan. This group considered the various aspects of a metric that would measure civilian

recruiting cycle time. The performance measures were revised to mirror key human resources metrics used by Key Fortune 500 organizations.

On March 31, 2004, the DUSD(CPP) issued reporting requirements to the Components on the civilian recruiting cycle time performance metric. Data collection systems were developed during third and fourth quarters and Components are to begin reporting the data beginning in FY 2005.

## Activity Metric: Identify Future Critical Skills

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Outcome goals that establish standards for emerging critical skills | No historical data: new metric | | • Established common definitions of critical fill needs<br>Considered alternative metric development | • Agreed to common definition of critical skills<br>Identified most critical needs for recruitment and retention | • 13 core mission occupations and 23 critical support occupations<br>Services reported metrics on skills most critical to recruiting and retention |
| [a] The FY 2005 data are final as of the 4th quarter. | | | | | |

**Metric Description.** We need to be able to identify those skills which will be critical to the future forces, with enough lead time to ensure that when they are needed, there are Service members in these skills who are trained and ready. The skill/experience combinations that are deemed critical will vary from Service to Service. Because of this variability, it is not possible for us to fully understand what makes these skill/experience combinations so important. Without this knowledge, we cannot adequately assess our capability to identify, recruit, train, retain, and sustain service members in these skills.

**Ongoing Research:** The Officer and Enlisted Personnel Management (OEPM) Directorate is responsible for designating a common set of criteria for "critical skills." In addition to the common criteria, each Service will use its own set of criteria to determine those skills, or skill/experience combinations that are critical to individual Service missions.

As part of Phase I of the study to understand how to set future critical skills, we sought to establish a metric to track progress on current "critical skills." In Spring 2004, we established a common definition of "critical skill". By the end of FY 2004, a metric for "critical skills" was in place. The metric will provide a comprehensive list of the most common critical skills across the Department. While the final product will be Service-specific, the final list will meet a common DoD definition of "critical skill."

Phase II of the study will review the Services' transformation programs and the Department's vision of military strategy and responsibilities for the next 25 years. Specifically, we will need to address what skills are going to be required to support this future strategy and which of those skills will be catalogued as "critical" (e.g., foreign area specialists, information operators, space experts) based on the criteria established in the study. The follow-on questions are many such as: How will personnel be recruited in these skills? What programs will be required – current programs, special incentives, and lateral entry? Is the training base adequately resourced with experienced personnel to provide entry level and advanced training? What retention incentives are going to be required to retain them? What jobs and education are required to provide for a viable and rewarding career path?

This metric has a “yes” or “no” outcome. We are not positing that in order to answer “yes” for the metric that the answer be a list of critical skills and plans and programs outlined to answer all the questions addressed; rather, the desired outcome is a planning document which lays out what has to be accomplished in order for the Department to begin the process to recruit, train, retain and sustain personnel for a future critical skill.

**Timeline for completion.** Three months after the Phase I study is complete, we will draft a study plan for Phase II. A final report will be published six months after the Phase II study begins.

**Performance Results for FY 2005**. During the 1st quarter of FY 2005, the metrics for the retention portion of critical skills was completed. However, the funding for Phase II was not approved by the Research & Studies Committee for FY 2005, therefore the drafting of Phase II has been delayed.

**Performance Results for FY 2004**. A DoD-wide definition of “critical skill” was established in Spring 2004, and the corresponding metric for recruiting was completed at the end of FY 2004. The Phase I study was also completed at the end of FY 2004.

## Activity Metric: Implement New Reserve Component Management Paradigm

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| A new baseline for managing Reserve Component forces | No historical data: new metric | | • Established goals such as promoting volunteerism and reachback capabilities<br>• Employed five initiatives geared to support creating a seamless flow between Active and Reserve Components | • Introduced legislative proposals<br>• Introduced linguist program | • Certain legislative proposals approved in NDAA<br>• Continued to identify potential quantitative and/or qualitative metrics for implementation<br>• Initiated / expanded various pilot programs |

[a] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** The FY 2001 Quadrennial Defense Review directed a comprehensive review of the use of Reserve Component (RC) forces. That study, completed in December 2002, proposed a concept called "continuum of service." Under this concept, a Reservist who normally trains 38 days a year could volunteer to move to full-time service for a period of time – or some increased level of service between full-time and his or her normal Reserve Component commitment, without abandoning civilian life. Similarly, an Active-Duty Service member could request transfer into the Reserve Component for a period of time, or some status in between, without jeopardizing his or her full-time career and opportunity for promotion. Military retirees with hard-to-find skills could return on a flexible basis and create opportunities for others with specialized skills to serve.

The purpose of the new management paradigm is to create a comprehensive management system that will better facilitate flow between Active and Reserve Component service, and enhance Reserve Component usage. Some of the initiatives in the study recommended will require legislative, policy, or regulatory changes and, therefore, will take several years to implement.

**Ongoing Research**. Our efforts are geared to support: (1) creating a seamless flow between Active and Reserve Components forces; (2) encouraging volunteerism and establishing new affiliation programs (see examples below); (3) simplifying rules for accessing, employing, and separating Reserve Component personnel; (4) increasing flexibility of the Reserve Component compensation system; and (5) enhancing combined Active and Reserve Component career development.

We have not settled on a means of measuring the success of this new paradigm. Possible concepts for measuring this metric are: (1) establishing specific measures for each approved and initiated program, e.g., 09L program, CEI program, lateral entry/direct accession program, etc.

(2) compiling results of each specific program evaluation into a single comprehensive measure; and, (3) percentage of legislative proposals approved.

However, we have not yet determined the best method of effectively measuring the efforts we have undertaken to implement the continuum of service concept. Efforts to determine valid, useful performance measures will continue as we move forward with these multiple initiatives.

**Timeline For Completion**. Undetermined at this time because specific measures have not yet been developed.

**Performance Results for FY 2005.** Through the end of the 3rd quarter FY 2005, numerous efforts have been either newly initiated or expanded from last year. The direct accession/lateral entry program has been evaluated via a report to Congress and is being considered for expansion in certain areas; the Civilian Employment Information (CEI) effort has been implemented, to include the gathering of CEI information and population of a database in accordance with specific, quantitative goals; the Army's 09L Program is ongoing, and an effort to transition the program into the active force is being reviewed; each Military Service (except the Air Force) has initiated a Variable Pool Reserve – Unit (VPR-U) pilot program to test varying (increased) levels of reserve participation; the Air Force has expanded its Future Total Force program and increased Reserve Component integration; the Army has initiated a Defense Wireless Service Initiative (DWSI) pilot program; and the Sponsored Reserve program is still being studied.

Regarding legislation, about 80% of proposed legislative changes have been approved and incorporated into the FY 2005 NDAA including:

- Elimination of the "180-day" rule; creation of the "operational support" accounting category
- Enhanced bonuses for language skills
- Changed "purpose" of the Reserve Components

The Department also developed two new programs – (1) an "Expectation Management" effort to better communicate RC obligations ands opportunities to Service members, families and employers of RC members, the Congress, and the media, and (2) a "Defense Language Management Program" to increase language capability within the military.

**Performance Results for FY 2004.** During FY 2004 the Army established its 09L (Arabic linguist/translator) program. Three hundred and thirty-seven individuals were recruited into the program; 236 of them were sent to training; and 102 completed training. Upon completion of training, members were deployed to either Iraq or Afghanistan.

In addition, the civilian employer information requirement met legal requirements and was placed on-line. The system allowed for direct input by the Reserve Component members. Data collection was initiated.

Certain Service-specific programs were initiated during FY 2004, such as: additional Air Force blended/associated units; Air Force-sponsored Reserve initiatives were considered in base

operations and support; the Army's resolving of "stressed" career fields; the Navy's Sea Warrior program; and the Marine Corps' increased use of volunteers.

Finally, a series of FY 2005 legislative proposals were submitted in the Department's Omnibus Bill to enhance Reserve Component use, promote volunteerism, and provide flexibility in management.

Overall, there was significant activity in this area, but we did not determine how best to measure progress since we had not determined the optimum outcome required to ensure long-term, high-level performance.

## Activity Metric: Meeting Civilian Critical Fill Goals

| Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Number of critical positions encumbered as compared to number of critical positions authorized equals percentage | No historical data: new metric | | • Reviewed previously identified DoD critical positions, by core mission and critical support occupations<br>• Issued reporting requirements | • Analyzed data at DoD and Component level | • Explore automated alternatives for collection of authorized data |
| [a] The FY 2005 data are final as of the 3rd quarter. | | | | | |

**Metric Description.** This measure was developed to monitors the fill rate of critical positions by core mission occupations and critical support occupations. Core mission occupations are those that most directly affect the Department's ability to accomplish its mission over the long term. Critical support occupations are those that provide support for the core mission occupations.

The ability of an organization to fill critical positions in support of its core functions affects how efficiently and effectively it can accomplish its mission. Thus, fill rate is an integral part of human capital management. As early as 1999, the Government Accountability Office asked us list our core mission and critical support occupations. We subsequently surveyed the Military Departments and Defense Agencies to identify core mission and critical support occupations and identified 13 core mission occupations and 23 critical support occupations. See table at the end of this section.

**Ongoing Research**. Currently, working with Defense Manpower Data Center (DMDC) to develop a system to accurately account for manpower data.

**Timeline for Completion.** Working towards developing a scope and time line with DMDC for implementation of an automated system for accounting and capturing Components' authorizations data.

**Performance Results for FY 2005.** Based on the performance metrics implemented in the 3rd quarter of FY 2005, the overall fill rate for core mission occupations was 108.8% and critical support occupations was 108.1%. *(*Encumbered positions include over-hires for core mission and critical support occupations).*

The Service and defense Agency fill rates were:

Core Mission occupations:

- Army – 111.37%

- Navy – 113.31%
- Air Force – 114.55%
- Defense agencies – 95.98%

Critical Support occupations:

- Army – 114.31%
- Navy – 115.90%
- Air Force – 107.76%
- Defense agencies – 94.28%

During FY 2006 Civilian Personnel Management Service (CPMS) will work with the components and the Defense Manpower and Data Center (DMDC) to refine this metric. The components will be asked to review the list of Core Mission and Critical Support Occupations and validate their place on the list. Additionally, CPMS and DMDC will review the system used to track civilian manpower authorizations. Currently DoD does not have a Department-wide system to manage authorization. As a result, changes in the authorization numbers can dramatically impact the metrics. Another issue is that the current tracking process does not identify the number of overhires included in the data. One of the uses of overhires is to mitigate projected losses and may temporarily inflate the fill rate. The goal of the review by DMDC and CPMS is to determine what is necessary in terms of resources and process to develop a DoD-wide civilian manpower tracking system that more accurately tracks the data and, therefore, improves the accuracy of this metric.

**Performance Results for FY 2004.** As of the 4th quarter FY 2004, the overall fill rate for core mission occupations was 102.5%, and for critical support occupations was 101.5%. The Services and defense agencies fill rates were:

Core Mission occupations–

- Army – 102.3%
- Navy – 99.7%
- Air Force – 106.1%
- Defense agencies – 100.6%

Critical Support occupations–

- Army – 108.5%
- Navy – 98.2%
- Air Force – 101.2%

- Defense agencies – 94.1%

Core Mission Occupations and Critical Support Occupations

| Core Mission Occupations | | Critical Support Occupations | |
|---|---|---|---|
| **Occupational Series** | **Series Title** | **Occupational Series** | **Series Title** |
| 0602 | Medical Officer | 0018 | Safety and Occupational Health |
| 0800 | Engineering Professions | 0080 | Security Administration |
| 1101 | General Business | 0083 | Police |
| 1102 | Contracting | 0085 | Guard |
| 1152 | Production Control | 0201 | Personnel Management |
| 1300 | Physical Science Professions | 0260 | Equal Employment Opportunity |
| 1520 | Mathematics | 0301 | Miscellaneous Administration |
| 1550 | Computer Science | 0343 | Management Analyst |
| 1910 | Quality Assurance | 0346 | Logistics Management |
| 2001 | General Supply | 0391 | Telecommunications Manager |
| 2003 | Supply Management | 0501 | Financial Administration |
| 2010 | Inventory Management | 0505 | Financial Management |
| 2030 | Distribution Management | 0510 | Accounting |
| | | 0560 | Budget Analyst |
| | | 1670 | Equipment Specialist |
| | | 1710 | Education and Vocational Training |
| | | 1712 | Training Instruction |
| | | 1811 | Criminal Investigating |
| | | 2101 | Transportation Specialist |
| | | 2130 | Traffic Management |
| | | 2150 | Transportation Operations |
| | | 2161 | Marine Cargo |
| | | 2210 | Computer Specialist |

## Performance Metric: Military Human Resources Strategic Plan

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/ Actual | FY 2005 Target/Actual[b] |
|---|---|---|---|---|---|
| Percentage of scheduled tasks completed | No historical data: new metric | 1 | 7 | 8/8 (80%/100%)[a] | 9/5 (56%) |

[a] In 2002, 25 funded or in-house studies were programmed to be completed by the end of FY 2005. However, in 2003, this metric was changed to be consistent with the Civilian Human Resource Strategic Plan metric. Beginning with FY 2004, the measure is the percentage of tasks (funded or in-house) scheduled for completion that we completed during the fiscal year.
[b] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** This metric compares the number of tasks scheduled for completion under the Military Human Resources Plan with those actually completed. If 80% of tasks are completed, the result is considered "on track" to achieving plan goals. Beginning in FY 2004, the percentage target will be calculated by dividing the number of projects completed in a fiscal year by the number scheduled to be completed that fiscal year. As described below, tasks are removed from the plan as they are completed.

The Military Human Resources Strategic Plan has six main goals:

- Increase the willingness of the American public to recommend military service to our youth
- Recruit the right number of quality people
- Develop, sustain, and retain the force
- Seamlessly transition members to and from Active and Reserve status
- Develop a flexible, integrated human resources management information system
- Sustain continuous human resources process improvement

Each goal has subordinate objectives and actions. The plan is a living document, so the number of tasks varies from year to year. As studies of new ideas or proposals are completed, one of four actions is taken: the idea is abandoned (typically because it is ineffective or inefficient); legislation is requested to implement the idea; the idea is implemented and applicable metrics established; or the idea scheduled for further study. A task that resulted in a decision for action is considered completed, and removed from the plan. New ideas also are added to the document. In FY 2002, the plan contained a total of 40 tasks. By the start of FY 2005, there were 31 tasks associated with the six goals in the plan, 16 of the tasks were resourced. Of these tasks, 7 were contracted; the remainder were in-house efforts. We had 15 tasks not resourced in FY 2005.

This plan establishes the legislative and policy priorities for the next several years, such as:

- Accessing enlisted personnel with the right level of education and aptitude.

- Ensuring the force is manned with the right number of military members and in the appropriate skills.
- Implementing a demonstration program evaluating various personnel management policies and programs for extending careers, such as, an “up-and-stay” policy (versus "up-or-out") for certain high-investment specialties.

**V&V Method.** Plan progress is reported during quarterly to the Deputy Under Secretary of Defense for Military Personnel Policy, and the overall plan matrix is documented as verification and the official record of completed tasks. Verification with action officers and subsequent final reports and recommendations will determine when actions are completed.

**Performance Results for FY 2005.** In FY 2005, we had 9 studies programmed to be completed. By the end of the third quarter we had completed 5, the remaining 4 should be completed by the end of the fiscal year. The completed studies included:

- Development of a critical skills metric for retention;
- Evaluating the utility and availability of non-monetary incentives to support retention efforts;
- Evaluate an indefinite reenlistment option; and
- Develop policies and programs to facilitate the seamless transfer of members from the Active to the Reserve Component and vice-versa.

These studies, because their results inform and support the goals and objectives of the Human Resource Strategic Plan will enable the Department to continue forward in transforming our personnel management programs and policies.

**Performance Results for FY 2004.** In FY 2004, we achieved 100% of our goal by completing all 8 scheduled tasks; two tasks previously scheduled for FY 2004 was expanded in scope and extended until FY 2005. In addition, we used in-house resources to develop a set of leading indicators the Department can use to predict recruiting and retention problems.

## Activity Metric: Optimal Officer Career Patterns

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Percentage of officers on optimal career path for retention | No historical data: new metric | | • Phase I of RAND study complete<br>• Started Phase II | • Published Phase I report | • Complete Phase II draft report |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** The Military Personnel Human Resources Strategic Plan requires Military Personnel Policy to "conduct studies on officer career and promotion management that will extend time in job and service tenure." Consequently, we commissioned a study to assess the management and policy implication of potential changes in officer career management, given officer requirements. We expect legislative changes will be required to implement such changes.

**Ongoing Research:** RAND is currently conducting a study to develop alternative management processes, plans, and policies that consider:

- The cap on officer career lengths
- The feasibility and advisability of longer assignments
- The effects of different grade and position tenures on retention or performance
- Past officer assignment length patterns
- Patterns of promotion and career tenure
- Existing system dynamics military manpower models to reflect selected changes to current officer management
- The implications of selected changes to policy for officers' career paths
- The need for different or additional compensation and incentives to support any changes in existing personnel practices

Phase I of the study addressed General and Flag Officer careers; Phase II is addressing careers of officers in the grade of Colonel and below.

After Phase II is complete, an implementation plan will be developed. This plan may depend on legislative requests and policy changes. We will begin metric development, as appropriate, after approval of the implementation plan.

**Timeline for Completion:** The Phase I study was completed in July 2003; the Phase I report was published in January 2004. The Phase II study began at the end of FY 2003; the final report, "Future Officer Force Modeling and Analysis," is expected by the end FY 2005. As appropriate,

policy or legislative changes will be compiled in FY 2006 and FY 2007, and metrics developed in FY 2007. The timeline has slipped because the scope of the project was increased to include Air Force and Marine communities, in addition to Army and Navy communities. The scope was also expanded to investigate the effects of competency-based management on career patterns.

**Performance Results for FY 2005:** Two Phase II communities have been modeled in FY 2005: 1) Air Force Space and Missile and 2) Marine Corps officers. Progress reports were completed in January and May 2005. The Phase II draft report is scheduled to be complete by the end of September 2005.

**Performance Results for FY 2004:** The Phase I RAND report was published in January 2004. Two Phase II communities were modeled: 1) Navy Surface Warfare Officers and 2) Army Infantry. Progress reports were completed in January and June 2004 and subsequently passed to the Army and Navy.

# Future Challenges Quadrant

## *Define and Develop Transformational Capabilities*

### Activity Metric: Deny Enemy Advantages and Exploit Weaknesses

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Explicit strategic outcomes and effectiveness measures for DoD counter-intelligence (CI) activities | No historical data: new metric | • SECDEF established the Defense Counter-intelligence Field Activity (CIFA) | • SECDEF established an Under Secretary of Defense for Intelligence USD(I) | • Addressed shortfall in DoD CI policy<br>• Developed, managed and executed the DoD polygraph program in support of JTF GITMO<br>• Initiated study to identify shortfalls in CI support for Pentagon<br>• Developed standards for horizontal integration (HI) activities that were used to shape DoD planning guidance<br>• Established an Intelligence Campaign Plan (ICP) concept and timeline for implementation. | • Write new policy instructions<br>• Satisfied the JTF GITMO Commander's FY 04 polygraph support requirement<br>• Completed CI plan and associated resource requirements<br>• Included Intelligence Campaign Planning (ICP) into the priority DoD Unified Command Plan for designated contingency plans<br>• One Campaign CONOPs completed and approved, three CONOPS drafted. All four campaigns underway based on spiral development concept and using approved and draft CONOPS for guidance. Targeting packages issued and operational activity underway in all four campaigns. |

[a] The FY 2005 data are final as of 4th quarter.

**Metric Description.** Denying enemy advantages and exploiting weaknesses is at the core of the work by the Under Secretary of Defense for Intelligence (USD(I)). Our long-term goal is to

establish strategic outcomes and efficiency measures to help us gauge the effectiveness of our intelligence activities, and thus our training and associated program structures. Many domestic, international, and organizational variables contribute to the success of the overall program. Thus, the task of developing enduring outcome goals and measures involves a significant amount of developmental research and analysis. The Defense Counterintelligence (CI) community will conduct aggressive CI activities to contribute to the intelligence requirements of military operations and national security. Further, the Department requires current and comprehensive policies to guide the Defense CI Community. The CI Directorate, OUSD(I) is responsible for developing and staffing such policy documents for the CI community and the DoD credibility Assessment (Policy Polygraph Policy ).

There are four fundamental areas that contribute to the success of any counterintelligence (program: (1) ensuring that the defense intelligence security, strategy, policy and processes are aligned for maximum effectiveness and efficiency; (2) ensuring the horizontal integration of defense intelligence activities – that is, the communication among and within agencies-promotes increased information sharing; (3) aligning counterintelligence plans and architectures with the goal of improved military operations and overall national security, and (4) supporting the warfighter in the most efficient and effective manner possible.

