FISCAL YEAR 2008
PERFORMANCE REPORT

Department of Defense

March 2009

I am pleased to submit the Department of Defense Annual Performance Report for Fiscal Year 2008, which documents a 69 percent success rate in meeting or exceeding 31 DoD-wide performance targets for the year.

The Annual Performance Report supports the President's Management Agenda (PMA) initiative to integrate budget and performance information and link our expenditures to the Department's Strategic Goals and Objectives. This detailed report augments the Department's FY 2008 "Budget, Performance and Financial Snapshot" and "Citizen's Report" and complements the "Agency Financial Report" that was issued on November 17, 2008. Together, these four documents provide a comprehensive picture of the Department's ongoing efforts to ensure the cost-effective use of resources with full accountability to American taxpayers.

The report identifies the Department's progress in supporting several PMA initiatives with particular focus on performance improvement. It focuses on DoD-wide or enterprise-level performance results critical to five overarching strategic goals: fighting terrorism, reorienting capabilities and forces, reshaping the Defense enterprise, developing a 21st century total force, and achieving unity of effort. It also includes a brief summary of the Department's ongoing efforts to address high-risk management challenges identified by the Government Accountability Office, DoD Inspector General, and Program Assessment Rating Tool evaluations.

I invite all Americans to spend a few minutes acquainting themselves with this report. The information it contains will explain the Department's continuing efforts to ensure that taxpayers' contributions are managed effectively and efficiently. It is a story we are proud to tell.

William J. Lynn III

Deputy Secretary of Defense

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I. PRESIDENT'S MANAGEMENT AGENDA

The President's Management Agenda (PMA) provided an aggressive strategy for improving the management of the Federal government. The President called for a government that focuses on priorities and executes them well. Securing the homeland, waging war on terrorism abroad, and revitalizing the economy are the most important priorities. The PMA provides the managerial and operational discipline that leads to better results and attainment of goals, both internally and externally. The President's Management Agenda included the following five government-wide initiatives:

- Strategic Management of Human Capital;
- Commercial Services Management;
- Improved Financial Performance;
- Expanded Electronic Government (E-Gov); and
- Performance Improvement Initiative.

In addition, the President's Management Agenda includes five program initiatives:

- Eliminating Improper Payments Initiative;
- Privatization of Military Housing;
- Real Property Management Initiative;
- Cost of War Reporting; and
- Health Information Quality and Transparency.

The President's Management Agenda was designed to "address the most apparent deficiencies where the opportunity to improve performance is the greatest." It focuses on remedies to problems generally agreed to be serious and commits to implement them fully.

Federal departments and agencies (1) define measurable results, (2) monitor the progress in achieving those results, and (3) make management and resource decisions based on such progress. Each quarter, the departments and agencies receive "stoplight" grades of green, yellow, or red from the Office of Management and Budget (OMB) on both their current status and progress toward meeting the standards for success established for each performance initiative. Figure 1 depicts the Department scores for FY 2008 compared to FY 2007 for each relative PMA initiative. Additional information on PMA initiatives is available on the OMB website at www.whitehouse.gov/omb.

Although the Department's scores are mixed, the DoD has made significant progress since the PMA's implementation in 2002. Moreover, many of the PMA initiatives have provided added emphasis for accomplishing several of the Department's Strategic Goals and Objectives, as discussed in Chapter III of this report.

Strategic Management of Human Capital

The Department continues to make progress in maintaining a competent, mission-ready workforce. Current initiatives include an assessment of leadership competencies using a newly developed assessment tool. This tool evaluates data, measures the progress toward closing identified gaps, and assists in preparing improvement plans. In addition, the Department published DoD Directive 1403.03, a policy for "The Career Lifecycle Management of the Senior Executive Service Leaders within the Department of Defense." This policy requires talent management and succession planning to sustain the Department's career SES talent. The Department also reviewed its award program and updated its strategy for closing the competency gaps in acquisition.