The on going CI efforts included the identification of 22 directives, instructions, regulations and manuals that need to be revised, rewritten or cancelled. Completion of this significant task will go a long way toward fulfilling the USD (I) responsibility for CI policy development.

Our horizontal integration efforts attempt to rationalize all these activities within a single framework. Specifically, horizontal integration describes the processes and capabilities to acquire, synchronize, correlate, and deliver to the National Security Community (defense, intelligence, and homeland security) timely, comprehensive, and integrated information needed to improve decision-making and subsequently operational effectiveness. Data integration within the horizontal integration framework extends across all missions, all disciplines, and all domains. However, the full effect and potential of such integration will be realized only when there is a mission-centric construct focused on outcomes, and data “usability” maximizes value to consumers across the national security enterprise. We also must ensure all data meets network-centric standards and are broadly available to all users. This means providing end-to-end management and integration of information and intelligence functions.

Aligning counterintelligence plans and architectures with military operations and national security is evident in USD(I) efforts to develop, manage and execute the polygraph program for Joint Task Force Guantanamo Bay (JTF GITMO) for the staff and support of detainee operations.

Intelligence Campaign Planning (ICP) is the centerpiece of our ongoing initiative for remodeling defense intelligence. The ICP process is a comprehensive methodology that integrates intelligence into a combatant commander’s adaptive planning and operations processes. ICP synchronizes intelligence operations across the intelligence community and serves to integrate the broader national intelligence perspective to accomplish the Combatant Commander’s operational objectives. The ICP process improves the intelligence community’s capability to

plan, synchronize, manage and execute intelligence operations across the operational spectrum. Intelligence is no longer a supporting staff function, the ICP process enables commander's to use focused intelligence as an operational and shaping tool. The ICP process will help integrate intelligence into the commander's adaptive planning process by:

- Producing a complete ICP that can be used by a Theater Director of Intelligence (J2) for campaign design, operational plan(s), operational sequencing, and operational synchronization.
- Enabling intelligence estimates to flow dynamically and continuously throughout all phases of an operation;
- Creating a global ISR (intelligence, surveillance, and reconnaissance) process that is scaleable (adaptable, agile, flexible) in terms of echelon, function, and geo-spatial reference, such as reach back and trans-national operations;
- Establishing a network-centric approach to intelligence collection, analysis, and dissemination.

**Ongoing Research.** The cornerstone of horizontal integration efforts is a common lexicon and understanding of the problem. Therefore, the USD(I) staff has completed the first priority task for of a definitive review of all existing policies or directives relating to intelligence, counterintelligence and security activities. The review identified policies, directives, instructions and DepSecDef guidance of 13 July 2005 for a Phase II review of directives according to new criteria and the accelerated timeline for completion of existing directives in coordination by 15 September 2005.

**Timeline for Completion.** Directive/instruction review will continue through the remainder of FY 04 and should be completed in FY 06.

**Performance Results for FY 2005.** Results under each of our four main areas of counterintelligence activity are:

- ***Ensuring that the defense intelligence security, strategy, policy, and processes are aligned.***
  - **DoD CI policy**: To address the shortfall in DoD CI policy, in FY 2005 work continued on 20 issuances identified for revision.
- ***Ensuring the horizontal integration of defense intelligence activities***.
  - **ISR Roadmap completed and published, Spring, 2005.** This roadmap cuts across the defense intelligence community and synchronizes a large number of ISR platforms and capabilities that require integration. The roadmap identifies integration phases in which programmatic efforts are intended to first align (2003 – 2010), then enable (2005 – 2012) and finally integrate (2007 – 2015 Defense ISR capabilities**.**
  - **ISR Integration Council.** USD(I) chaired an ISR Integration Council that oversees integration policy for of Defense ISR activities. That effort has succeeded in focusing senior level attention across the department on issues that align and enable ISR

integration. The Distributed Common Ground System – Army is an example of an effort to align and then enable horizontal integration as the DCGS Integrated Backbone is developed for joint application.

- **HI Initiatives.** The HI Roadmap provided an overall strategy for achieving HI, and identified type of capabilities and management structure to ensure goals of HI are achieved. The USD(I) staff worked closely with Joint Staff/J2P in writing CJCSI 3340, Horizontal Integration of Theater Collected Intelligence. Both efforts lay the foundation for improving defense intelligence process and capabilities for information sharing and accessibility of collected intelligence and analysis.

- ***Aligning counterintelligence plans and architectures with the goals of military operations and overall national security.***

  - Developed, managed and executed the polygraph program in support of JTF GITMO: Upon satisfying the initial requirement and beginning in FY 2005, translators and personnel arriving at JTF-GTMO are being given CSP polygraph examinations before they arrive at GTMO**.**

  - **Established a DoD Polygraph Program Manager under DoD Counterintelligence Field Activity, CIFA (June 2005)**. CIFA, Joint Staff, and DUSD (CI&S) are reviewing observations and recommendations from a recently completed study of the DoD polygraph program to evaluate the merits of creating a requirements management process for prioritizing polygraph requirements and effectively tasking the DoD components to provide surge support needed by Defense Agencies and Combatant Commands.

  - **Study to identify shortfalls in CI support for Pentagon**: CIFA is leading a multi-agency working group that has been working the issues to determine the exact resource requirement to satisfy the need. The multi-agency working group has nearly completed the plan and resource requirements for the integrated multi-agency program designed to fill the void in CI support to DoD agencies and activities without an organic CI capability, to include the Pentagon.

- ***Support to the warfighter.***

  - **Integrated Campaign Planning**. During FY 2005, we initiated six ICPs focused on the Department's priority campaign planning guidance (CPG) efforts. We continue to integrate ICP into the Joint Intelligence Operations Center (JIOC) organizational concept, which is designed to integrate the intelligence function of the combatant commander's theater intelligence and the operations staffs. We have approved the establishment of an ICP office within the USD(I)) and have established an ICP office within the Joint Staff Intelligence Directorate, JCS/J2, preparation underway to standup the ICP office in FY 2006.

  - **Supported Counter-IED mission efforts**. Worked across intelligence community to support US Central Command (CENTCOM) in improving ISR support to their Counter-Improvised Explosive Device (IED) mission. Coordinated with Joint IED Defeat Task

Force to identify and advocate for new capabilities to exploit enemy IED concept of operations.

**Performance Results for FY 2004.** Results under each of our four main areas of counterintelligence activity are:

- ***Ensuring that the defense intelligence security, strategy, policy, and processes are aligned.*** Identified 22 directives and instructions related to counterintelligence that required revision or change. As part of the broader effort to review directives and instructions, subject matter experts were identified and assigned the task of drafting, coordinating, and canceling outdated DoD CI policies. Two instructions were successfully published.

- ***Ensuring the horizontal integration of defense intelligence activities***. During FY 2004, and in response to a congressionally directed action, we developed an ISR Roadmap and coordinated the draft across the intelligence community. This roadmap cuts across the defense intelligence community and synchronizes a large number of ISR platforms and capabilities that require integration. USD(I) planned for and established an ISR Integration Council to oversee integration policy for defense ISR activities. We developed a Horizontal Integration Roadmap which described the strategy, capabilities and management structure for developing a horizontally integrated intelligence system. We also launched the Demonstration and Exercise Project, designed to champion or sponsor Advanced Technology Demonstrations that could enhance intelligence horizontal integration. A series of tabletop "war games" were conducted to identify issues and explore cross-functional insights and ideas for innovation.

- ***Aligning counterintelligence plans and architectures with the goals of improved military operations and support to national security.***

  - **Developed, managed and executed the polygraph program in support of JTF GITMO:** At the beginning of FY 2004, the JTF commander requested that an immediate counterintelligence polygraph effort be undertaken to assure the trustworthiness of translators, interrogators, and members the GTMO detention facility security force. The Department of the Army had been providing JTF-GTMO with only occasional polygraph support on a short-term TDY basis, but could not support the larger JTF-GTMO counterintelligence requirement. To accomplish counterintelligence scope polygraph (CSP) testing on the larger potential threat from "insiders," a joint polygraph team was assembled through the coordination efforts of the DoD Polygraph Institute (DoDPI). The team was managed by DoDPI personnel who rotated "volunteers" from the Defense Agencies and DoDPI instructor staff to conduct this CSP testing. During FY 2004 over 400 personnel at GTMO received CSP exams.

  - **Study to identify shortfalls in CI support for Pentagon:** Worked in close concert with the Pentagon security officials to complete the study and subsequently engaged in an effort to resolve the shortfalls in direct CI support for the Pentagon. In addition to this CI support for the Pentagon, the study and senior official review revealed the need

for a more comprehensive identification of CI support requirements throughout the DoD for those DoD agencies and activities without dedicated organic CI support.

- ***Support to the warfighter.*** During FY 2004, U.S. Joint Forces Command was directed to provide a fielded ICP capability within 2 years. U.S. JFCOM developed a prototype ICP collaboration tool which will be deployed during FY 2006. We also developed the Joint Intelligence Operations Center (JIOC) organizational concept, designed to integrate the intelligence functions of the combatant commander's theater intelligence and the operations staffs. We supported the Joint IED Defeat Task Force in working to improve intelligence support to operations in Iraq and Afghanistan. Finally, we initiated a study of insider threats, using a model developed by one of the national labs.

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## Activity Metric: Make Information Available on a Network that People Depend On and Trust

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| • Number of systems that support the Internet Protocol Version 6 (IPv6)<br>• Number of systems that meet information assurance standards | No historical data: new metric | | | • Begun transition of selected systems and weapons to IPv6 | • Implemented IPv6 in limited lab/test networks<br>• Information assurance standards remain in development |
| [a] The FY 2005 data are final as of the 3rd quarter. | | | | | |

**Metric Description.** Moving information securely, quickly, and accurately, is a vital combat multiplier. Our ability to build a worldwide information net, populate it with information needed by military commanders, and then use the network for command and control has been limited by the amount of information that can flow through the network and be processed at any given time. In response, we have set the goal of building a Global Information Grid (GIG) to:

- Achieve an ubiquitous, secure, and robust network.
- Eliminate bandwidth, frequency, and computing capability limitations.
- Deploy collaborative capabilities and other performance support tools.
- Secure and assure the network and the information.

**Ongoing Research.** The Director, Strategic Resource Planning for the Assistant Secretary of Defense for Networks and Information Integration is currently working with the Deputy CIO and the MITRE Corporation to develop outcome and output metrics to measure progress toward achieving the strategic planning goals of DoD's Information Technology (IT) Plan.

**Timeline for Completion.** Metric development should be complete by the end of FY 2005.

**Performance Results for FY 2005.** Efforts to establish the GIG continued through FY 2005, with significant progress gained in forming DoD-wide policies for infrastructure, core enterprise services, and data standards. In furtherance of this goal we achieved the following:

> *IPv6*. DoD established Internet Protocol Version 6 (IPV6) as the common end-to-end network protocol to achieve net-centric war fighting requirements, with the goal of complete transition by Calendar Year (CY) 2008. DoD will begin pilot implementation of IPv6 on networks that carry operations traffic in FY 2006. Additionally, the Defense Information Systems Agency (DISA) had programmed conversion from circuit-based to Internet Protocol (IP) operational capability for all Teleport sites.

*Information Assurance.* On December 23, 2004, Dr. Wells, Acting ASD(NII), and Mr. Wynne, Acting USD(AT&L), signed out a Memorandum establishing an OUSD(AT&L) and OASD(NII) co-led Department-wide Software Assurance Tiger Team. The Tiger Team was tasked to develop a holistic strategy to reduce software assurance risk and develop a Software Assurance Strategy for use on major acquisition programs and across the department.

**Performance Results for FY 2004.** In March 2004, the Secretary of Defense issued guidance for the implementation of measures for building the GIG transport. Components were directed to use the Internet Protocol Version 6 (IPv6) Transition Plan to ensure IPv6 is implemented on appropriate IT, C4ISR (command, control, communications, computers and intelligence, surveillance, and reconnaissance), and weapons systems, with a goal of transitioning all defense systems to IPv6 by CY 2008.

## Performance Metric: Monitor the Status of Defense Technology Objectives (DTOs)

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual[f] |
|---|---|---|---|---|---|
| Percentage of defense technology objectives (DTOs) evaluated as progressing satisfactorily toward goals[a] | 96 | 97 | 96 | ≥70/94 | ≥70/N/A[e] |
| DTOs evaluated in biannual review[b] | 180 | 149[c] | 163[c] | 180 | 0 |
| Total number of DTOs[b,c,d] | 326 | 401 | 386 | 404 | 404 |

[a] "Progressing satisfactorily" includes DTOs rated as "green" or "yellow."
[b] The number of DTOs evaluated and the total number of DTOs are provided for information only; no targets are established.
[c] The numbers for DTOs evaluated in FY 2002 and FY 2003 were transposed in the FY 2003 PAR.
[d] The total number of DTOs is the sum of all DTOs contained in the Joint Warfighting Science and Technology Plan and the Defense Technology Area Plan, dated February of the calendar year prior to the fiscal year the reviews are conducted.
[e] DDR&E implemented a new Comprehensive Review process that evaluates all DTOs biennially. The next assessment will be in FY 2007 for FY 2005 and FY 2006 DTOs.
[f] The FY 2005 data are final as of the 4th quarter.

**Metric Description.** Technological superiority has been, and continues to be, a cornerstone of our national military strategy. Technologies such as radar, jet engines, nuclear weapons, night vision, smart weapons, stealth, the Global Positioning System, and vastly more capable information management systems have changed warfare dramatically. Today's technological edge allows us to decisively prevail across a broad spectrum of conflicts and with relatively few casualties. Maintaining this technological edge has become even more important as the size of U.S. forces decreases and high-technology weapons are now readily available on the world market. Future warfighting capabilities will be substantially determined by today's investment in science and technology (S&T).

Our S&T investments are focused and guided through a series of defense technology objectives (DTOs) developed by the senior planners working for the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Military Departments, and defense agencies. Each of these objectives highlights a specific technological advancement that will be developed or demonstrated, the anticipated date the technology will be available, the specific benefits that should result from the technological advance, and the funding required (and funding sources) to achieve the new capability. These objectives also specify milestones to be reached and approaches to be used, quantitative metrics that will indicate progress, and the customers who will benefit when the new technology is eventually fielded. This metric measures the percentage of DTOs that are progressing satisfactorily toward the goals established for them.

**V&V Method.** Technology Area Review and Assessment (TARA) teams—independent peer review panels composed of approximately six experts in relevant technical fields from U.S. government agencies, private industry, and academia—assess the DTOs for each program every two years. The reviews are conducted openly; observation by stakeholders (typically, senior S&T officials, members of the joint staff, and technology customers) is welcomed.

The TARA teams assess the objectives in terms of three factors—budget, schedule, and technical performance—and rate the programs as follows:

- Green—progressing satisfactorily toward goals.
- Yellow—generally progressing satisfactorily, but some aspects of the program are proceeding more slowly than expected.
- Red—doubtful that any of the goals will be attained.

The benefits of these ratings are many. Not only do they reflect the opinions of independent experts, but also they are accepted and endorsed by stakeholders. These reviews result in near real-time adjustments being made to program plans and budgets based on the ratings awarded.

The TARA Chairman's findings are briefed to the Defense S&T Advisory Group (DSTAG) for further resolution of programmatic and technical issues. Adjustments are made to program plans and budgets based on the ratings and recommendations from the DSTAG. The DTO ratings are semi-quantitative metrics.

**Performance Results for FY 2005.** DDR&E implemented a new Comprehensive Review process that evaluates all DTOs biennially. The FY 2005 and FY 2006 DTOs will be assessed in TARA Reviews during FY 2007.

**Performance Results for FY 2004.** The Department met its performance target. Although actual performance continues well above target, the target will be maintained at 70% due to the inherent high risk of failure in technology development.

## Activity Metric: Populate the Network with New, Dynamic Sources of Information to Defeat the Enemy

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Percentage of DoD information available via net-centric solutions | No historical data: new metric | | | • Published net-centric checklist<br>• Began portfolio management | • Codified the DoD Net-Centric Data Strategy |
| [a] The FY 2005 data are estimated as of the 3rd quarter. | | | | | |

**Metric Description.** Our military commanders use information of all kinds—not only intelligence data—to "see" the battle space, and thus outwit and overcome our adversaries. The net-centric enterprise architecture we are building will allow commanders to engage the network at anytime from anywhere using a military version of the Internet search engine, without needing cumbersome base support. Data will be posted and ready for download and analysis as soon as it arrives, anywhere on the network. The metric being developed will ultimately measure progress toward this goal we can use to inform our strategic plans for and DoD information technology as it relates to achieving net-centricity.

The mission of DoD's Chief Information Officer (CIO) is to support the Secretary's transformation goals by advancing net-centric operation through policies, program oversight, and resource allocations. The key attributes of the CIO's strategy are:

- Ensuring data are visible, available, and usable when needed and where needed to accelerate decision-making.
- "Tagging" all data (intelligence, non-intelligence, raw, and processed) with metadata to enable discovery of data by users.
- Posting all data to shared spaces to provide access to all users except when limited by security, policy, or regulations.
- Advancing from defining interoperability through point-to-point interfaces to enabling "many-to-many" exchanges typical of a network environment.

**Ongoing Research**: The CIO for the Department is the Assistant Secretary for Network Information and Integration. The CIO heads a defense-wide effort to define processes for assessing a program's transition to a net-centric environment. The CIO also helps Services, defense agencies, and program managers incorporate net-centric attributes, implement data information assurance strategies, and align programs with the Joint Technical Architecture and the Net-Centric Operations Warfare (NCOW) Reference Model. This will ensure priorities and transition plans of all defense activities are in line with Global Information Grid (GIG) enterprise services within their respective programs. The Director, Strategic Resource Planning is responsible for developing this metric, working with the Deputy CIO and the MITRE Corporation.

**Timeline for Completion.** This metric will be completed no later than FY 2008, by which point all DoD data is to be complaint with Internet Protocol Version 6 (IPv6) standards to make it accessible, discoverable, and useable. This goal was originally established in a Jun 2003 DoD CIO memorandum on IPv6. DoD CIO is preparing to release an update to this policy which will define milestone objectives.

**Performance Results for FY 2005.** A major step has been made in codifying the DoD Net-Centric Data Strategy in the issuance of DoD Directive 8320.2, *Data Sharing in a Net-Centric Department of Defense*. The Directive sets the Department's policy and responsibilities to ensure that data assets are visible, accessible and understandable to any potential user in the Department. NII is also directing that all efforts to improve information-sharing capabilities comply with the Net-Centric Data Strategy, the GIG Architecture, and the NCOW Reference Model. Components were also directed to plan to integrate Net-Centric Enterprise Services (NCES) to avoid duplicating capabilities.

The NCES program is now in the requirements validation and pilot implementation stage. The program will implement a service-oriented architecture that provides ubiquitous access to timely, secure decision quality information by users, enable information providers to post information they hold, enable edge users to rapidly and precisely discover and pull information resources, dynamically form collaborative groups for problem solving, provide security for, and coordinated management of information resources and separate data from applications. The Assistant Secretary of Defense for Networks and Information Integration approval of the NCES program's completion of Milestone A requirements is expected in 4th Qtr FY 2004.

**Performance Results for FY 2004.** In March 2004, the Secretary of Defense approved DoD-wide guidance for populating the GIG with data, and directed compliance with the CIO net-centric data strategy, the GIG architecture, and the Net-Centric Operations and Warfare Reference Model. Services and defense agencies were directed to apply the business rules established by the Department's common enterprise domains, and to integrate Net-Centric Enterprise Services to avoid duplicating capabilities.

In the July 2003 CIO memorandum, "Joint Net Centric Capabilities," directed the review of any C4ISR (command, control, communication, computers, intelligence, surveillance and reconnaissance) programs affecting one of 13 specific activities. Then in February 2004, the Net-Centric Checklist was issued to assist program managers in understanding net-centric attributes required for programs to move into the GIG net-centric environment. Finally, the Deputy Secretary issued "Information Technology Portfolio Management," which started the institutionalization of portfolio management for information technology. This will ensure information technology solutions are analyzed, selected, controlled, and evaluated consistent with the GIG Integrated Architecture.

*Define Skills and Competencies for the Future*

## Activity Metric: Attract, Recruit, Retain, and Reward High Quality People from Government, Industry, and Academia

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| • Create a Defense Civilian Intelligence Personnel System (DCIPS)<br>• Develop policies and programs to attract, recruit, retain, and reward high-quality people | No historical data: new metric | | | • Designation of OUSD(I) as DCIPS organization and submission of 11 DCIPS subchapters for implementation<br>• Develop the policies and draft them in implementing DCIPS regulations utilizing the DCIPS legislative flexibilities | • OUSD(I) Submitted 11 subchapters and six approved for interim use<br>• Submit 11 DCIPS subchapters, however, will be revised to be consistent with National Security Personnel System regulations<br>• Successfully advocated & approved an increase in Foreign Language Proficiency Pay<br>• Established a senior-level panel to review a 10% sample of the new Executive & Senior Level Performance Plans |

[a] The FY 2005 data are final as of the 4th quarter.

**Metric Description.** To accomplish our ambitious goals, the defense intelligence community needs the best people we can find. Because we have a relatively small staff given the tasks at hand, we need to bring in people with broad and varied experiences who are agile problem solvers and can operate in an environment that changes as the threat changes**.**

Legislation such as the National Security Personnel System (NSPS) will give us with the ability to hire the people we need. Accordingly, on May 2, 2004, the Deputy Secretary of Defense designated the Undersecretary of Defense for Intelligence as a Defense Civilian Intelligence Personnel System (DCIPS) organization, dedicated to attracting the best and brightest to careers in defense intelligence. The authorities granted by the NSPS and DCIPS will allow us to tie performance to the defense intelligence strategy, and strive to improve job satisfaction by providing clear direction and quantitative objectives against which an employee can measure his or her progress.

A key first step – and an ongoing effort – is the development of an overarching directive establishing a common human resources system for the DoD intelligence community.

**Ongoing Research.** Develop community goals and standards for subcomponents of the DCIPS common human resource program.

**Timeline for Completion**. Development work will continue through the end of FY 2005, with initial fielding slated for FY 2006.

**Performance Results for FY 2005.** 11 subchapters were submitted for formal coordination and publication. Six were approved for interim use pending formal coordination and publication. The remaining five will be revised to be consistent with the National Security Personnel System regulations when developed and released.

Worked with the Office of Under Secretary of Defense for Personnel & Readiness to revise and upgrade the Foreign Language Proficiency Pay policy that resulted in a substantial increase in the maximum pay authorized for proficiency in a language or multiple languages.

Established the DCIPS Executive & Senior Level Panel that, in part, reviewed a 10% sample performance plans of the Defense Intelligence Senior Executive Service and Defense Intelligence Senior Level. Though these plans are not submitted to DoD for approval, the panel reviewed the plans to ensure they are consistent with similar plans DoD reviews/approves.

**Performance Results for FY 2004.** The DCIPS covers the Department of Defense, the National Security Agency, the Defense Intelligence Agency, the National Geospatial Agency, the National Reconnaissance Agency, the Military departments, the Office of the Under Secretary of Defense for Intelligence, the Counterintelligence Field Activity, and the General Counsel. During FY 2004, a working group from all of these agencies and components completed 11 subchapters of an overarching policy plan. This plan will serve as interim authority to implement the process pending formal coordination and publishing of the subsequent chapters.

## Activity Metric: Strategic Transformation Appraisal

| Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Assessment of "gaps" or adjustments needed to remain on track | No historical data: new metric | | • Published first Transformational Planning Guidance | • Completed first strategic transformation appraisal | • Completed second strategic transformation appraisal |
| [a] The FY 2005 data are final as of the 4th quarter. | | | | | |

**Metric Description.** The Department's overall transformation roadmaps address activities, processes, resources, and incentives to foster and promote innovation and transformational activities, including concept-based experimentation processes, education and training programs, and the use of operational prototypes. Each Service also prepares an individual roadmap, which is updated annually; defense agencies submit their annual roadmap updates to the U.S. Joint Forces Command, which develops a consolidated "joint" roadmap. Each year, the Office of Force Transformation evaluates the progress and plans reported in the individual and joint roadmaps and produces an assessment of "gaps" or adjustments indicated for future action. These roadmaps point to a shared future vision and provide actionable language for implementation. They complement the program and budget process, ensuring coherence between resource allocation decisions and future concept development and experimentation and provide a baseline for managing transformational change within the force. Additionally, they articulate the Service and defense agency strategies for implementing and managing the "risk" embodied in transformation.

**V&V Methodology.** Resource profiles for each program included on roadmaps are submitted annually via the Defense Data Warehouse.

**Performance Results for FY 2005.** The Office of Force Transformation completed its second full-scale Strategic Transformation Appraisal (STA-05) in November, 2004. STA-05 used a different methodology than the STA for FY04, but that was because the roadmaps themselves were more sophisticated and the capabilities required by the Joint Operating Concepts (JOCs) were better defined. The STA-05 emphasized the planned development by the Services and defense agencies of directed energy, information warfare techniques and concepts, joint battle management, non-lethal technology, and rapid access to space. The STA-05 also highlighted the dilemma of balancing near-term concerns generated by operations in Iraq against long-term S&T needs. STA-05 identified the following trends:

**FY 2005 Strategic Appraisal**

| FY 2004 | FY 2005 |
|---|---|
| • Lighter, more agile, easily deployable units<br>• Knowledge-enabled warfare<br>• Improve vertical / horizontal | • Directed energy battlefield<br>• Information warfare techniques and concepts<br>• Joint battle management |

| | |
|---|---|
| intelligence distribution<br>• Horizontal integration of tactical-level intelligence<br>• Joint force interdependence<br>• Directed energy battlefield<br>• Countering enemy sensors<br>• Investing capital to free up labor | • Non-lethal technology<br>• Rapid access to space<br>• Time sensitive targeting<br>• Interagency coordination through tools such as the Joint Interagency Coordinating Group (JIACG) |

**Performance Results for FY 2004.** The Office of Force Transformation completed its first of Strategic Transformation Appraisal in January 2004. The appraisal assessed defense-wide trends in transformation and recommended adjustments to the Strategic Planning Guidance to maintain progress toward the Secretary's transformation priorities. The January 2004 appraisal influenced both the Strategic Planning Guidance and the planning for the next appraisal, and identified the following trends:

**FY 2004 Strategic Appraisal**

| FY 2003 | FY 2004 |
|---|---|
| • More expeditionary<br>• More networked<br>• Designed to leverage the exterior positions<br>• Leverage increasingly persistent intelligence, surveillance, and reconnaissance<br>• Tighter sensor-shooter timelines<br>• Value information superiority<br>• Joint interoperability at the operational level<br>• Focus on unmanned capabilities | • Lighter, more agile, easily deployable units<br>• Knowledge-enabled warfare<br>• Improve vertical / horizontal intelligence distribution<br>• Horizontal integration of tactical-level intelligence<br>• Joint force interdependence<br>• Directed energy battlefield<br>• Countering enemy sensors<br>• Investing capital to free up labor |

Beginning in FY 2007, this unclassified report (with classified annexes) will be submitted each November to the Secretary of Defense.

*Develop More Effective Organizations*

## Activity Metric: Enhance Homeland Defense and Consequence Management

| End-state Metric (New Baseline) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Strategy and an associated resource and technology roadmap | No historical data: new metric | | • Established an Assistant Secretary for Homeland Defense<br>• Established U.S. Northern Command | • Began developing first homeland defense strategy<br>• Developed initial resource and technology roadmaps | • Finalized homeland defense strategy during the 1st quarter FY 05<br>• DSD promulgation of homeland defense implementation guidance during 3rd quarter FY05<br>• Published Policy Memorandum 5 regarding use of the Strategy in BRAC 2005 considerations during 1st quarter FY05<br>• Published the National Response Plan during the 1st quarter FY05<br>• DoD, DHS, & U.S. Coast Guard MOA - U.S. Coast Guard support to DoD maritime homeland defense operations 1st quarter FY05<br>• Standing Rules for the Use of Force during 3rd quarter FY05<br>• Established 11 new WMD-CST and initiated training and certification during 1st quarter FY05<br>• Established, with DHS & DOJ, a standardized process to transfer technology, equipment, & expertise to Federal, State and local responders |

[a] The FY 2005 data are estimated as of the 4th quarter.

**Metric Description.** Our highest priority is protecting the U.S. homeland from attack—we must be able to succeed at the full range of tasks associated with an active defense-in-depth, including military missions in the forward regions, approaches to the United States, the U.S. homeland, and the global commons. Specifically, we must be able to:

- Conduct military missions to prevent, deter, defend, and defeat attacks on the United States, our population, and our defense critical infrastructure (homeland defense).
- Support civil authorities directed by the President or Secretary of Defense as part of a comprehensive national response to prevent and protect against terrorist incidents or manage the consequences of attack or disaster (homeland security).
- Enhance contributions of domestic and foreign partners to homeland security and homeland defense.

**Ongoing Research**. To guide our efforts to meet the challenges of the post-9/11 threat environment, the Secretary of Defense directed the development of the first comprehensive, defense-wide strategy for homeland defense and civil support. This new strategy relies on an integrated threat assessment to define DoD's strategic goals, key objectives, and core capabilities for homeland defense and civil support. The strategy also will describe associated force structure, technology, and resource implications.

By providing an overarching suite of strategic goals aligned with resource and technology plans, we will add coherence and direction to the disparate activities across the Department that currently deter and prevent attacks, protect critical defense and designated civilian infrastructure, provide situational understanding, and prepare for and respond to incidents.

The completed strategy articulates a number of actions for immediate implementation to transform DoD's capabilities for homeland defense and civil support in each of the core capability areas, including providing maximum threat awareness, the interdiction and defeat of threats at safe distance, mission assurance, improved interagency and international capabilities, and managing the consequences of a chemical, biological, radiological, nuclear or explosive incident.

**Performance Results for FY 2005.** Several actions were taken to support implementation of the *Strategy for Homeland Defense and Civil Support*. Most importantly, the strategy was officially signed and published in June 2005, along with corresponding implementation guidance that directs specific actions to support accomplishment of the strategic goals and objectives. Specific actions that support accomplishment of the strategic goals and objectives include:

- Publication, in December 2004, of Policy Memorandum 5, which directed the Services to use the final coordination draft of the *Strategy for Homeland Defense and Civil Support* in their Base Realignment and Closure 2005 analysis and recommendations to ensure the Department retains the capabilities necessary to support its homeland defense mission.
- Publication of the National Response Plan (NRP) in December 2004. The NRP represents a significant accomplishment in codifying federal roles and responsibilities. DoD supported the Department of Homeland Security (DHS), along with other Federal departments and agencies, in integrating existing Federal response plans (e.g., Federal Response Plan, Interagency Domestic Counter-Terrorism Concept of Operations, National Contingency Plan, and the Federal Radiological Emergency Response Plan), in accordance with the Homeland Security Act of 2002. The resulting single, national all-

hazards incident plan is a testament to the dedication and hard work of countless individuals who have contributed tangibly to preparing our nation for the full range of man-made and natural emergencies.

- The signing, in December 2004, of a memorandum of agreement (MOA) between DoD, DHS, and the U.S. Coast Guard. This MOA provides for the U.S. Coast Guard in support of DoD maritime homeland defense operations. This MOA also established a joint command, control, and coordination structure using existing DoD and U.S. Coast Guard operations centers. This close coordination is essential to our ability to effectively interdict terrorists and other individuals attempting to enter the U.S., possibly with WMD materiel and components, via the maritime domain.

- The final approval of new Standing Rules for the Use of Force for DoD units designated to conduct land defense operations within the United States.

- The establishment of 11 additional National Guard Weapons of Mass Destruction – Civil Support Teams (WMD-CST) and the training certification of these and 12 additional WMD-CSTs established in FY04. Currently, five of the 23 additional teams have completed exit evaluations and await final certification. By the end of FY 2007, all 23 of the additional teams will be fully trained and certified.

- The establishment, with DHS and Department Of Justice (DOJ), of a standardized process for the transfer of DoD technology, equipment, and expertise to federal, state, and local responders, in compliance with Section 1401 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003.

**Performance Results for FY 2004.** The initial research and writing of a comprehensive homeland defense strategy is ongoing. Real world events such as the G-8 Summit at Sea Island, Georgia, the national political conventions, and the period of heightened threat during August 2004 have delayed coordination of the document. The completion of the strategy is set for the early part of FY 2005.

## Activity Metric: Establish a Standing Joint Force Headquarters

| End-state Metric (New baseline) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| The ability to rapidly execute transformational command and control functions for joint force operations | • Development of standing Joint Force Headquarters (SJFHQ) directed in 2001 Quadrennial Defense Review | • Concept released | • Experiments conducted<br>• Implement-ation guidelines developed | • SJFHQ established and staffed at Geographic Combatant Commands (less CENTCOM) | • SJFHQs in Geographic Combatant Commands complete initial training.<br>• Regional Combatant Command SJFHQs participate in AOR-oriented Joint Training Exercise.<br>• USJFCOM established an SJFHQ to be employed by Geographic Combatant Commands when required. |

[a] The FY 2005 data are estimated as of the 4th quarter.

**Metric Description.** In 2003, the Secretary of Defense directed Geographic Combatant Commands (GCC) to establish Standing Joint Force Headquarters (SJFHQ) by FY 2005. These SJFHQs reflect standards established by U.S. Joint Forces Command (USJFCOM) and incorporate the lessons learned from the Millennium Challenge '02 joint exercises. Each GCC has a 58-person core SJFHQ that serves as a planning staff during day-to-day operations. In the event of a crisis, the in-place SJFHQ is immediately prepared to execute command and control functions for the integrated employment of air, land, maritime, and information forces. The SJFHQ is made up of joint-trained personnel skilled in using computer-based analysis tools and joint information and processes. To operate in the field, each deployable SJFHQ must have a Deployable Joint Command and Control (DJC2) capability.

**Ongoing Research.** USJFCOM is continuing an extensive program of research, development, and experimentation to advance the key enabling concepts of knowledge management, effects-based planning and operations, and a collaborative information environment.

**Timeline For Completion.** All the regional combatant commands will have SJFHQ organizations established in FY 2005; the exception is the U.S. Central Command, where participation has been delayed by the ongoing contingency. As an operational reserve to the GCCs, USJFCOM will establish a deployable surge-capable SJFHQ during FY 2005.

**Performance Results for FY 2005.** All of the Geographic Combatant Commands have accomplished the assigned task, less CENTCOM. In addition, all GCC SJFHQs participated in a Joint Training Exercise during FY 2005, completing their initial training cycle.

USJFCOM established an operational SJFHQ and developed training standards that will be available for all SJFHQs worldwide. Additionally, JFCOM initiated numerous actions that will implement a strategy of continuous improvement in SJFHQ (an enabling concept) capabilities for future years. The Secretary signed a memorandum, dated 4 February 2005, directing USJFCOM to establish a second operational SJFHQ for employment by the Geographic Combatant Commands. Initial manning, organizing, training and equipping actions were accomplished in FY 2005. This second JFCOM SJFHQ is scheduled to complete training and reach IOC in the first quarter of FY 2006.

**Performance Results for FY 2004.** The Secretary of Defense approved an exemption to the 15% major headquarters personnel reduction for the GCCs that allowed them to retain 58 personnel to man their SJFHQ organization. Subsequently, the Department approved $1.6M per GCC for the operations and maintenance of their SJFHQs. The GCCs conducted initial training, procured appropriate facilities, and installed garrison equipment for their SJFHQs. The GCCs have completed plans to conduct a full-scale joint training event in FY 2005 that will serve as the "graduation" event for their new joint command and control capability. The DJC2 program delivered an initial concept and procedures development set to USJFCOM in September 2004 and is on schedule to deliver the first operational set to U.S. Pacific Command in FY 2005. USJFCOM developed draft Standard Operating Procedures and Tactics, Techniques, and Procedures for the 58-person core element.

## Performance Metric: Transform DoD Training

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual[a] |
|---|---|---|---|---|---|
| Percentage of military officers in critical positions certified as joint-trained or educated | No historical data: new metric. | | | 50% / 54.2% | 52.5% / 53.8% |
| [a] The FY 2005 data are final as of the 2nd quarter. | | | | | |

**Metric Description.** Our vision for Training Transformation (T2) is to provide dynamic, capabilities-based training in support of national security requirements across the full spectrum of service, joint, interagency, intergovernmental, and multinational operations. In 2003, the Secretary of Defense tasked the Under Secretary of Defense for Personnel and Readiness with overseeing the initiative across the Department. When T2 was launched in FY 2003, our metrics were activity-based and measured progress toward milestone tasks. Starting in FY 2004, we began transitioning to outcome-based measures.

One of the leading indicators of training transformation is the overall percentage of the force that has received joint training or joint education. A higher percentage correlates to increased performance in jobs that require knowledge of joint matters which relate to national military strategy, strategic and contingency planning, and command and control of combat operations under a Combatant Commander (COCOM). Although the entire force is not measurable at this time, the critical positions filled by officers at COCOM staffs are currently being measured.

To be joint-trained, an officer must complete a Joint Duty Assignment (JDA). A JDA, or joint billet, is a 2-3 year position in a multi-Service or multi-national command or activity that is involved in the integrated employment or support of the land, sea, and air forces of at least two of the three Military Departments. An officer is considered to have received joint education if he or she graduates from a course certified as Joint Professional Military Education Phase 2 (Joint and Combined Warfighting School (JCWS), National War College (NWC), or the Industrial College of the Armed Forces (ICAF)).

Training Transformation (T2) measures will constantly evolve through a process of spiral-development and will consider the overall outputs and desired outcomes of the Joint Knowledge Development and Distribution Capability (JKDDC), Joint National Training Capability (JNTC), and transformation as a whole. We expect to have a complete set of outcome-based measures and assessments across the areas of Quantity, Quality, and Responsiveness for both Individual and Collective training by the end of FY 2006.

**V&V Method.** The Under Secretary for Personnel and Readiness is responsible for overseeing and reporting the status of the training transformation initiative. The Joint Assessment and Enabling Capability (JAEC) Director is responsible for coordinating, evaluating, and independently conducting training transformation-related assessments. The JAEC Office will use a combination of forums ranging from existing working groups, workshops, and online

collaboration tools to collect, assess, verify and validate data associated with training transformation performance outcomes. Results will be reviewed by the Deputy Under Secretary for Readiness, and then reported quarterly to the Under Secretary of Defense for Personnel and Readiness.

**Performance Results for FY 2005.** The Joint Assessment and Enabling Capability (JAEC) continued the shift to outcome-based measures in FY 2005. The JAEC is on track to complete its first block assessment of Training Transformation (T2) by the end of the year, and the transition will be complete by the end of FY 2006, with measures encompassing the areas of Quantity, Quality, and Responsiveness for both Individual and Collective training. However, the spiral development of T2 measures is an ongoing process as program objectives constantly evolve in response to current and future mission requirements.

The JAEC continued to track COCOM critical positions filled by joint-trained or joint-educated officers up to second quarter, FY 2005. At that time, 53.8% of military officers filling critical positions were certified as joint-trained or –educated, surpassing the goal of 52.5%. Current metrics are being refined and expanded in order to better assess the degree to which T2 meets Combatant Commander (COCOM) needs.

JKDDC reached a key milestone in January 2005 by identifying the technologies and infrastructure needed to achieve an interim course materials distribution capability. Additionally, the JKDDC continues to develop joint individual courseware based upon Combatant Commander requirements.

The JNTC Support Element (SE) will provide specific programs with a reach back capability to the Joint Warfighting Center (JWFC) and the entire Joint Force Trainer community, in order to facilitate the provisioning of an appropriate joint context in support of joint task training (priority to accredited tasks). Generally, the formation of the JNTC SE for each program will occur as multiple parallel efforts. The end of FY 2005 is scheduled to see deployment of the initial cadre to act as the nucleus of the JNTC SE at programs selected by the Services and COCOMs. The optimal number and skill mix of personnel assigned to a given program will be determined as part of the accreditation review process or as mutually agreed to by the JWFC and the supported training organization. The accreditation process will drive the final number of JNTC SE personnel deployed in FY 2006 and beyond.

**Performance Results for FY 2004.** The JAEC had planned on shifting exclusively toward outcome-based metrics in 2004, but the policies and infrastructure required to measure outcomes against their associated standards do not yet exist. By the end of FY 2005, the JAEC will have performed its first block assessment of Training Transformation, and will continue to refine and expand those measures in an on-going process of spiral development. Currently, the JAEC is using a combination of activity-based (milestone) measures and outcome-based measures where they are available. The Defense Integrated Manpower and Human Resources System and Defense Readiness Reporting System databases, when completed, will be the primary data sources for JAEC assessments.

As the first step towards outcome based measurements, JAEC began tracking COCOM critical positions filled by joint-trained or joint-educated officers. By the end of FY 2004, 54.2% of military officers filling critical positions were certified as joint-training or –educated, exceeding the annual goal of 50%.

The Joint Knowledge Development and Distribution Capability (JKDDC) Joint Management Office reached Initial Operating Capability (IOC) by July 2004. Also during FY 2004, the JKDDC working group identified initial Combatant Command requirements for joint individual training.

The JNTC achieved initial operating capability (IOC) in October 2004. USJFCOM successfully conducted four proof-of-concept exercises prior to attaining JNTC IOC. During the planning, preparation, and execution of these pre-IOC events it became apparent that significant improvements were necessary to develop the integrated live, virtual, and constructive environment that provided joint context for each event. It also became apparent that for JNTC to have impact on the DoD, as directed by the Training Transformation Strategic Plan, the JNTC program must move away from an event centric approach (designating certain exercises JNTC exercises, then adding joint context), to an approach that decentralizes the planning and execution functions, focusing on the development of a persistent joint context training capability for COCOM and Service nominated training programs. As a component of this approach, JWFC will begin to provide personnel resources, in a JNTC Support Element (JNTC SE), to help implement JNTC and maintain joint context in stakeholder programs. The JNTC accreditation process is expected to continue through full operational capability in FY 2009.

*Drive Innovative Joint Operations*

## Activity Metric: Experiment with New Warfare Concepts

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Percentage of goals met | No historical data: new metric | • Developed guidance | • Revised guidance | • Conducted four major experimentation exercises<br>• Submitted joint experimentation plan for approval<br>• Fielded Standing Joint Force Headquarters prototypes | • Conducted four major experimentation events<br>• Began development of the FY 2006-13 JCDE campaign plan<br>• Began development of the Joint Experimentation Work Plan<br>• Initiated development of the Joint Experimentation Knowledge portal |
| [a] The FY 2005 data are estimated as of the 4th quarter | | | | | |

**Metric Description.** The goal of the Department's experimentation program is to rapidly convert innovative warfighting concepts to prototypes to fielded capabilities. Accordingly, the April 2003 Transformation Planning Guidance directed the development of the Joint Concept Development and Experimentation Campaign (JCDE) Plan to describe the role of joint experimentation as a major generator of transformational change.

The JCDE follows two paths: the joint concept development and the joint prototyping.

- The joint concept development program explores innovative concepts for improving future joint warfighting. These concepts result from an iterative experimentation program that relies on frequent, small-scale sets of experiments conducted in a joint wargaming environment. Once concepts prove viable through continuous refinement and experimentation, they are transferred to the prototype team

- The joint prototype program improves current warfighting capabilities and matures new capabilities through continuous experimentation in which are part of Combatant Command joint exercise programs. The JCDE will identify capabilities proposals for rapid prototyping and provide actionable recommendations for future resource investments based on experimentation results.

**Ongoing Research.** The Capstone Concept for Joint Operations is the overarching concept of how the joint force intends to operate in the next 8-20 years; it is currently being developed with associated functional and integrating concepts. Prototypes under development include

tools/processes for the Standing Joint Force Headquarters (Collaborative Information Environment, Operational Net Assessment, Effects-Based Operations, Joint Interagency Coordination Group, Joint Fires Initiative, and Common Relevant Operating Picture). Other prototype efforts include the joint deployment process and joint intelligence, surveillance, reconnaissance, Multinational Information Sharing, and the Iraqi Portal.

**Timeline for Completion.** The concepts development schedule is contained in the Joint Concepts activity metric description. Prototypes are at various stages of development.

**Performance Results for FY 2005.** Although the JCDE Plan was not signed by the Secretary, the Joint Experimentation (JE) effort continues. USJFCOM is revising the 2006- 2013 JCDE Plan to capture joint experimentation guidance from Unified Command Plan (UCP) 04 and the Chairman Joint Chiefs of Staff (CJCS). US Joint Forces Command (USJFCOM) is also developing a CDE Work Plan to ensure concepts are adequately programmed into JE efforts over the next two years. Joint CDE efforts for FY 2005 included a National Security Workshop, Campaigning Planning from the Strategic to Operational levels, Unified Quest and Joint Urban Warrior. Results from these events have helped inform many of the current concepts as well as generate new ideas for additional concepts. Also, one key attribute gained from joint experimentation is the need to continually update the joint CDE community effort by prioritizing the joint experimentation bandwidth. This is being accomplished through a CJCS guidance memorandum directing USJFCOM to synchronize the experimentation efforts of the Services and Combatant Commands and recommend a prioritized set of transformational issues for joint experimentation to the CJCS for approval. To increase JE efficiencies and collaboration across the Services, Combatant Commands, and defense agencies, JFCOM has begun development of a JE Knowledge Portal which is to FMC by March 06.

**Performance Results for FY 2004.** The JCDE Plan was approved by the Chairman of the Joint Chiefs of Staff and submitted to the Secretary of Defense. As of the end of the 3rd quarter of FY 2004, the U.S. Joint Forces Command co-sponsored four major exercises with each of the Services that included multi-national partners. We have substantially improved experimentation results by increasing the participation of combatant commands and inter-agency representatives. Standing Joint Force Headquarters prototypes were introduced at each of the regional combatant commands; the exception is the U.S. Central Command, where participation has been delayed due to ongoing contingency operations. The results from Unified Course 04, Thor’s Hammer, Multinational Experiment 3, and Unified Engagement 04 exercises will be incorporated into developing concepts, further experiments, or introduced as prototypes.

## Performance Metric: Maintain Balanced and Focused Science and Technology

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Actual | FY 2005 Actual [a] |
|---|---|---|---|---|---|
| | Percentage of S&T budget | | | | |
| Basic research | 16% | 14.8% | 14% | 12.8% | 12.6% |
| Applied research | 42.7% | 42% | 38% | 35.9% | 36.8% |
| Advanced technology development | 41.3% | 43.2% | 48% | 51.3% | 50.6% |
| [a] The FY 2005 data are final as of the 4th quarter. | | | | | |

**Metric Description.** The DoD science and technology (S&T) program consists of research and development investments in Basic Research (Budget Activity (BA) 1), Applied Research (BA 2), and Advanced Technology Development (BA 3). This metric is designed to ensure a balanced and focused investment by funding Basic Research, Applied Research, and Advanced Technology Development to 15%, 35%, and 50% respectively, of the total annual S&T budget.

**V&V Method.** The Director of Plans and Programs in the Office of the Director, Defense Research and Engineering is responsible for tracking S&T investments made by the Military Services and defense agencies, and for recommending annual funding goals. Each year, after the President's Budget it is sent to Congress with, we calculate the aggregate percentages actually invested in each S&T category and compare actual investment to those recommended goals. Determining the right level of investment is not a precise science; rather it is a strategic decision. Our ultimate objective is to fund S&T at a level adequate to ensure our technological superiority—specifically, sufficient to provide the technology foundation we need to modernize our forces, and to develop the "leap ahead" technologies that produce transformational capabilities. Accordingly, we must continue to invest broadly in defense-relevant technologies, because it is not possible to predict in which areas the next breakthroughs will occur or what specific capabilities will be required to meet the challenges of the uncertain future.

**Performance Results for FY 2005.** The balance between the funding levels for FY 2005 in BA 1, BA 2, and BA 3 is sufficiently close to the DoD goals.

**Performance Results for FY 2004**. The balance between the funding levels for FY 2004 in BA 1, BA 2, and BA 3 is sufficiently close to the DoD goals.

# Institutional Quadrant

## *Improve the Readiness and Quality of Key Facilities*

### Activity Metric: Base Realignment and Closure (BRAC) in FY 2005

| End-state Metric (New Baseline) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| A new DoD facility footprint | • BRAC cited as a key element of DoD transform-ation | • Legislative authority for BRAC established | • 2005 BRAC authorized by the Secretary of Defense<br>• Management structure and seven joint cross-service groups established | • Final selection criteria established<br>• Data collection and certification begun | • Presented final recommendations to independent Commission and Congress (May 2005)<br>• Commission provides its recommendation to President<br>• Congress reviews BRAC recommendations |

[a] The FY 2005 data are estimated as of the 4th quarter.

**Metric Description.** One of the Secretary of Defense's early priorities was to transform America's defense for the 21st century by shifting defense planning from the "threat-based" model that had dominated thinking in the past to a "capabilities-based" model for the future. Our transformation charter reinforced our long-standing commitment to streamlining and upgrading of defense infrastructure by explicitly calling for "…another round of infrastructure reductions to reduce unneeded facilities." Accordingly, we were able to persuade Congress to grant authority in the FY 2002 National Defense Authorization Act for a Base Realignment and Closure (BRAC) round in 2005.

On November 15, 2002, the Secretary signed a memorandum entitled, "Transformation Through Base Realignment and Closure," that officially established the process for BRAC 2005. The document outlines the expectations and importance of reshaping DoD's infrastructure to better support future force structure. It established two senior level groups to manage and oversee the process, provided for the analysis of common business-oriented functions separate from service-unique functions, and required specific functional recommendations to undergo joint analysis within 150 days.

An Infrastructure Executive Council, headed by the Deputy Secretary of Defense and including the secretaries and chiefs of staff of the Military Department, the Chairman of the Joint Chiefs of Staff, and the Under Secretary of Defense for Acquisition, Technology and Logistics, provided policy and oversight. A lower-level Infrastructure Steering Group was headed by the Under Secretary of Defense for Acquisition, Technology and Logistics, and includes the Vice Chairman of the Joint Chiefs of Staff; assistant secretaries for installations and environment for the Army,

Navy, and Air Force; the Service vice chiefs of staff; and the Deputy Under Secretary of Defense for Installations and Environment. This board oversees joint analysis of common military functions and ensures those efforts are coordinated with Service reviews of specific operations.

The Secretary, in his memo kicking off the 2005 BRAC process, directed that joint teams be created to review common business-oriented functions. Subsequently, the Secretary approved seven Joint Cross-Service Groups and associated functions for joint review. Each of the Military Departments and Joint Cross-Service Groups have established procedures and designated appropriate personnel to certify that data and information collected for use in the BRAC 2005 analyses are accurate and complete. These certification procedures were incorporated within the required internal control plans, and consistent with DoD certification procedures. Both were audited by the Government Accountability Office and DoD auditors.

**Ongoing Research**: None. The Department's research for considering BRAC closures and realignments ended with the Secretary's transmittal of recommendations to the BRAC Commission and Congress on May 13, 2005.

**Timeline for Completion.** Upon completion of public hearings and deliberations over DoD's recommendations, the Commission must forward its closure and realignment recommendations to the President for approval not later than September 8, 2005. The President must approve the recommendations (on an all-or-none basis) and forward them to the Congress not later than September 23, 2005. Upon receipt, the Congress has 45 legislative days to vote down the Commission's recommendations, also on an all-or-none basis; otherwise they take on the force and effect of law.

**Performance Results for FY 2005.** The Department met its milestones for the fiscal year by providing the Congress with a revised Force Structure Plan in March 2005, completing analysis resulting in over 1,000 closure and realignment scenarios for the ISG and IEC to consider, and providing the Secretary with 222 final closure and realignment recommendations. These recommendations were approved and submitted to the Commission and Congress on May 13, 2005. The closure and realignment actions, if implemented, will allow the Department to reduce total plant replacement value by five percent, vacate over 12 million square feet of leased space, eliminate 18,000 civilian positions, and save over $5 billion annually, beginning at the six year implementation point. The recommendations also allow the department to achieve five broad goals: support force transformation; rebase forces to address new threat, strategy, and force protection concerns; consolidate business-orientated support functions; promote joint and multi-Service basing; and achieve savings.

The Department's process is well-documented. The Department provided the Commission and Congress a twelve volume report detailing its recommendations. The Department also established a section on DoD's publicly accessible *DefenseLink* website containing over 25 gigabytes of data that includes the report volumes (with the exception of the classified force structure volume) as well as all policies, deliberative meeting minutes, and raw data used to develop the recommendations.

**Performance Results for FY 2004.** We met our milestones for the fiscal year by providing the final BRAC base selection criteria to Congress; we also began collecting and certifying facility data. Our projection of the Department's 20-year force structure and the necessary associated infrastructure and excess capacity was provided to Congress with the FY 2005 President's Budget. This report also certified projected BRAC future savings. In February, we sent the final selection criteria.

We also developed an Internal Control Plan and a data certification process to satisfy statutory requirements for use of certified data in developing closure and realignment recommendations. The Military Departments and Joint Cross-Service Groups also completed development of their respective Internal Control Plans. Military Department and auditors from the DoD Inspector General reviewed these plans.

## Performance Metric: Eliminate Inadequate Family Housing by 2007

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003[c] Actual | FY 2004[c] Target/Actual | FY 2005[b,d] Projected |
|---|---|---|---|---|---|
| Number of inadequate family housing units | 170,314 | 143,608 | 140,641 | 93,294/117,615 | 67,079 |
| Percentage of total family housing units[a] | 59 | 53 | 51 | 48 | 41 |

[a] Targets are not established for the percentage of total family housing units.
[b] Targets are based on Service military construction and family housing budget estimates for FY 2006.
[c] Actual results are updated based on subsequent budget changes and progress in planned military construction projects, demolitions, and divestitures. Results generally are final after two budget cycles.
[d] The FY 2005 data are estimated as of the 4th quarter.

**Metric Description.** Our goal is to eliminate all inadequate family housing in the continental United States by the end of FY 2007 (and by FY 2009 for overseas bases). In general, inadequate housing is any unit that requires a major repair, component upgrade, component replacement, or total upgrade. Each Service has evaluated its housing and identified inadequate units. Each Service has then developed a plan to eliminate this inadequate housing through a combination of traditional military construction, operations and maintenance support, and privatization. The plans are updated annually with the President's Budget.

**V&V Method.** The Military Construction and Family Housing Program Budget Estimate Submissions provide Service details including actual numbers of inadequate housing units eliminated during the past year and requirements through FY 2007. Service Family Housing Master Plans are updated annually to reflect the budget plan. Prior to the start of the budget review, senior Service leadership present their respective budget execution plans to senior leadership in the Office of the Secretary of Defense, confirm prior-year performance and describe how each will meet the Secretary's goal. If unable to meet the goal, senior leadership will explain why.

**Performance Results for FY 2005.** Through the end of the 3rd quarter, approximately 22,000 inadequate units have been eliminated through privatization in FY 2005. Final results for FY 2005 will not be available until the President's Budget for FY 2007 is submitted to Congress in February 2006.

**Performance Results for FY 2004.** In FY 2004, we reduced inadequate family housing by 23,026 units through revitalization, demolition, and privatization. The total number of inadequate housing eliminated through privatization from the start of the program through FY 2004 is 63,163.

## Performance Metric: Fund to a 67-year Recapitalization Rate

| Metrics | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004[a] Actual | FY 2005 Actual[e] |
|---|---|---|---|---|---|
| Facilities Recapitalization Metric–FRM (years) | 192 | 101 | 149 [c] | 136[d] | 104 |
| Facilities Sustainment Model–FSM (percent) | 70%[b] | 89%[b] | 93% | 94% | 95% |

[a] Three defense agencies (Defense Logistics Agency, DoD Education Activity, and Tri-Care Medical Activity) included beginning in FY 2004, but excluded in previous years.
[b] Estimated (FSM was first fielded in FY 2003).
[c] The FY 2003 data are as of the FY 2003 President's Budget.
[d] The FY 2004 data are as of the FY 2004 President's Budget.
[e] The FY 2005 data are final as of the FY 2005 President's Budget

**Metric Description.** The facilities recapitalization metric (FRM) measures the rate at which an inventory of facilities is being recapitalized. The term "recapitalization" means to restore or modernize facilities. Recapitalization may (or may not) involve total replacement of individual facilities; recapitalization often occurs incrementally over time without a complete replacement.

The performance goal for FRM equals the average expected service life (ESL) of the facilities inventory (estimated to be 67 years, based on benchmarks developed by a panel of Defense engineers – see the installations portion of the 1997 Quadrennial Defense Review). The ESL, in turn, is a function of facilities sustainment. "Sustainment" means routine maintenance and repair necessary to achieve the ESL. To compute a normal ESL, full sustainment levels must be assumed. A reduced ESL results from less than full sustainment. For this reason, the metrics for facilities recapitalization and facilities sustainment are unavoidably linked and should be considered together.

Sustainment levels required to achieve a normal ESL are benchmarked to commercial per unit costs; for example, $1.94 per square foot annually is needed to properly sustain the aircraft maintenance hangar inventory for a 50-year life cycle. The facilities sustainment model (FSM) adjusts these costs to local areas and assigns the costs to DoD components and funding sources.

The recapitalization rate—measured by FRM in years—is compared to service life benchmarks for various types of facilities. For example, the ESL of a pier is 75 years, and the ESL of a dental clinic is 50 years (provided the facilities are fully sustained during that time). The average of all the ESL benchmarks, weighted by the value of the facilities represented by each benchmark, is 67 years. Weighting is required to normalize the ESL. For example, without weighting, 50 years is the ESL of a hypothetical inventory consisting of administrative buildings (75-year ESL) and fences (25-year ESL). But fences are insignificant compared to administrative buildings—DoD has $22 billion worth of administrative buildings, but only $3 billion worth of fences and related

structures—and should not have equal weight. The ESL of this hypothetical inventory when weighted by plant replacement value is 68 years, not 50 years.

For evaluating planned performance, both metrics (FSM and FRM) are converted to dollars (annual funding requirements) and compared to funded programs in the DoD Future Years Defense Program (FYDP). The sustainment rate can be measured through execution; the recapitalization rate, which is primarily—but not exclusively—a function of multi-year military construction appropriations, is not tracked for execution on an annual basis.

These metrics do not capture "actual" expenditures as the term "actual" is normally understood. For recapitalization, there is no reporting process for determining the "actual" (i.e. executed) recapitalization rate in a given year, and there is little reason to do so. Appropriations for military construction projects—which make up the bulk of the recapitalization investment—are good for five years and are typically executed over more than one year. Additionally, Congressional adds, rescissions, reprogramming, and late project adjustments all alter the "actual" recapitalization rate. There is no system as yet to capture these changes at the DoD level, and an annual rate of execution for military construction appropriations has little meaning.

For sustainment, a system is in place to capture the "actual" sustainment expenditure at the DoD Component level. That system has been refined since its inception in FY 2003, and the results have been made increasingly reliable. Currently, a process is being implemented that will enable the Department to distinguish between sustainment for facilities included in the budgeted DoD sustainment requirement and those that are not. This essential distinction has been blurred by the war on terrorism and global repositioning which have skewed execution results. The new process will allow for sustainment of facilities not captured in the sustainment requirement to be accounted for independently of sustainment for facilities that are captured in the requirement. This problem of accounting for facilities not captured in the inventory impacted heavily on the Air Force. On the other hand, the war on terrorism has also diverted sustainment funding to non-sustainment purposes, with the corresponding impact on the execution rate. This issue has impacted most heavily on the Army. Work on these issues in ongoing. For this report, the table continues to show budgeted rates, not executed rates.

**V&V Method.** Recapitalization rates are computed according to set procedures for transmitting program and budget data to the Office of the Secretary of Defense (OSD)(maintained by the Program, Analysis and Evaluation Directorate) and set rules as described in the August 2002 document, Facilities Recapitalization Front End Assessment. Data collection procedures are quite complex and are derived from multiple sources to include several hundred FYDP program elements, multiple funding appropriations and resources from outside DoD, and hundreds of thousands of real property records. The various data elements are summarized and merged in the Defense Programming Database (DPD) Warehouse, where the recapitalization rate is computed from the data. All the data submitted to the DPD Warehouse are audited for accuracy by multiple DoD offices, led by the Programs Analysis and Evaluation Directorate and the DUSD for Installations and Environment.

Sustainment rates are computed in a similar manner. Approximately 400 benchmarks for sustainment are contained in the DoD Facilities Pricing Guide and are each documented for

source and estimated quality. These individual cost factors are combined with real property inventory databases by the DoD FSM, which is maintained under contract by R&K Engineering of Roanoke, VA. FSM outputs are merged with programming and budget data contained in the DoD FYDP; merging is done in the DPD Warehouse, where sustainment rates are computed.

There are several layers of business rules and verification processes in place for these models and metrics. Some examples:

- Real property assets are screened for anomalies and "set back" filters are applied automatically (with notification to components)
- Sustainment and construction cost factors are reviewed by independent contractors as well as DoD-wide working groups, to include the Facilities Sustainment Model Configuration and Support Panel as well as the Tri-Service Working Group (see the latest version of the DoD Facilities Pricing Guide for more information on the review and validation of cost factors).

Budget and programming data in OSD's SNAP and FYDP databases are reviewed by OSD for discrepancies and returned to components for update if needed.

**Performance Results for FY 2005**. The results for FY 2005 — achieving a 104-year recapitalization rate and a 95% sustainment rate — show improvement from the FY 2004 levels of a 136-year recapitalization rate and 94% for sustainment. In addition to the overall improvement in performance results in FY 2005, efforts to improve the fidelity and accuracy of the tools and metrics also continued. For example, the unit costs for sustainment, with specific emphasis on utilities systems, were updated and refined using the best information available. Also, an initiative to develop a more robust model to upgrade the existing metric for facilities recapitalization was completed. When implemented, the upgraded model will provide a more precise ESL for each Defense Component, as opposed to the "one-size-fits-all" metric of 67 years. Efforts were also initiated to improve the accuracy of the model by capturing the net effect of adding and eliminating capacity. Additionally, actions were initiated to expand the facilities metrics to areas not currently included such as family housing, test and evaluation, and industrial facilities.

While the tools and metrics are continuously being refined, there are still concerns that continuing to fall short of the targets of a 67-year recapitalization rate and full sustainment results in less than a full service life and reduced utility and performance of the Department's facilities. As a result of not achieving a 67-year recapitalization rate, for example, obsolescence in the facilities inventories increases. The cumulative and compounding effect of these shortfalls is measured by the number of deteriorated, obsolete, or otherwise inadequate facilities. The department's goal for sustainment remains full sustainment each year; a 5% shortfall in programmed sustainment in FY 2005 cannot be offset with 5% overage in FY 2006. Furthermore, the goal for recapitalization remains 67 years on average, even though past performance has already reduced the service life of the facilities inventory. The direct effect of inadequate funding for sustainment and recapitalization is reflected in an accelerated recapitalization rate that is required to restore readiness to adequate levels (C-2 equivalency in DoD readiness terms) by 2010.

**Performance Results for FY 2004.** The results shown for FY 2004—136 years recap rate and 94% sustainment rate—demonstrate continuing improvement from FY 2003. However, since these metrics are showing budgeted rates, the most important results for FY 2004 will be found in the FY 2005 budget. At the DoD level, the recapitalization rate was accelerated to 105 years in FY 2005 and the sustainment rate was increased to 95%. The 95% sustainment rate resulted from the direct and personal intervention of the Secretary of Defense. One of the most notable accomplishments, which is not visible in the table, is that all the military services and major defense agencies are funded equally at 95% of standard, DoD-wide benchmarks. The only exception remains Defense Logistics Agency (DLA), which is funded via working capital funds. Special studies are underway to determine a solution for DLA , especially for the fuels infrastructure that is under DLA's purview.

Although performance, as measured by the budgeted recapitalization and sustainment rates, continued to improve from FY 2001 levels, the targets (67-year recapitalization rate and full sustainment) were not achieved in either budget. As a result of not achieving full sustainment levels, the estimated service life of the inventories (67 years) suffered another incremental reduction. As a result of not achieving a 67-year recapitalization rate, obsolescence in the facilities inventories increased incrementally.

## Activity Metric: Restore Readiness of Key Facilities by 2010

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Percentage of DoD facilities restored to a high state of military readiness | No historical data: new metric | | • Chartered effort to standardize facility records and improve Installations Readiness Report (IRR) summaries | • Implemented revised condition reporting process<br>• Began IRR re-engineering<br>• Conducted a special study to determine whether the FY 2010 goal is still viable | • Initiated IV&V study of new condition ratings<br>• Incorporated Q ratings into the new OMB-directed federal real property requirements<br>• Continued IRR re-engineering with creation of multi-component integration panel |

[a] The FY 2005 data are final as of the 4th quarter.

**Metric Description.** Our goal, first fully articulated in Defense Planning Guidance for FY 2004, is "restoring the readiness of existing facilities to at least C-2, on average, by the end of 2010" (C-2 is a readiness rating defined as "some facility deficiencies with limited impact on capability to perform missions"). The metric to measure progress toward the goal was, at the time, the Installations Readiness Report (IRR). The IRR – an annual appendix attached to the quarterly Defense readiness report to Congress – was a summary of ratings by facility class. While serving as an indicator of general conditions, the IRR did not itself provide a way to determine appropriate investment levels or to target investments. There was no relationship between the official real property inventories and the IRR, which limited confidence in the IRR ratings. In addition, the IRR, with its emphasis on "readiness" rather than condition, skewed the estimate of cost to restore facilities to an adequate condition. For these and other reasons, the IRR has now been discontinued.

In FY 2004, the department initiated a two-pronged approach to refine the methodology for evaluating and reporting the condition of the facilities inventory. These refinements have progressed in FY 2005. First, evaluation of the condition of facilities has been improved by adoption of the "Q" rating, a standardized indicator of restoration and modernization requirements associated with an individual facility record in the inventory. These ratings will allow consistent programmatic analysis of funding needs directly from the real property inventory, without dependence upon a separate report such as the IRR. In addition, the Q rating is entirely consistent with new federal-wide reporting requirements issued in FY 2005 by OMB and the Federal Real Property Council. Second, assessment of the impact of facility condition on unit readiness is being enhanced through integration of facilities directly into the larger Defense Readiness Reporting System (DRRS). In the enhanced DRRS system, facilities will be considered as resources, just as personnel and equipment are currently viewed.

**Ongoing Research.** Defense Components are now implementing the revised condition reporting methodology (Q ratings) for their facilities portfolios (consisting of more than 500,000 individual facility records). The rate of completion is not equal across all Defense Components,

however, at the end of FY 2006 the Department should have complete ratings for all seven of the largest Defense Components. As part of this process, an independent verification and validation of Q ratings project was launched in FY 2005 and will be complete in FY 2006.

**Timeline for Completion.** The next set of Q ratings is to be submitted to OSD in 1st quarter FY 2006. The first submission of DoD's condition index, based on Q ratings, to the federal real property database is also in 1st quarter FY 2006. The IV&V of Q ratings project will be complete in 2nd quarter FY 2006. DoD is projected to be fully compliant with federal standards for real property condition index by 1st quarter FY 2007. Integration of the first package of Navy installations (including facilities condition ratings) into the DRRS-Navy system is also expected in 2nd quarter, FY 2006.

**Performance Results for FY 2005.** During FY 2005, the Department:

- Completed condition ratings (Q ratings) for a large portion of the facilities inventory including Army, Air Force, Defense Logistics Agency, and the DoD Education Activity
- Initiated a study to validate and verify the new condition rating (Q-rating) across the Department
- Developed definitions for mission dependency index (MDI) ratings (M-ratings) consistent with Federal Real Property Council guidance
- Established a multi-component/multi-functional working group to oversee the integration of facilities into the Defense Readiness Reporting System (DRRS). This group has developed a viable working concept and is crossing traditional "stovepipe" organizations

**Performance Results for FY 2004.** During FY 2004, we began:

- Adding a mission impact factor (so called M-rating) to the new condition factor (Q-rating), so that the readiness of facilities to support various missions at specific locations can be computed in a less subjective and more standardized, auditable, and automated way.
- Incorporating facilities and installation information into the Defense Readiness Reporting System (which is simultaneously being re-engineered), such that facilities will be more closely integrated with other readiness reporting methodologies.
- Reporting Q-ratings for Navy and Marine Corps inventories; the first reports are expected at the close of the fiscal year. The Army and Air Force are re-designing their systems during FY 2004 to accommodate Q-ratings and will report to the Office of Secretary of Defense within 12 months following the close of the fiscal year.

We also awarded a contract to upgrade the facilities recapitalization metric, which assists in forecasting funding requirements to restore readiness from a simple metric to a more robust web-based model. New benchmarks are under development that may impact the timeline for achieving the FY 2010 goal.

Finally, we re-initiated a DoD-level facilities demolition and disposal program, which will assist in accelerating achievement of the C-2 equivalency goal.

## *Manage Overhead and Indirect Costs*

### Performance Metric: Reduce Percentage of DoD Budget Spent on Infrastructure

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual[a] | FY 2005[b] Projected |
|---|---|---|---|---|---|
| Percentage of DoD budget spent on infrastructure | 46 | 44 | 42 | 41/42 | 42 |

[a] The FY 2004 data are final as of the 4th quarter.

[b] This is a lagged indicator. Projections are based on the FY 2006 President's Budget Future Years Defense Program.

**Metric Description.** The share of the defense budget devoted to infrastructure is one of the principal measures the Department uses to gauge progress toward achieving its infrastructure reduction goals. A downward trend in this metric indicates that the balance is shifting toward less infrastructure and more mission programs. In tracking annual resource allocations, we use mission and infrastructure definitions that support macro-level comparisons of DoD resources. The definitions are based on the 2001 *Quadrennial Defense Review* (QDR), the Future Years Defense Program (FYDP), and an Institute for Defense Analyses report (*DoD Force and Infrastructure Categories: A FYDP-Based Conceptual Model of Department of Defense Programs and Resources, September 2002*) prepared for the Office of the Secretary of Defense. The definitions are consistent with the Goldwater-Nichols Department of Defense Reorganization Act of 1986 (P.L. 99-433). This act requires that combat units, and their organic support, be routinely assigned to the combatant commanders and that the Military Departments retain the activities that create and sustain those forces. This feature of U.S. law provides the demarcation line between forces (military units assigned to combatant commanders) and infrastructure (activities retained by the Military Departments). In addition to more precisely distinguishing forces from infrastructure, the force subcategories have been updated to reflect current operational concepts. The infrastructure subcategories, likewise, have been updated and streamlined.

**V&V Method.** The Department updates the percentage of the budget spent on infrastructure each time the President's budget FYDP database is revised. The Institute for Defense Analyses reviews and normalizes the data to adjust for the effect of definitional changes in the database that mask true content changes. Prior-year data are normalized to permit accurate comparisons with current-year data. Because of these adjustments, there may be slight shifts upward or downward in the targets established for past-year infrastructure expenditures.

**Performance Results for FY 2004.** We allocated about 42% of total obligational authority to infrastructure activities in FY 2004, about the same as the preceding year. The Department continues to maintain its allocation of resources to forces fighting the Global War On Terrorism and meeting other operational requirements. Efficiencies have resulted from QDR and defense

reform initiatives, including savings from previous base realignment and closure rounds, strategic and competitive sourcing initiatives, and privatization and reengineering efforts. We expect to continue progressing toward reducing expenditures on infrastructure as a share of the defense budget in FY 2005 and FY 2006.

## Department of Defense
## TOA by Force and Infrastructure Category
## Constant FY 2006 $ (Billions)

| | FY 2001 | FY 2002 | FY 2003 | FY 2004 |
|---|---|---|---|---|
| | | | | |
| Expeditionary Forces | 147 | 157 | 204 | 216 |
| Deterrence & Protection Forces | 9 | 14 | 15 | 15 |
| Other Forces | 34 | 36 | 51 | 48 |
| Defense Emergency Response Fund | 0 | 15 | 1 | 0 |
| ***Forces Total*** | **190** | **222** | **270** | **278** |
| | | | | |
| Force Installations | 25 | 28 | 34 | 32 |
| Communications & Information | 5 | 7 | 9 | 8 |
| Science & Technology Program | 10 | 11 | 12 | 13 |
| Acquisition | 9 | 9 | 10 | 11 |
| Central Logistics | 20 | 21 | 28 | 25 |
| Defense Health Program | 19 | 27 | 24 | 26 |
| Central Personnel Administration | 11 | 8 | 13 | 12 |
| Central Personnel Benefits Programs | 9 | 9 | 9 | 10 |
| Central Training | 28 | 31 | 35 | 32 |
| Departmental Management | 16 | 18 | 21 | 20 |
| Other Infrastructure | 9 | 4 | 4 | 12 |
| ***Infrastructure Total*** | **161** | **173** | **198** | **202** |
| | | | | |
| **Grand Total** | **351** | **395** | **469** | **481** |
| **Infrastructure as a Percentage of Total** | **46%** | **44%** | **42%** | **42%** |

Source: FY 2006 President's Budget and associated FYDP with Institute for Defense Analyses FYDP normalization adjustments.

Note: TOA = Total Obligational Authority

| **Mission and Infrastructure Categories Used for Tracking the Portion of the DoD Budget Spent on Infrastructure** |
|---|
| Mission Categories |
| *Expeditionary forces*. Operating forces designed primarily for non-nuclear operations outside the United States. Includes combat units (and their organic support) such as divisions, tactical aircraft squadrons, and aircraft carriers. |
| *Deterrence and Protection Forces*. Operating forces designed primarily to deter or defeat direct attacks on the United States and its territories. Also includes agencies engaged in U.S. international policy activities under the direct supervision of the Office of the Secretary of Defense. |
| *Other forces.* Includes most intelligence, space, and combat-related command, control, and communications programs, such as cryptologic activities, satellite communications, and airborne command posts. |
| Infrastructure Categories |
| *Force installations.* Installations at which combat units are based. Includes the Services and organizations at these installations necessary to house and sustain the units and support their daily operations. Also includes programs to sustain, restore, and modernize buildings at the installations and protect the environment. |
| *Communications and information infrastructure*. Programs that provide secure information distribution, processing, storage, and display. Major elements include long-haul communication systems, base computing systems, Defense Enterprise Computing Centers and detachments, and information assurance programs. |
| *Science and technology program*. The program of scientific research and experimentation within the Department of Defense that seeks to advance fundamental science relevant to military needs and determine if the results can successfully be applied to military use. |
| *Acquisition*. Activities that develop, test, evaluate, and manage the acquisition of military equipment and supporting systems. These activities also provide technical oversight throughout a system's useful life. |
| *Central logistics*. Programs that provide supplies, depot-level maintenance of military equipment and supporting systems, transportation of material, and other products and services to customers throughout DoD. |
| *Defense health program*. Medical infrastructure and systems, managed by the Assistant Secretary of Defense for Health Affairs, that provide health care to military personnel, dependents, and retirees. |
| *Central personnel administration*. Programs that acquire and administer the DoD workforce. Includes acquisition of new DoD personnel, station assignments, provisions of the appropriate number of skilled people for each career field, and miscellaneous personnel management support functions, such as personnel transient and holding accounts. |
| *Central personnel benefit programs*. Programs that provide benefits to Service members. Includes family housing programs; commissaries and military exchanges; dependent schools in the United States and abroad; community, youth, and family centers; child development activities; off-duty and voluntary education programs; and a variety of ceremonial and morale-boosting activities. |
| *Central training*. Programs that provide formal training to personnel at central locations away from their duty stations (non-unit training). Includes training of new personnel, officer training and Service academies, aviation and flight training, and military professional and skill training. Also includes miscellaneous other training-related support functions. |
| *Departmental management*. Headquarters whose primary mission is to manage the overall programs and operations of DoD and its Components. Includes administrative, force, and international management headquarters, and defense-wide support activities that are centrally managed. Excludes headquarters elements exercising operational command (which are assigned to the "other forces" category) and management headquarters associated with other infrastructure categories. |
| *Other infrastructure*. Programs that do not fit well into other categories. They include programs that (1) provide management, basing, and operating support for DoD intelligence activities; (2) conduct navigation, meteorological, and oceanographic activities; (3) manage and upgrade DoD-operated air traffic control activities; (4) support warfighting, war-gaming, battle centers, and major modeling and simulation programs; (5) conduct medical contingency preparedness activities not part of the defense health program; and (6) fund joint exercises sponsored by the Combatant Commanders (COCOMs) or JCS directed. Also included in this category are centralized resource adjustments that are not allocated among the programs affected (e.g., foreign currency fluctuations, commissary resale stocks, and force structure deviations). |

**Performance Results for FY 2003.** We allocated about 42% of total obligational authority to infrastructure activities in FY 2003, down from about 44% in the preceding year. The reduction in percentage terms stemmed from two sources. First, the Department continued to increase its allocation of resources to forces in fighting the Global War On Terrorism and meeting other operational requirements. Second, efficiencies have resulted from QDR and defense reform initiatives, including savings from previous base realignment and closure rounds, strategic and competitive sourcing initiatives, and privatization and reengineering efforts.

## Activity Metric: Link Defense Resources to Key Performance Goals

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Common resource data lexicon | No historical data: new metric | | | • Developed draft data framework and common business rules | • Establish a more flexible lexicon that supports various types of reporting and analysis |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** In FY 2003 we opened a program office dedicated to combining or aligning program and budget databases that previously had been managed separately. We are now engaged in a major review of the Department's program and budget data structure. This review, to be completed during FY 2006, will ensure our common resource management database:

- More directly aligns with Congressional and other external reporting requirements,
- Better supports internal business and policy decisions by allowing an overlay of issue taxonomies that support strategy development and reviews, and
- More easily manages data structures and improves our ability to validate data.

This review covers almost 4,000 areas. We will modernize or replace outdated activity definitions, and consolidate or create others. Already we are seeing that today's new strategic approach is merging and blurring the traditional lines between tooth (deployable operational units) and tail (non-deploying units and central support). When the study is complete, we will have a more flexible analysis interface with defense data, allowing us to build alternative ways of mapping our programming data structure and making it easier to crosswalk performance results to resource investments.

**Ongoing Research.** Two working groups comprising representatives from each Service, a lead policy office, and select defense agencies are reviewing the data structures and definitions for DoD's program data and acquisition resource data.

**Timeline for Completion.** By the end of FY 2006, we will develop standard data definitions to be used throughout the Department and implement a revised data framework, which allows a unified program and budget data architecture.

**Performance Results for FY 2005.** We are building upon previous work with the common resource lexicon to make it more flexible to support various types of reporting requirements and analysis. In FY 2005 we began to test and improve the framework by:

- Continuing to develop standard definitions and business rules through several sub-initiatives to expand on our work to define categories and sub-categories within the framework.
- Developing a Common Information Model in a lab environment to test proposed enterprise data structure for each initiative.
- Developing standard enterprise definitions and associated business rules for the Procurement and RDT&E appropriations aligned to ACAT 1C/D programs. These definitions and business rules are to be integrated in time for the PB07 submission.

**Performance Results for FY 2004.** During FY 2004, we conducted extensive line-by-line reviews of the existing data structure, and developed:

- A draft programming and budget framework based upon the four quadrants of the DoD risk management framework: force management, operational, institutional, and future challenges
- Draft business rules for using the program and budget framework
- A common set of DoD business definitions and assigned each to one of the four quadrants within the DoD risk management framework.

*Realign Support to the Warfighter*

## Performance Metric: Reduce Customer Wait Time (Days)

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [a] |
|---|---|---|---|---|---|
| Customer wait time (in days) | 18 | 16 | 19 | 15/23 | 15/21 |

[a] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** Customer wait time (CWT) measures the elapsed time from order to receipt when a customer orders an item of material. The customer's order may be filled from assets on hand at the customer's military installation or naval vessel, or through the DoD wholesale logistics system. For purposes of this enterprise-level metric, CWT includes orders for spare and repair parts ordered by organizational maintenance activities. CWT-captured orders considered below enterprise level are maintained by each of the military Services and the Defense Logistics Agency.

**V&V Method.** Data on transaction volume and order-receipt times are collected monthly from various military Service systems. The military Services roll the inputs from their respective systems into a single Service report in spreadsheet format that they submit to the Defense Automatic Addressing System (DAAS). DAAS then calculates a weighted average (based on the relative volume of transactions) for the entire DoD, which is the figure reported above. All military Service inputs are based on an agreed-upon set of business rules. This methodology helps to ensure consistent treatment of data and valid comparisons across DoD. Each of the military Services is responsible for ensuring data accuracy prior to submission.

**Performance Results for FY 2005.** Through the third quarter of FY 2005, we experienced an average CWT of 21 days. As for FY 2004, we will not meet our goal of 15 days because of the increase in demand for critical items and delays in closing out transactions caused mainly by the execution of Operation Iraqi Freedom. We do not expect to realize much reduction in CWT until the conclusion of Operation Iraqi Freedom.

**Performance Results for FY 2004.** Through the end of FY 2004, we experienced an average CWT of 23 days. DoD did not meet its FY 2004 target of 15 days because of the increase in demand for critical items and delays in closing out transactions caused by the execution of Operation Iraqi Freedom.

## Performance Metric: Reduce Major Defense Acquisition Program (MDAP) Annual Rate of Acquisition Cost Growth

| Metric | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Actual | FY 2005 Target/Actual [b] |
|---|---|---|---|---|---|
| Percentage \annual growth in acquisition costs | +13.9 [a] | +6.4 | +5.0 | 0%/+3.5% | 0% cost growth/TBD |

[a] The December Selected Acquisition Report (SAR), which reflects the President's budget, is used for calculating acquisition cost growth. There were no December 2000 SARs, because a Future Years Defense Program was not included in the FY 2002 President's budget submit. Thus, the FY 2001 actual reflects acquisition cost growth for a two-year period (FY 2000 and FY 2001)

[b] Results for FY 2005 will be available with the release of the December 2005 Selected Acquisition Reports in April 2006.

**Metric Description.** Acquisition cost growth measures the amount that acquisition costs grow from year to year. It is computed by taking the difference between the acquisition costs in the current-year President's Budget (PB) and the previous-year PB, divided by the acquisition costs for the previous-year PB, expressed as a percentage. The population is all Major Defense Acquisition Programs (MDAPs) common to both current-year and previous-year budgets. A dollar-weighted average is calculated for the common MDAPs and adjusted for changes in quantity or inflation. Acquisition cost growth can occur for various reasons, including technical risk, schedule slips, programmatic changes, or overly optimistic cost estimates. The Department's reform initiatives seek to reduce cost growth from all sources, providing an output target for procurement managers of individual systems, as well as for the aggregate procurement programs of the individual Services. The objective is to be on a downward trend toward an ultimate goal of no (zero percent) acquisition cost growth. Managerial responses are expected to include both specific cost-control initiatives and process changes.

**V&V Method.** Data on acquisition cost growth for MDAPs are collected from Selected Acquisition Reports (SARs), which the Department submits to the Congress pursuant to Section 2432, Title 10, United States Code. SARs summarize the latest estimates of program cost, schedule, and technical status. These reports are prepared annually in December and released in conjunction with the President's Budget. Subsequent quarterly exception reports are required only for those programs experiencing unit cost increases of at least 15% or schedule delays of at least six months. Quarterly SARs are also submitted for initial reports, final reports, and for programs that are re-baselined at major milestone decisions.

SARs and the underlying data, which are maintained in the Consolidated Acquisition Reporting System (CARS) database, are used to verify and validate the measured values. There are no known SAR data deficiencies. The December SAR, which reflects the PB, is used for calculating cost growth from the previous December SAR. If annual acquisition cost growth does not decrease, the SARs provide data useful in isolating specific causes.

**Performance Results for FY 2005.** FY 2005 results will not be available until the release of the December 2005 SARs in April 2006.

**Performance Results for FY 2004.** The FY 2004 Actual of +3.5 percent (down from +5.0 percent in FY 2003) meets the FY 2004 target of a downward trend toward no acquisition cost growth.

## Performance Metric: Reduce Major Defense Acquisition Program (MDAP) Acquisition Cycle Time

| Metric (months) | FY 2001 Actual | FY 2002 Actual | FY 2003 Actual | FY 2004 Target/Actual | FY 2005 Target/Actual [a] |
|---|---|---|---|---|---|
| Acquisition cycle time (for new starts from FY 1992 through FY 2001) (months) | 102 | 103 | 102 | <99/101 | <99/TBD |
| Acquisition cycle time (for new starts after FY 2001) (months) | N/A | N/A | 76 | <66/80 | <66/TBD |
| [a] Results for FY 2005 will be available with the release of the December 2005 SARs in April 2006. | | | | | |

**Metric Description.** Acquisition cycle time is the elapsed time, in months, from program initiation—when the Department makes a commitment to develop and produce a weapon system—until the system attains Initial Operational Capability (IOC). This metric measures the average cycle time across all Major Defense Acquisition Programs (MDAPs). During the 1960s, a typical defense acquisition took seven years (84 months) to complete. By 1996, a similar acquisition required 11 years (132 months) from program start to IOC. To reverse this trend, the Department established an objective to reduce the average acquisition cycle time for MDAPs started since 1992 to less than 99 months, a reduction of 25 percent. DoD achieved that initial objective. It did so through rapid acquisition with demonstrated technology, time-phased requirements and evolutionary development, and integrated test and evaluation. To continue that improvement, the Department will seek to reduce the average cycle time to less than 66 months for all MDAPs started after FY 2001. To achieve that objective, the Department is introducing improvements to development and production schedules similar to those it initiated for managing system performance and cost. Rapid development and fielding of weapon systems—leveraging new technologies faster—will enable U.S. forces to stay ahead of potential adversaries.

**V&V Method.** The key measure for this objective is the average elapsed time from program start to IOC, measured in months. Average acquisition cycle time is computed using schedule estimates from the Selected Acquisition Reports (SARs). SARs and the underlying data, which are maintained in the Consolidated Acquisition Reporting System (CARS), are used to verify and validate the measured values. The Department also monitors MDAPs through the Defense Acquisition Executive Summary (DAES) reporting system and the Defense Acquisition Board (DAB) review process. For FY 2005, there are 66 MDAPs in the post-FY 1992 calculation, but only 15 MDAPs in the post-FY 2001 calculation.

**Performance Results for FY 2005**. FY 2005 results will not be available until the release of the December 2005 SARs in April of 2006.

**Performance Results for FY 2004.** The Department saw a minor decrease (from 102 to 101 months) in the average acquisition cycle time for FY 2003. Several programs, such as FCS, GMLRS, SSN 774, TSAT, CHEM DEMIL-CMS, and JSF, were examined and then restructured

with more realistic, extended schedule estimates. These extensions in cycle time for post-FY 1992 programs were somewhat offset by the addition of new programs with lower cycle times.

## Performance Metric: Reduce Major Defense Acquisition Program (MDAP) Operating and Support Cost Growth

| Metric | FY 2001 | FY 2002 | FY 2003[a] | FY 2004 Target/Actual | FY 2005 Target/Actual[a] |
|---|---|---|---|---|---|
| Percentage of annual operating and support cost growth | No historical data: new metric | | Established metric baseline from which to measure growth | 0%/+2.3% | 0%/Not available |

[a] Results for FY 2005 will be available with the release of the December 2005 Selected Acquisition Reports in April 2006.

**Metric Description.** This metric measures the amount that Operating and Support (O&S) costs grow from year to year. It is computed by taking the difference between the total O&S cost estimates reported in the current-year Selected Acquisition Report (SAR) against the previous-year SAR, then dividing by the total O&S cost estimates reported in the previous-year SAR, expressed as a percentage. The population is all Major Defense Acquisition Programs (MDAPs) common to both current-year and previous-year budgets that report O&S cost estimates in the SAR. A dollar-weighted average is calculated for the common MDAPs. Estimated O&S cost growth can occur for various reasons, including technical or programmatic changes, changes in the support strategy/concept, or overly optimistic cost estimates. The objective is no (zero percent) O&S cost growth. Managerial responses are expected to include both specific cost-control initiatives and process changes.

**V&V Method.** Data on MDAP O&S cost growth estimates are collected from SARs submitted by the Department to the Congress pursuant to Section 2432, Title 10, United States Code. SARs and the underlying data, which are maintained in the Consolidated Acquisition Reporting System (CARS), are used to verify and validate the measured values. There are no known SAR data deficiencies. However, the data upon which the O&S cost growth metric is based are estimates of O&S costs for weapon systems that are, for the most part, not yet fielded. The December SAR submission, which reflects the next President's Budget, is used for calculating O&S cost growth for the previous fiscal year. If the annual change in O&S cost growth is unfavorable, the SARs provide data useful in isolating specific causes.

To further develop this metric, CARS was modified in FY 2001 to produce a new data table in the SAR. This new table contains the data needed to measure the O&S cost growth metric. The data to populate this table is collected from the December SARs.

**Performance Results for FY 2005.** FY 2005 results will not be available until the release of the December 2005 SARs in April 2006.

**Performance Results for FY 2004.** The department collected its first measure of growth. Actual FY 2004 operating and support cost growth was +2.3 percent.

## *Streamline the Decision Process, Improve Financial Management, and Drive Acquisition Excellence*

### Performance Metric: Support Acquisition Excellence Goals

| Metric (Excellence Goal) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Acquisition Excellence with Integrity | Progress demonstrated via the following DoD scorecard metrics: Major Defense Acquisition Program (MDAP) Cycle Time, MDAP Acquisition Cost Growth, and MDAP operations and sustainment (O&S) Cost Growth. | | | | • Conduct quarterly capabilities-based DAES reviews<br>• Continue evolutionary acquisition and spiral development efforts to push systems to the warfighter faster (see MDAP Cycle Time metric) |
| Logistics: Integrated and Efficient | Progress demonstrated via the following DoD scorecard metric: Customer Wait Time | | | | • Continue FY 2004 initiatives.<br>• Develop budget to support performance-based logistics.<br>• (see Customer Wait Time metric) |
| Systems Integration & Engineering for Mission Success | No historical data for FY 2001-2002; established goal but did not measure data for FY 2003 | | | • Established senior-level forum<br>• Established systems engineering framework and formal plan<br>• Developed 3 continuous learning courses | • Continue efforts to lead development of systems views of integrated architectures and integrated plans and/or roadmaps.<br>• Foster interoperability, jointness and coalition capabilities.<br>• Improve the systems engineering environment.<br>• Provide effective systems engineering policies, practices, and tools. |

| Metric (Excellence Goal) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Technology Dominance | No historical data for FY 2001-2002. Progress FY 2003 to present demonstrated via the following DoD scorecard metrics: Balanced and Focused Science and Technology and Status of Defense Technology Objectives | | | | • Defense Technology Objectives results will be assessed in Technology Area Review and Assessment reviews during FY 2006.<br>• The balance between funding levels in BA 1-3 is sufficiently close to the DoD goals. |
| Resources Rationalized | No historical data for FY 2001-2002. Progress FY 2003 to present demonstrated via the following DoD scorecard metric: Base Realignment and Closure 2005 | | | | • Presented final recommendations to independent Commission and Congress (May 2005).<br>• Commission provides its recommendation to President .<br>• Congress reviews BRAC BRAC recommendations. |
| Industrial Base Strengthened | No historical data for FY 2001-2002. In FY 2003, increased competition by relieving contractors from covering government shortfalls in research and development. | | | • Identified industrial base issues in battle space awareness and command & control.<br>• Published roadmap for transforming the industrial base. | • Evaluated industrial sufficiency for key capabilities.<br>• Accessed emerging suppliers for innovative solutions.<br>• Established organizational cross-feed mechanisms for major industrial base assessment. |
| Motivated, Agile Workforce | No historical data for FY 2001-2002. In FY 2003, supported Civilian Acquisition Workforce Personnel Demonstration (AcqDemo) Project. | | | • Created a Transition Plan to move from AcqDemo to Best Practices and the National Security Personnel System (NSPS). | • Released draft National Security Personnel System (NSPS) to Federal Register for comment.<br>• Began transition of AcqDemo participants into the NSPS. |

[a] The FY 2005 data are estimated as of the 3rd quarter.

**Metric Description.** The focus of the Department in the area of acquisition, technology and logistics has changed from one of "reform" to "excellence." "Excellence" stresses making the

current system function better, and then institutionalizing the improved process. The Under Secretary of Defense for Acquisition, Technology, and Logistics faces many challenges in identifying, retailoring, and institutionalizing the system's strengths to perform better.

**V&V Method.** Reviews and reporting occur periodically (bi-annually) to describe efforts on the seven excellence goals. The goals serve to focus daily efforts of the Office of the Secretary of Defense and Service acquisition, technology, and logistics staffs. Methods will vary by goal and metric. Acquisition Excellence and Integrity, Integrated and Efficient Logistics, Technology Dominance, and Rationalized Resources components have their own associated metrics reported separately. The remaining measures are activity-focused. Therefore, metrics and V&V methods have not been developed. Reporting for Support Acquisition Excellence Goals as an aggregate metric will be discontinued after this year's report, but reporting for those performance metrics with measurable results included under this umbrella will continue to be tracked individually.

**Performance Results for FY 2005.**

1. *Acquisition Excellence with Integrity* – Our long-term objective is to shorten the system acquisition cycle by using evolutionary acquisition and spiral development, maximizing the use of mature and commercial technology, and expanding the use of technology demonstrations. At the same time, we are working to increase the accuracy and credibility of cost estimates and thus fund all Major Defense Acquisition Programs (MDAPs) at the Cost Analysis Improvement Group (CAIG) estimate, if appropriate. We plan to bring a joint capabilities perspective to acquisition, and will conduct senior leadership reviews of each functional capability area (force protection, battle space awareness, command & control, focused logistics, net-centric, force management, joint training, and force application). Next, we will enforce the results of senior leadership reviews in the resource process as we transition from a "systems-focused" to "capabilities-based" Defense Acquisition Executive Summary reviews. The metrics we are using to measure progress against this goal are MDAP Cycle Time, MDAP Acquisition Cost Growth, and MDAP Operations and Support (O&S) Cost Growth. These are all lagged metrics, and FY 2005 results will not be available until the release of the December 2005 Selected Acquisition Reports in April of 2006.

2. *Logistics: Integrated and Efficient* -- The Department is striving for integrated and efficient logistics. We will adopt initiatives that reduce logistics handoffs and ensure reliable delivery of products and services; develop weapon-system support strategies based on performance-based logistics; design logistics requirements using high-reliability systems; reduce the deployable logistics footprint of operational and support forces; and reduce logistics costs of operations. Actual performance through the 3rd quarter of FY 2005 is 21 days, against a goal of 15 days. Additional detail can be found in the Reduce Customer Wait Time performance metric.

3. *Systems Integration and Engineering for Mission Success* – We need to focus our systems integration and engineering activities on mission success. To do this, we need to employ integrated architectures, plans, and roadmaps, and establish a clear mission context for Defense Acquisition Board reviews. It is important that we continue to foster interoperability, enhancements to joint and coalition capabilities, and improve the systems engineering environment. We need to sustain a professional systems engineering workforce, and give them the policies and analytic tools they need to assess system readiness. We must continue to conduct high-standard operational tests and evaluations. Finally, we need to aggressively work to reduce life-cycle costs. The efforts in this area are activity-based, and metrics to measure progress for this goal have not yet been established.

4. *Technology Dominance* -- To dominate in future conflicts, we must have technologically superior military systems. To achieve this dominance, we will employ activities such as fully leveraging Advanced Concept Technology Demonstrations, closely linking high pay off science and technology efforts to enhance joint warfighting capabilities and align with strategic defense initiatives. We need to establish a new science and technology career field to better focus human capital resources. The metrics

used to measure progress against this goal are Maintain a Balanced and Focused Science and Technology Program, and Monitor the Status of Defense Technology Objectives.

5. *Resources Rationalized* – The Department met its milestones for the fiscal year by providing the Congress with a revised Force Structure Plan in March 2005, completing analysis resulting in over 1,000 closure and realignment scenarios for the ISG and IEC to consider, and providing the Secretary with 222 final closure and realignment recommendations, which he approved and submitted to the Commission and Congress on May 13, 2005. These closure and realignment actions if implemented, will allow the Department to reduce total plant replacement value by five percent, vacate over 12 million square feet of leased space, eliminate 18,000 civilian positions, and save over $5 billion annually beginning at the six year implementation point. The recommendations allow the Department to achieve five broad goals: support force transformation; rebase forces to address new threat, strategy, and force protection concerns; consolidate business-orientated support functions; promote joint and multi-Service basing; and achieve savings. BRAC 2005 is the measure of our progress toward this goal; it is described in detail in a separate metric.

6. *Industrial Base Strengthened* – One of our enduring goals is to ensure a defense industrial base that is focused on and capable of supporting 21st century warfighting. To do this, we are establishing cross-feed mechanisms for major industrial base assessments, evaluating industrial sufficiency for key capabilities, developing industrial policy that creates and retains surge capacity for essential materials, and accessing emerging suppliers for innovative solutions. The efforts in this area are activity-based, and metrics to measure progress for this goal have not yet been established.

7. *Motivated, Agile Workforce* – Continued efforts to create a flexible personnel system, streamline DAWIA provisions, implement a central referral system capability, market and target recruiting, rapidly deploy training, and create learning organizations and deploy an overarching learning strategy. The Department will be transitioning personnel from the AcqDemo Project into the National Security Personnel System (NSPS) in FY 2005. During this transition, we will be integrating best practices from the AcqDemo into the NSPS. AcqDemo was designed to give employees a flexible, responsive personnel system that rewards contributions and provides line managers with greater authority over personnel actions. Key features of the demonstration project include streamlined hiring, broad banding, a simplified classification system, and a personnel system that links compensation to employees' contributions to the mission through annual performance appraisals. The "AT&L Careers" marketing and Central Referral System test will be conducted. Selected acquisition training will be developed and deployed. The efforts in this area are activity-based, and metrics to measure progress for this goal have not yet been established.

**Performance Results for FY 2004.** Our results for this fiscal year include:

1. *Acquisition Excellence with Integrity* – Reduce MDAP acquisition cycle time: New Starts between FY 1992 and 2001 – 101 months (goal < 99 months)/New Starts after FY

2001 – 80 months (goal <66 months). Reduce MDAP annual rate of cost growth: +3.5% (goal was 0%). Reduce MDAP operation & support cost growth: +2.3% (goal was 0%). Additional detail can be found in the respective performance metrics reported individually.

2. *Logistics: Integrated and Efficient* – Through the end of FY 2004, we experienced an average CWT of 23 days. Additional detail can be found in the Reduce Customer Wait Time performance metric.

3. *Systems Integration and Engineering for Mission Success* – Activities accomplished include development of system views for selected integrated architectures, development of integrated plans and roadmaps, establishment of a broader mission context for DAB reviews, improving the systems engineering environment through establishment of a senior-level forum, conferences, and professional association interfaces. The Department also developed new learning modules and systems engineering course curricula to improve training.

4. *Technology Dominance* – The funding balance between the 3 science and technology budget activities was sufficiently close to DoD goals. The Status of Defense Technology Objectives is reviewed biennially, and was not reviewed during FY 2004. Performance results for Maintain a Balanced and Focused Science and Technology Program and Monitor the Status of Defense Technology Objectives are described in detail in separate metrics.

5. *Resources Rationalized* – During FY 2004, final selection criteria for BRAC 2005 were established, and data collection and certification began.

6. *Industrial Base Strengthened* – Continued efforts to develop and employ a logical capabilities-based approach to identify and evaluate industrial base sufficiency, establish organizational cross-feed mechanisms for major industrial base assessments and associated recommendations, develop and implement policies that encourage smart industrial base management on the part of program managers, and help emerging defense suppliers navigate and bring value and innovation to DoD. Examples of accomplishments include the identification of industrial base issues in battle space awareness and command and control, and publishing of a roadmap for transforming the industrial base.

7. *Motivated, Agile Workforce* – We continued the Congressionally mandated DoD Civilian Acquisition Workforce Personnel Demonstration (AcqDemo) project. We submitted an interim evaluation to OPM indicating successful implementation of the AcqDemo program. DoD developed a transition plan to move from the AcqDemo to best practices and the National Security Personnel System.

## Activity Metric: Improve the Transparency of Component Submissions for Alignment of Program Review to Strategic Trades

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| A DoD-wide transactional data collection process | No historical data: new metric | | • Established initial database integration criteria | • Established single collection point for operation and maintenance data | • Database integration is ongoing to achieve objective by FY 2007 |
| Streamlined Planning, Programming, Budgeting and Execution (PPBE) process | | | • Streamlined and combined the program and budget review.<br>• Instituted streamlined process for developing the FY 2005 budget | • Continue with streamlining effort to place more emphasis on planning and less on resourcing decisions<br>• Created a Framework to allow greater visibility of program and resource data | • Continue building the Framework to allow greater visibility of program and resource data<br>• Created a lab environment to validate the framework and data structure rationalization |

[a] The FY 2005 data are estimated as of the 4th quarter.

**Metric Description.** Improving the transparency of component submissions will help us align our resource plans to comply with the Secretary's strategic guidance, and thus provide our senior-level decision makers with the insight they need to make better-informed decisions. This is because transparency fosters an agreement of facts. Accordingly, alternatives and the associated trade space can be bounded by the agreed-upon facts. This, in turn, provides a consistent baseline that serves as a common point of departure for making resource trades.

To achieve a consistent baseline, we must first streamline the flow of data. Each data element should be collected once by a single authoritative source collection system and reused as needed. The agreement of all parties on the accuracy, validity of the number—and of the authority of the source that provided it—would facilitate our ability to reuse data collected once to support multiple decisions.

Our efforts to improve transparency have been under way for several years. However, we have never documented or quantified metrics we can use to monitor our progress. Accordingly, evidence of our success to date is mostly anecdotal. However, one area where we can measure progress is in our Programming Data Requirements (PDR) data collection and reuse initiative, which we hope will serve as the pilot for the development of measures to be applied more broadly.

To determine how accurate our resource data are, we will rely on fiscal and budgetary controls, combined with assessments of whether the data comply with strategic guidance. Where possible, we have established business rules to ensure existing data structures are used appropriately. We also will validate data by having analysts and subject-matter experts monitor particular groups of resources or programs. (A major tenet of the Streamline Planning, Programming, Budgeting, and Execution process is the disciplined review of component programs to ensure resource compliance with strategic guidance.)

**Ongoing Research.** Refining the submission of programming and budgeting data are tasks in progress with the Services, defense agencies, and the DoD Comptroller. Streamlining the data flow to eliminate dual submissions between budget and programming systems will reduce workload and improve data quality. Requirements will be standardized and reduced. PDR data requirements have been reduced from 139 distinct formats in FY 2000 to 39 distinct formats in the FY 2003 cycle. This degree of reduction needs to be achieved in other areas as allowed for by legal and external agency reporting requirements.

Evaluating, validating, and improving the current program and budget data structures will significantly contribute to the alignment of programming and budgeting, and the analytic use of common data. The data structures must:

- Facilitate compliance with reporting requirements.
- Better support business and policy decisions.
- Allow for easier management of the structures to ensure validity of the data.
- Support the overlay of taxonomies for specific analytic purposes in support of strategic reviews.

Connections to the lower-level, component-maintained source data would provide further transparency as issues arise. The end-state solution should provide the ability for analysts supporting a decision maker to find data at a finer level of detail maintained by the components.

Criteria that measure the improvement of transparency might include:

- Data requirements: the reduction in the number of distinct data requirements requested at each point in the cycle.
- Data structure management: the level of human effort required annually to keep the structure accurate; the amount of time and effort to create a new element.
- Consistency of program reporting: the degree to which resource plans provide a non-ambiguous result when viewed from different perspectives; the time to create new mappings and the accuracy of the mappings to emerging requirements.

**Timeline for Completion.** The DoD Business Management Modernization Program **(**BMMP) has set a target of full deployment of the systems supporting this metric by 2010 -- a unified information architecture will be implemented by FY 2008.

**Performance Results for FY 2005.** Validation of the Program/Budget Framework and data structure rationalization efforts are ongoing. Developed a common information model and began using it to validate the P/B Framework and data structure.

**Performance Results for FY 2004.** Database integration efforts are ongoing. For example, we now have a single collection system for operations and maintenance data that feeds decisions for both the program and budget development. A Program/Budget (P/B) Framework was developed that allows greater visibility of program and resource data. We developed definitions and business rules for a standard data structure and used them for allocating Service data within the framework.

## Activity Metric: Increase Visibility of Trade Space

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Ability to define and cost trades within and across capabilities areas while balancing investment and risk across the entire defense program. | No historical data: new metric | | • Conducted Joint Defense Capabilities Study | • Published Strategic Planning Guidance<br>• Initiated Enhanced Planning process<br>• Issued Joint Programming Guidance using initial analytical findings | • Initiated several Capability Area Reviews<br>• Approved use of Joint Capability Areas taxonomy |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** The planning guidance of the Secretary of Defense is the primary tool for directing how defense programs and budgets will be shaped. Previous guidance provided a list of projects of interest, and it set priorities across the defense program. However, it did so with little fidelity. The result was fiscally unsound and unclear planning guidance. This made it difficult to ensure compliance.

In FY 2003, we dramatically increased the Secretary's ability to influence Service and agency programs and budgets directly by restructuring the guidance update to clarify where more risk or less risk should be taken across the defense program. This revised structure directed the Services and agencies to apply explicit criteria for risk management, and to align their resource plans accordingly. Then, during the program and budget review, any resource proposal that varied from guidance was corrected in the President's Budget.

During the next planning cycle, we further strengthened the guidance as a resource decision tool by adding more details on how Services and defense agencies were expected to meet the Secretary's intent within fiscal constraints. The guidance—renamed Strategic Planning Guidance or SPG—marked the first attempt to estimate the direct cost of program priorities within the context of the overall defense program. However, shortfalls still exist. It is still difficult to develop a truly independent cost estimate of planning priorities, or to accurately assess all the variables associated with estimating the potential trade space created by accepting increased risk in some areas of the defense program.

The newly initiated Enhanced Planning Process (EPP) will provide a continuous, open and collaborative analytic forum to closely examine issues of the greatest interest to the Secretary. The EPP is intended to produce programmatic recommendations that will be documented in a new annual publication—the Joint Programming Guidance (JPG).

**Ongoing Research.** The Department continues to improve this performance metric but several factors will influence progress:

- Defining "visibility" and its gradations. We need the ability to accurately estimate the costs associated with programmatic and budget trades. We must be able to frame the trade space discussion within the context of the overall defense program. We must also ensure we are clear about the impact of making trades within and among the four risk management areas of the defense strategy.

- Developing an index for measuring compliance. One approach to measuring increased visibility is measuring its effect (output)—that is, the degree of compliance. This metric might be measured in dollars failing to conform to guidance or in the number of issues of noncompliance that are raised in the program and budget review. Either index can provide a trend to show progress in achieving visibility of the trade space.

- Classification and the pre-decisional nature of document. The Secretary's planning guidance is pre-decisional, and thus not releasable. In addition, much of the guidance is classified. It is likely that some or portions of any trade-space metric would also be subject to these restrictions.

**Performance Results for FY 2005.** Efforts to institute a capabilities-based planning process have further improved the Department's ability to shape the overall defense program. Rather than examining systems on an individual basis only, USD(AT&L) has launched a number of "capability area reviews" that lay out and examine programs in related areas, and has produced initial drafts of capability "road-maps" in those areas.

The Joint Staff has developed, and the Secretary has approved, an initial taxonomy of Joint Capability which provides a framework for defining trade-space. Areas that will be used throughout the Department's business processes. These capability areas are to be incorporated as appropriate into planning scenarios, planning guidance, joint concepts, joint task lists, the joint capabilities integration development system (JCIDS), integrated priority lists, and program and budget databases. The Secretary has directed continued elaboration and refinement of these joint capability areas. Once fully developed and implemented, this capabilities-based approach will greatly increase the Department's ability to define and cost trade-offs both within and across capability areas in order to balance risk.

**Performance Results for FY 2004.** The inaugural SPG dramatically improved the Secretary's ability to shape the investment choices made by the Services and defense agencies by assigning specific priorities that have to be achieved within fiscal constraints. It identified areas for accepting increased risk or divesture in order to stay within those constraints. It also directed several analytic efforts be undertaken during the remainder of FY 2004 and in FY 2005 to gain insight into how programs must be structured to achieve synergy in joint operations, and how performance metrics can be better defined to help evaluate programs in a joint context. The JPG used the initial findings of the EPP studies to describe specific program changes and priorities to guide the FY 2006 President's Budget and FY 2006-2011 Future Years Defense Program.

## Activity Metric: Provide Explicit Guidance for Program and Budget Development

| End-state Metric (New Baseline) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Revised planning, programming, and budgeting decision process | No historical data: new metric | | • Conducted DoD-wide study of joint defense capabilities | • Combined the program/budget review process<br>• Implemented new joint perspective in planning and program guidance<br>• Added execution reviews to formal process | • Reevaluate resource allocation and execution procedures |

[a] The FY 2005 data are estimated as of the 4th quarter.

**Metric Description.** Section 113 of Title 10, U.S. Code, requires the Secretary of Defense to give the heads of the Military Departments and defense agencies the resource levels projected to be available for the period of time for which national security objectives and policies and military missions established as priorities under the defense strategy are to be effective. In March 2003, the Secretary of Defense chartered a broad review of our planning and resource decision process. A study team chaired by the Honorable E.C. "Pete" Aldridge, former Under Secretary of Defense, explored ways to make the existing defense decision process less cumbersome, more responsive, and more helpful to the Secretary's attempt to focus on managing and enhancing joint capabilities.

The Joint Defense Capabilities Study was completed in November 2003. It recommended focusing the Secretary's annual planning and programming guidance on high-level strategic issues, and framing resource alternatives as capabilities rather than programs. The study also recommended that actual results become a formal part of the overall assessment process. Accordingly, the DoD Planning, Programming, and Budgeting System (PPBS) added a final "Execution" phase to the overall process – to become the PPB—"*E*"—*S.*

**Ongoing Research.** We have enhanced our planning process to focus on issues that are strategic, and joint and address core military capabilities. Our goal is to use disciplined, joint analysis to propose programmatic alternatives and subsequently formulate joint program and budget guidance.

**Performance Results for FY 2005.** The Department is reevaluating its resource allocation and execution procedures in the ongoing Quadrennial Defense Review.

**Performance Results for FY 2004.** During FY 2004, we published our revised planning guidance—the Strategic Planning Guidance, which documented the key resource planning

assumptions to be used to formulate resource plans. We also released the first Joint Programming Guidance, which described program areas where planners should either accept or decrease risk, as defined under the Department's risk management framework. Finally, we combined the program and budget review, and increased our emphasis on integrating lessons-learned into the overall decision process. For example, Services and defense agencies could not make major changes from the approved FY 2004 defense baseline for FY 2005 absent an explicit rationale that considered actual performance results.

# Operational Quadrant

## *Are Our Forces Currently Ready?*

## Activity Metric: Adaptive Planning

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Percentage of deliberate and crisis plans networked as "living plans" in a collaborative joint command and control environment | No historical data: new metric | | • Tested prototype of adaptive planning tool | • Approved adaptive planning concept and matured operational prototype | • Adaptive planning used on select plans in Contingency Planning Guidance<br>• Adaptive Planning used to develop three deliberate warplans<br>• Roadmap written, staffed and approved for implementation<br>• Initiation phase started<br>• JOPES Volume 1 rewritten and distributed for planner level staffing with Adaptive Planning concept incorporated |
| [a] The FY 2005 data are estimated as of the 4th quarter | | | | | |

**Metric Description.** As a result of a Combatant Commander's conference, the Secretary of Defense directed the Chairman of the Joint Chiefs of Staff to develop a new system to replace existing deliberate and crisis planning methods. The goal is to produce plans that are more timely, adaptive, and responsive to the current security environment, providing relevant options to the President and Secretary of Defense. Our long-term goal is to have a networked capability to produce plans on demand via the global information grid by 2008.

Adaptive planning will be implemented in three phases. The initiation phase (now through FY 2006) will deploy new tools and exercise portions of the adaptive planning construct on select priority plans. The implementation phase (FY 2006 - 2008) will produce electronic plans for all contingencies in a collaborative joint command and control (JC2) environment. The integration phase (beyond FY 2008) will produce and continually update "living" plans in a collaborative JC2 environment.

**Ongoing Research.** The Chairman has established an implementation working group to provide direction to adaptive planning activities, actions, and procedures. We continue to test and refine the web-based Collaborative Force Analysis, Sustainment and Transportation (CFAST) tool to build campaign plans. CFAST provides a portal-accessible family of 30+ web-enabled applications in an operational planning environment supportive of today's Deliberate Planning, and also the future's compressed, Adaptive Planning processes. Also, the Joint Staff J7 is actively considering other tools to enable a future end-to-end suite of planning and execution

tools in a collaborative planning environment. Adaptive planning efforts continue to be synchronized with numerous other Department transformational initiatives such as Global Force Management, the Standing Joint Force Headquarters, and the Defense Readiness Reporting System.

**Timeline for Completion.** The implementation plan, initial tools assessment, refinement of an adaptive planning process and technology architecture, and development of a CFAST version 3.x Crisis Planning capability should be complete by FY 2006. CFAST version 3.x is a key component to successful testing of adaptive planning in its initiation phase. It will be interoperable with authoritative data sources and key Command and Control planning and execution systems. Version 3.x will provide an initial Crisis Action Planning capability, and will earmark the integration of the Deliberate and Crisis Action communities towards adaptive planning.

**Performance Results for FY 2005.** An Adaptive Planning (AP) Roadmap was written, staffed and approved by the OPSDEPs for implementation of the first (Initiation) phase of AP. As of the 4th quarter FY 2005, the AP Roadmap was with the Chairman Joint Chiefs of Staff for signature.

During FY 2005, the Joint Staff J7 hosted two AP Workshops designed to refine the prototype AP Process and Technology architecture. Joint Staff J7 developed a comprehensive timeline that details combatant command contingency planning efforts, In-Progress Reviews, and planning conferences in support of AP. Combatant Commands adopted the Adaptive Planning prototype process, and are using the CFAST operational prototype in their current planning efforts. Specifically, USEUCOM, USPACOM and USTRANSCOM have rapidly developed five contingency war plans. CFAST is a primary enabler of Adaptive Planning with improvements in reliability, functionality, query and error checking capabilities that enhance performance and speed. CFAST was used by USPACOM in the Exercise Terminal Fury and five Force Flow Conferences for three contingency plans. USEUCOM utilized CFAST in Exercises Flexible Leader and Sharp Focus, as well as three Force Flow planning conferences supporting two contingency plans. USTRANSCOM has supported all combatant command plan development and Force Flow conferences to determine transportation feasibility using CFAST. USCENTCOM is prepared to begin using CFAST for SecDef contingency planning tasks. The Joint Staff J6 has assumed the role of Global Designated Approval Authority for security certifications of CFAST. Joint Staff J7 has been designated as the User Representative for CFAST, and has implemented a requirement process for the user community. DISA is working to formalize CFAST programmatically, and rapidly develop its capability through spiral development.

**Performance Results for FY 2004.** The Department made significant progress advancing the adaptive planning concept. The Secretary approved the concept and we established a team to ensure successful implementation throughout the Department. The U.S. Joint Forces Command conducted a formal test and evaluation of CFAST that resulted in modifications, improvements, and corrections to identified flaws. The Joint Staff used adaptive planning to construct force flows for the Operational Availability 2004 simulation models (THUNDER, Integrated Theater Engagement Model, and Joint Integrated Contingency Model). CFAST significantly decreased

the planning time, increased the force flow accuracy and prototyped the collaborative planning environment.

## Activity Metric: Analytic Baselines

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Number and quality of analytic baselines used to support the Quadrennial Defense Review and other major department studies | No historical data: new metric | | • Developed two future baselines | • Developed two current and two future baselines | • Developed/ updated two current- and three future-year analytic baselines |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** The Secretary of Defense directed that DoD create a foundation for strategic analyses that relied on common scenarios and data. These analytic baselines are intended to help provide senior staff with responsive and analytically sound insights to help them make decisions on joint warfighting issues and policy. They accomplish this by establishing common starting points (scenarios and data) for the Department's major studies: the current-year analytic baselines accelerate the deliberate planning process and are based on existing Combatant Commander war planning efforts and concepts of operation; future-year analytic baselines are used in analyses of alternatives and major studies like the Mobility Capabilities Study (MCS). Department-wide studies such as Operational Availability 2005 are often used to develop the analytic baselines. The Joint Staff is currently conducting Operational Availability 2006 in support of the 2005 Quadrennial Defense Review.

**Ongoing Research.** The Joint Staff is currently conducting Operational Availability 2006 (OA-06) in support of the Congressionally mandated Quadrennial Defense Review. To support this study, we will develop an update to one FYAB: Major Combat Operation-2 (MCO-2), "Swiftly Defeat the Effort." Additionally, OA-06 will use the MCS-updated MCO-3 and MCO-1 baselines as part of its analysis, but will not update them.

**Timeline for Completion.** CYABs are produced in accordance with the classified Contingency Planning Guidance (CPG) tasking from the Secretary of Defense to the Combatant Commanders to produce specific OPLANs and CONPLANS by a specific date; usually within a two-year cycle. OSD PA&E and the Joint Staff produce FYABs as a result of Senior Department Leadership direction on a cycle to support the Department's budget development and/or other efforts that will provide decision opportunities such as the Quadrennial Defense Review.

**Performance Results for FY 2005.** As of the 3rd quarter, two Combatant Commands developed and released current-year analytic baselines and PA&E provided two updated and one new future-year analytic baselines.

**Performance Results for FY 2004.** Two Combatant Commanders developed current-year baselines in FY 2004 to support development of their contingency plans. The OA-04 study produced future-year analytic baselines for two separate “Swiftly Defeat the Effort” campaigns.

## Activity Metric: Operational Lessons Learned

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Percentage of lessons-learned captured, analyzed, and implemented to improve joint warfighting capabilities. | No historical data: new metric | • CJCS released lessons learned development concept to USJFCOM | • SecDef released DOD Training Transform-ation Implement-ation Plan | • Approved enhanced Joint Lessons Learned Program Study | • Completed Block 1 projected outcomes |

[a] The FY 2005 data are final as of the 4th quarter.

**Metric Description.** The Secretary of Defense and the Chairman of the Joint Chiefs of Staff highlighted the importance of an effective joint lessons learned program in the Defense Planning Guidance. The Strategic Plan for Transforming DOD Training identifies the need to ensure that lessons learned are integrated into the development of new training processes and systems. Lessons learned from operational missions must be systematically captured and injected into the full range of preparatory and planning activities, ongoing experimentation, concept development, doctrine, and joint tactics, techniques, and procedures development.

The overall purpose of this supporting action is to develop an enhanced and robust Joint Lessons Learned Program (JLLP) that encompasses the gamut of joint activities, from Active and Reserve Components, specifically related to operational missions.

**Ongoing Research.** The Joint Staff finalized lessons learned from Operation Iraqi Freedom and introduced the first five priority lessons learned into the Joint Capabilities Integration and Development System. The Chairman directed the U.S. Joint Forces Command (USJFCOM) to expand the lessons learned program by collecting and analyzing lessons learned data collected by combatant commands, Services and defense agencies.

**Performance Results for FY 2005.** The Joint Staff J-7 published a new CJCSI 3150.25 "Joint Lessons Learned Program" (JLLP) directive to the field that documents the Chairman's policy and guidance governing the JLLP. Joint Staff J-7 continued to fund the Joint Lessons Learned Specialists assigned to the Joint Staff, selected combatant commands and Services. These actions, combined with previous years' activities will lay the groundwork for the design, documentation and development of a common Joint Lessons Learned Information System (JLLIS). This system will facilitate knowledge management of lessons learned across the JLLP in concert with the Joint Training System, the Defense Readiness Reporting System and Service systems through the Global Information Grid.

**Performance Results for FY 2004.** The Enhanced Joint Lessons Learned Program Study analyzing existing lessons learned capabilities and developing alternative courses of action was

completed and released on schedule. USJFCOM expanded its lessons learned efforts resulting in the renaming of the Joint Center for Lessons Learned (JCLL) to the Joint Center for Operational Analysis – Lessons Learned (JCOA-LL). Joint Lessons Learned Specialists were placed in additional Service Lessons Learned Centers to assist with collection, analysis and distribution processes. The Joint Staff J-7 is rewriting the CJCSI 3150.25, "Joint Lessons Learned Program," to reflect the changes in the collection, analysis, implementation and follow-up processes associated with lessons learned to include the replacement of the Remedial Action Program with the institutionalized DOTMLPF change processes. USJFCOM hosted the Joint Staff J-7 and USJFCOM sponsored Worldwide Joint Lessons Learned Conference (WJLLC) in July 2004 to provide information and obtain feedback from the community of practice on the evolution of the Joint Lessons Learned Program.

## Activity Metric: DoD Readiness Reporting System (DRRS) Implementation

| End-state Metric (New Baseline) | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|
| A new DoD-wide readiness reporting system | No historical data: new metric | • Awarded development contract | • Reached Initial operating capability (IOC)<br>• Conducted technical capability review<br>• Provided an operational version | • Expanded force management query capabilities with nascent business intelligence applications<br>• Expanded scope of resource data<br>• Joint Task Force assessment application reached IOC<br>• Published Serial 1 and 2 guidance governing identification of data sources, reporting processes, and transition from legacy reporting systems |
| [a] The FY 2005 data are final as of the 4th quarter. | | | | |

**Metric Description.** The *2001 Quadrennial Defense Review* directed us to fundamentally change the way force readiness issues are measured, reported, and resolved. DoD Directive 7730.65, *DoD Readiness Reporting System* (DRRS), signed on June 3, 2002, launched a series of important changes to policy and procedures that will allow us to develop and field a new readiness reporting and assessment system. The Secretary of Defense receives periodic updates on progress toward fully implementing DRRS across the Department.

When mature, DRRS will provide a capabilities-based, adaptive, near-real-time readiness reporting system for all military units. Readiness will be assessed from the perspective of the combatant commanders. This is important because combatant commanders describe their roles and responsibilities in terms of mission essential tasks (METS) and assigned missions or core tasks first, and then assess their ability to conduct these tasks. The DRRS concept has been validated with a proof of concept demonstration; a development team is now in the process of designing and fielding an enhanced version of the Department's decades-old Status of Resources and Training System (SORTS), called the Enhanced Status of Resources and Training System (ESORTS). We are also using an innovative development spiral approach to develop a DRRS scenario assessment tool.

**Ongoing Research.** The Undersecretary of Defense for Personnel and Readiness is managing a comprehensive research effort being conducted by two primary development teams:

- Innova Systems International, LLC (system integrators, architecture and software development lead)
- Camber Corporation (training readiness development team)

**Timeline for Completion.** DRRS achieved initial operational capability at the end of FY 2004; full operational capability is expected by the end of 2007.

**Performance Results for FY 2005.** In FY 2005, the project office released the first two issuances of DRRS serial guidance outlining policies, processes and timelines for mission assessments, data integration, and transitions from existing or legacy reporting systems. The project office identified and processed feeds of more than 45 authoritative data sources throughout DoD into the DRRS. These feeds contain detailed information on the status of military personnel, equipment, supplies ordnance, and training, as well as organizational structure and location information. In addition, FY 2005 marked the development of nascent business intelligence tools that allows users to conduct analyses of underlying data. The project team also developed first-generation force management applications that allow users to search for capabilities based on identifiers such as individual skill codes or unit task reporting.

**Performance Results for FY 2004**. In FY 2004, a project office and development team were identified and employed; the team has successfully demonstrated that DRRS 1.0 is operational. They also completed concept of operations, project management, and strategic plans; conducted an initial DRRS functionality test; established an initial DRRS network infrastructure; and developed a readiness markup language (RML) specification. An initial scenario-to-unit METs methodology was completed and the ESORTS prototype was fielded. The team also successfully conducted a technical capability review of the "Build MET," "Assess MET," "TurboMET," and "Portal" applications. Finally, a DRRS Support Center was established at U.S. Pacific Command. Mobile training teams were also deployed.

*Are Our Forces Postured to Succeed?*

## Activity Metric: Global Force Management

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Real-time operational availability and risk assessment to guide decisions on how to source joint force capabilities | No historical data: new metric | | • Developed Global Force Management (GFM) construct | • Established Force Management Functional Capabilities Board<br>• Tested prototype process to source FY 2005-2006 commitment | • Executed five GFMBs<br>• GFM process codified in SECDEF approved GFM Guidance<br>• Integrate capabilities based methodology with automated tools<br>• Started conducting Capabilities Based Assessment to determine automated tools requirements needed to support GFM<br>• Started developing GFM data prototype to define business rules and demonstrate force structure data accessible and visible in a net-centric environment using FSC<br>• Finalize FSC DODD and DODI with OSD(P&R) |

[a] The FY 2005 data are final as of the 4th quarter.

**Metric Description.** In 2003, the Secretary of Defense directed the Chairman of the Joint Chiefs of Staff to develop an integrated force assignment, apportionment, and allocation methodology. The Secretary also directed the U.S. Joint Forces Command (USJFCOM) to develop a means for monitoring joint force operational availability. In response, the Department has initiated the Global Force Management (GFM) process, designed to continuously manage the process that provides forces to conduct operational missions (called "sourcing") using analytically based availability and readiness management methodologies. GFM provides comprehensive insight into U.S. force postures worldwide, and accounts for ongoing operations and constantly changing unit availability. GFM leverages the most responsive, best-positioned force at the time of need and forms the basis of a rotational force allocation process that guides

the allocating of Service forces that rotate into theater. GFM provides senior decision-makers the means to assess risk in terms of forces available to source Combatant Commanders' war plans, and predicts the likely stress on the force (i.e., personnel tempo) associated with proposed allocation, assignment, and apportionment changes. Finally, to support the GFM process with reliable, accessible and visible information, the Secretary also directed the Chairman to develop a joint hierarchical way to organize force structure data for integration across Service lines. When mature, this metric will describe our ability to rapidly source joint force capabilities with the right units providing the right capabilities.

**Ongoing Research.** There are several ongoing initiatives in support of GFM. The Joint Staff is leading the GFM Data Initiative to standardize and web-enable Service and combatant command force structure data, as a key enabler to reliable, visible, and responsive global force availability information. In another GFM-related initiative, USJFCOM is assuming the role of the primary joint force provider and thus the single voice to source combatant command requirements. To assist JFCOM in this role the Joint Staff is leading a capabilities based assessment to define the capabilities needed for global visibility as Primary Joint Force Provider. A final initiative is the codification of the Global Force Management Board (GFMB). This Joint Staff-led study team is establishing the roles, missions, and functions of this board that will support the GFM process.

**Timeline for Completion.** The Global Force Management Data Initiative is expected to achieve initial operational capability by FY 2006. By December 2004, USJFCOM requirements in support of the joint force provider functions will be determined and the GFM Board will be codified.

**Performance Results for FY 2005.** During FY 2005 we codified the processes associated with GFM in the Global Force Management Guidance that was signed by the SECDEF in May 2005. We also executed five total (1 in 4$^{th}$ Qtr FY 2004) Global Force Management Boards (GFMB) where JFCOM recommended sourcing solutions to fulfill global requirements for OIF/OEF as well as to meet combatant command rotational requirements. The approval of the GFM Guidance and the execution of quarterly GFMBs has enabled GFM to gain momentum with the Services and the Combatant Commands. It has also improved the effectiveness of the process and our ability to effectively manage the force. A key step to maintaining this momentum was the recent Joint Chiefs of Staff (JCS) approval of the concept to expand authorities for TRANSCOM and SOCOM as Joint Force Providers for mobility forces and SOF, respectively. Expanding such authorities takes advantage of the expertise resident within both commands and will improve the management of these high demand mobility and special operations forces.

To assist USJFCOM in acquiring capabilities needed as Primary Joint Force Provider, the Joint Staff (JS), in coordination with OUSD(P&R) and JFCOM, initiated a capabilities based assessment to define the existing gaps and excesses, as well as material and non-material solutions, to acquire a global visibility capability. The functional area analysis resulted in the identification of nine necessary capabilities described by use cases. The functional needs analysis was also conducted and identified capability gaps. The functional solution analysis started in 3$^{rd}$ quarter FY 2005 and will be completed by 1$^{st}$ quarter, FY 2006.

Work also continued on the GFM data prototype with a combat slice of force structure modeled for the Army, Navy and Marine Corps using the Force Structure Construct. Work is ongoing to build a USAF force structure slice, as well as web-service enabling force structure data to demonstrate an end-to-end, net-centric capability and define the business rules for follow-on Service implementation.

Finally, OUSD(P&R), in cooperation with the Joint Staff, has developed the following GFM policy guidance and specifications due for publication by early FY 2006: an Organization and Force Structure Construct (FSC) DoD Directive and Instruction, and a Force Management Identifiers (FMIDS) Specification and FMIDS Management Plan.

**Performance Results for FY 2004**. During FY 2004, we made steady, positive progress in establishing GFM. A major development was the decision by the Secretary to establish USJFCOM as the primary joint force provider. USJFCOM is now responsible for identifying and recommending to the Chairman global, joint sourcing solutions for conventional forces in support of combatant commander requirements – independent of unit assignment to a specific combatant command. We also integrated the previously stove-piped assignment, allocation and apportionment processes under a single integrated document entitled Global Force Management Guidance. This document is a critical step in attaining the GFM goals of ensuring the most available, best positioned force supports Combatant Commander requirements, while measuring risk incurred to standing contingencies and plans based on sourcing recommendations. A final development this year was the establishment of the Force Management Functional Capabilities Board under the Joint Capabilities Integration and Development System process. This board oversees a myriad of GFM actions to ensure validated operational requirements are supported, and to provide the military advice to the Secretary on force management issues.

## Activity Metric: Theater Security Cooperation

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Annual assessment of how theater security cooperation plans are contributing to DoD strategic goals | No historical data: new metric | | • Initial security cooperation guidance developed and approved<br>• Combatant commands and Services developed strategies | • FY 2005 plans completed<br>• FY 2004 strategies successfully completed | • Review Security Cooperation Guidance with new GWOT focus<br>• CoCom/Service plans completed |

[a] The FY 2005 data are final as of the 3rd quarter.

**Metric Description.** Recently, the Department initiated a comprehensive security cooperation strategy review that focused the activities of combatant commands, the Services, and defense agencies on the common goals that need to be achieved if the Department is to build the right defense partnerships with friends and allies. Security cooperation embraces all defense interactions with foreign defense establishments, and is our primary means of building relationships that promote specific U.S. security interests. Security cooperation activities help our allies develop military capabilities for self-defense and coalition operations. They also provide information, intelligence, and peacetime access to enroute infrastructure and other access in the event of a contingency. The title of this metric is being modified to more accurately reflect the metric's intent.

**Ongoing Research.** We are currently researching appropriate assessment metrics to determine effectiveness of the security cooperation program, and evaluating the capabilities required for security cooperation. This analysis will help us shape an associated Joint Operating Concept.

**Timeline for Completion.** Initial metrics are slated for completion during FY 2005, in time to be used to develop the FY 2006 plans.

**Performance Results for FY 2005.** In FY 2005, the Security Cooperation Guidance (SCG) was rewritten to focus on Global War On Terrorism (GWOT) themes oriented around the National Defense Strategy framework (assure, dissuade, deter, defeat). Under this schema, 18 objectives are organized to encompass all DoD efforts with foreign military organizations. The FY 2004 assessment inputs from Combatant Commands (CoComs) have served to inform the latest draft of the SCG and will inform the upcoming FY 2005 assessments. While all CoComs, Services and selected Defense Agencies are tasked to produce SC Strategies and Plans, only Geographic Combatant Commands are required to submit assessments for FY 2005.

**Performance Results for FY 2004.** In FY 2004, we continued to focus efforts on the six major defense policy themes: combating terrorism, influencing the direction of key powers, transforming the relationships with key powers, cooperating with parties to regional disputes, supporting realignment, and strengthening alliances for the future. Combatant Commands

successfully executed the first generation set of theater security cooperation plans. A detailed assessment of the completed FY 2004 strategies was used as a point of departure for updating FY 2005 plans. The most important result from FY 2004 is that the Services, functional and geographic combatant commands, and defense agencies are coordinating their security cooperation efforts. This has created a collaborative planning environment and improved the quality of the overall security cooperation program.

## *Are Our Forces Employed Consistently With Our Strategic Priorities?*

### Activity Metric: Joint Concepts

| End-state Metric | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| Number of concepts approved to link strategic guidance to warfighting capabilities | No historical data: new metric | | • Joint Operations Concepts construct approved | • JCS endorsed 2 of 4 Joint Operating Concepts (JOC) JROC approved attributes of 5 functional concepts | • JCS endorsed last 2 of 4 JOCs<br>• SECDEF approved 4 JOCs<br>• JCS approved Capstone Concept for Joint Operations (CCJO) |
| [a] The FY 2005 data are final as of the 4th quarter. | | | | | |

**Metric Description** Joint concepts guide the transformation of the joint force so that it is prepared to operate successfully 8-20 years in the future. Concepts provide the operational context for the transformation of the U.S. Armed Forces by bridging the gap between strategic guidance and the Department's resourcing strategy for capabilities. They assist in structuring joint force experimentation and assessment activities used to validate the capabilities-based requirements. The Joint Operations Concepts (JOpsC) family consists of a Capstone Concept for Joint Operations (CCJO), Joint Operating Concepts (JOCs), Joint Functional Concepts (JFCs) and Joint Integrating Concepts (JICs). These concepts address the period from just beyond the Future Years Defense Plan (FYDP) out to 20 years.

The CCJO is the overarching concept of the family of joint concepts that guides the development of future joint capabilities. The purpose of the CCJO is to lead force development and employment primarily by providing a broad description of how the future joint force will operate across the range of military operations. Service concepts and subordinate joint operating, functional and integrating concepts expand on the CCJO solution. It applies to operations around the globe conducted unilaterally or in conjunction with multinational military partners and other government and non-government agencies. It envisions military operations conducted within a national strategy that incorporates all instruments of national power.

A JOC applies the CCJO solution to describe how a Joint Force Commander, 8 – 20 years in the future, is expected to conduct operations within a military campaign, linking endstates, objectives and effects. It identifies the broad capabilities considered essential for implementing the concept. JOCs provide the operational context for JFC and JIC development. There are currently four JOCs: *Major Combat Operations, Homeland Security, Strategic Deterrence and Stability Operations*.

A JFC applies the CCJO solution to describe how the future joint force, 8 – 20 years in the future, will perform a broad military function across the full range of military operations. The JFC identifies the capabilities required to support joint force operations as described in the JOCs. It also identifies the attributes needed to compare capability alternatives and measure achievement. Finally, the JFCs provide functional context for JOC and JIC development. There

are currently eight JFCs: *Force Application (FA), Force Protection (FP), Focused Logistics (FL), Force Management (FM), Battlespace Awareness (BA), Command and Control (C2), Joint Training (JT) and Net Centric (NC).*

A JIC is an operational-level description of how a Joint Force Commander, 8-20 years in the future, will perform a specific operation or function derived from a JOC or JFC. JICs are narrowly scoped in order to identify, describe and apply specific capabilities, decomposing them into the fundamental tasks, conditions and standards required to conduct a Capabilities-Based Assessment (CBA). To date, the following Joint Integrating Concepts have been developed: *Global Strike (GS); Joint Logistics Distribution (JL); Joint Command and Control (JC2); Seabasing (SB); Integrated Air and Missile Defense (IAMD); Joint Undersea Superiority (JUSS); Joint Forcible Entry Operations (JFEO).*

**Ongoing Research.** The Joint Staff is revising concepts in the JOpsC family with stakeholders from across the Department. The JOCs, JFCs, and JICs are being either developed or revised by various working groups. The Joint Staff and U.S. Joint Forces Command are developing a Joint Experimentation Campaign Plan to guide experimentation. New metric(s) are also being considered to assess the impact of joint concepts on doctrine, organization, training, materials, logistics, personnel and facilities.

**Timeline for Completion.** The CCJO, JOCs, and JFCs are on a three-year revision cycle. The Chairman approved the revision of the original JOpsC document into the newly named CCJO in August 2005. The revisions for each of the four JOCs will be completed in July 2006. Two JFCs (Force Management and Training) are scheduled to be complete by December 2005. Three JICs (Seabasing, Command and Control, and Joint Logistics (Distribution)) are scheduled to be complete by September 2005.

**Performance Results for FY 2005.** During FY 2005, the JOpsC document was revised, resulting in CCJO approval by the Chairman in August 2005. A revised CJCSI 3010.02B incorporated the process content of the original JOpsC document. It also provided guidance on the development and revision of the concepts in the JOpsC family. A draft CJCSI 3010.02B is currently being staffed for comment. The second two of four JOCs (Major Combat Operations and Stability Operations) were endorsed by the Chairman and forwarded to the Secretary for approval. The Secretary approved all four JOCs (major combat operations, homeland security, stability operations, and strategic deterrence). The JOC revision process was initiated in July 2005 for completion in July 2006. Development or assessment of the seven assigned JICs continued.

**Performance Results for FY 2004.** During FY 2004, two of four JOCs (homeland security and strategic deterrence) were endorsed by the Chairman and forwarded to the Secretary for approval. The remaining two JOCs (major combat operations, stability operations) are being staffed for the Chairman's endorsement. The Joint Requirements Oversight Council approved all five JFCs. Work began on the eight JICs in FY 2004.

## Activity Metric: Enhanced Planning Process

| End-State Metric (New Analytic Baseline) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005[a] |
|---|---|---|---|---|---|
| An annual assessment of issues and alternatives for providing the Department's highest priority joint capabilities. | No historical data: new metric | | | • EPP chartered by Secretary of Defense<br>• Resource guidance captures EPP results | • The EPP was not conducted during FY 2005 |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** For the first time in FY 2004, major planning and resource issues presented for decision to the Secretary of Defense were formulated and asses via an enhanced collaborative joint planning process—called the Enhanced Planning Process or EPP. By considering needs and costs simultaneously, the EPP was able to propose cost-effective programmatic options for achieving the Department's strategic policy objectives. Accordingly, the EPP underpins the framework of an executable Joint Programming Guidance (JPG), which provides the shared planning and resource assumptions used in the annual updates to the defense program and budget.

**Ongoing Research.** An analytic baseline is being developed in concert with the Chairman of the Joint Chiefs of Staff and the Under Secretary of Defense for Policy. This baseline will establish common planning assumptions to be used in warfighting models, acquisition analysis, and other shared analysis tools.

**Timeline for Completion.** The first EPP was completed in May 2004 as a proof-of-concept.

**Performance Results for FY 2005.** The EPP was not conducted during FY 2005.

**Performance Results for FY 2004**. The EPP supported the FY 2004 combined program and budget review. Twelve major issues (defined as program changes of interest to the Secretary of Defense), plus 15 issues consolidated from the Combatant Commanders Integrated Priority Lists (IPLs), were examined by means of the new process. Given the timeline and scope of the major issues, only two of the 12 were resolved in the President's Budget; the remainder have been carried over to the FY 2005 cycle. However, all IPL issues were resolved and solutions directed in the JPG.

### *Do We Have the Right Forces Available?*

## Activity Metric: Operational Availability

| End-state Metric (New Baseline) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 [a] |
|---|---|---|---|---|---|
| Integrated data and management systems that can be used to assess percentage of force ready for specific joint tasks | No historical data: new metric | | | • Tested prototype process for Global Force Management system.<br>• Approved adaptive planning concept and prototype.<br>• Developed two current and two future analytic baselines. | • Began GFM prototype development<br>• Updated all warfight analytical baselines (MCO1, 2 and 3) and built Baseline Security Posture baseline<br>• Used baselines in DoD capability assessments (e.g. Mobility Capabilities Study, and Aerial Refueling AoA) |
| [a] The FY 2005 data are estimated as of the 4th quarter. | | | | | |

**Metric Description.** Today we increasingly rely on forces that are capable of both symmetric and asymmetric responses to current and potential threats. We must prevent terrorists from doing harm to our people, our country, and our friends and allies. We must be able to rapidly transition our military forces to post-hostilities operations, and identify and deter threats to the United States, while standing ready to assist civil authorities in mitigating the consequences of a terrorist attack or other catastrophic event. These diverse requirements will demand that we integrate and leverage other elements of national power, such as strengthened international alliances and partnerships.

To meet these new missions, and to hedge against an uncertain future, we are developing a broader portfolio of capabilities, and realigning our forces using a building-block approach to match those capability portfolios with mission goals. Among the most important are:

- *Global Force Management*. This initiative will provide a database and management system that can be used to monitor U.S. force postures worldwide. It will accounts for ongoing operations and constantly changing unit availability, and will allow us to do the kinds of analysis needed to ensure we allocate the right force for specific missions, at the right place and time.

- *Adaptive Planning*. Our goal is to produce war and contingency plans that are more timely, adaptive, and responsive to the current security environment, thus providing

relevant options to the President and Secretary of Defense. We are working toward having a networked capability to produce plans on demand via the global information grid by 2008.

- Analytic Baselines. To guide analysis for both the near- and far-term, we are creating a set of common scenarios and data. These analytic baselines will underpin our strategic assessments, and guide decisions on joint warfighting issues and policy.

**Ongoing Research**. See specific discussions of the activities listed above elsewhere in this document.

**Timeline for Completion**. These and related initiatives, including the Defense Readiness Reporting System, are slated to complete development and enter fielding during FY 2005 through FY 2008.

**Performance Results for FY 2005.** During FY 2005, the Strategic Planning Guidance tasked the "CJCS to develop a joint hierarchical way to organize force structure data for integration across Service lines." The GFM Data Initiative addresses this guidance and is defining how the Services, Joint Staff, and OSD will electronically document force structure in a hierarchical way and make the GFM data transparent and easily accessible to users in a net-centric environment. The GFM Data Initiative will transform DoD by solving the data accuracy and standardization issues and is based on the premise that everything relates to force structure. The GFM prototype is a proof of principle demonstration that will define the business rules, refine the GFM Information Exchange Data Model (i.e., standardize the representation of Service force structure -- their "organization chart" if you will), show GFM potential, and document lessons learned for use by the Services in building their authoritative data source for force structure information. The prototype builds a combat slice of each of the Services and should be completed by first quarter FY 2006 to facilitate Service implementation and building of their organization servers (i.e., database and management system). In regards to Analytical Baselines, we completed the Operational Availability-05 study where we generated an analytical baseline for the MCO-1 Defense Planning Scenario and conducted initial analysis of the Baseline Security Posture Defense Planning Scenario. All three warfight analytical baselines (MCO1, 2 and 3) as well as the Baseline Security Posture analysis were used to support the Mobility Capabilities Study and the Aerial Refueling Analysis of Alternatives.

**Performance Results for FY 2004**. During FY 2004, we made steady, positive progress in establishing Global Force Management, notably by making the U.S. Joint Forces Command responsible for developing global, joint sourcing solutions for conventional forces in support of combatant commander requirements – independent of unit assignment to a specific combatant command. We also made progress toward our adaptive planning goals by using the concept to construct force flows for the Operational Availability 2004 simulation models (THUNDER, Integrated Theater Engagement Model, and Joint Integrated Contingency Model). Finally, we began work on a study entitled, “Operational Availability FY 2005 (OA 05).” To support this study, we will develop two future-year analytic baselines: Major Combat Operation-1 and the Baseline Security Posture. In addition, other major combat operations studies, as well as small-scale contingency studies, will use the OA-05-developed Baseline Security Posture for analysis in future studies.