Figure 1. DoD Summary of PMA Results

B12-100

President's Management Agenda	Status		Progress	
	FY 2007	FY 2008	FY 2007	FY 2008
Strategic Management of Human Capital Maintain a competent, motivated, and mission-ready workforce to support and respond to emerging threats, now and in the future.	Y	Y	G	G
Commercial Services Management Help agencies become more results-oriented and effective through public-private competition subject to OMB Circular A-76, Performance of Commercial Activities.	Y	Y	Y	G
Improved Financial Performance Ensure transparency over the Department's finances - having timely and reliable financial information to make informed decisions about agency or program management. Transparency means knowing the costs and results of the Department's programs and operations and being able to judge the best return on investment.	R	R	G	R
Expanded Electronic Government (E-Gov) Ensure that the Federal Government's $60 billion annual investment in information technology (IT) is well spent.	Y	R	R	Y
Performance Improvement Initiative The PMA Budget and Performance Integration Initiative, subsequently renamed Performance Improvement Initiative (PII), call for a Government that is results-oriented - guided not by process but guided by performance.	Y	Y	R	R
Eliminating Improper Payments Initiative Strengthen financial management controls to better detect and prevent improper payments, thus enabling the DoD to better ensure the taxpayer dollar is put to the use the Congress intended.	Y	Y	G	G
Privatization of Military Housing Eliminate inadequate family housing and increase the quality of life for Service members and their families.	Y	G	G	Y
Real Property Management Initiative Help agencies efficiently manage the hundreds of billions of dollars in real property owned by the Federal Government.	Y	Y	Y	G
Cost of War Reporting Provide timely financial and budgetary data for the Cost of War	R	R	G	G
Health Information Quality and Transparency Ensures pricing and quality health care information is shared with beneficiaries.	R	R	G	G

Status Scores
- G Agency meets all the Standards for Success
- Y Agency has achieved intermediate levels of performance in all the criteria
- R Agency has any one of a number of serious flaws

Progress Scores
- G Implementation is proceeding according to plans agreed upon with agencies
- Y Slippage in implementation schedule, quality of deliverables, or other issues requiring adjustment by agency in order to achieve initiative on a timely basis
- R Initiative is in serious jeopardy. It is unlikely to realize objectives absent significant management intervention

Commercial Services Management

The Department continues to improve the management of commercial services using various tools to determine the most cost-effective business methods to perform these functions. During FY 2008, the DoD initiated public-private competitions encompassing over 4,000 positions. Full execution of these and all remaining in-progress competitions is expected to save taxpayers more than $800 million in operating costs across all performance periods. Other FY 2008 efficiency improvement efforts include the initiation of new high performing organization and business process reengineering efforts. The DoD has also begun to in-source work associated with inefficient contracts.

Improved Financial Performance

Audit readiness progress is demonstrated by six entities receiving an unqualified opinion (38% of the Department assets and liabilities), one entity with a qualified opinion, and one entity validated as audit ready. The DoD has updated its comprehensive financial improvement plan and is committed to continue improving financial performance.

Expanded Electronic Government (E-Government)

The Department is committed to making progress toward expanding E-Government Initiatives. The Department is leading implementation efforts of the Integrated Acquisition Environment (IAE) portfolio of capabilities supporting procurement and acquisition, grants, and vendor payment processes throughout the government. The Department began its transition to the Electronic Subcontracting Reporting System and initiated the upgrade of the Federal Procurement Data System to bring the government closer to its goal of good management information with which to make key acquisition decisions and provide transparency to the procurement process in support of the Federal Funding and Accountability Transparency Act. These and other improvements facilitated by the IAE portfolio of capabilities streamline the procurement process for both the government and the vendors with whom DoD does business.

The Department of Defense made significant strides in maximizing applicants' ability to use Grants.gov. The Department also continued implementation of a workforce management and certification program focused on certification requirements for key Information Assurance (IA) technical and managerial roles that were expanded further to include computer network defense and IA architecture and engineering. The program uses commercial certifications enabling worldwide accessibility to training that meets industry, government, and international standards and accreditation requirements and is supported through a virtual training environment that provides preparatory coursework for certification and hands-on laboratory courseware.

Performance Improvement Initiative

In its ongoing efforts to improve performance, the Department defined an overarching management framework in its Strategic Management Plan, released in July (See Appendix A). In September, the Department established the Office of the Deputy Chief Management Officer, with responsibility for ensuring the efficiency and effectiveness of DoD-wide business operations. The Assistant Deputy Chief Management Officer serves as the DoD Performance Improvement Officer (PIO). The PIO monitors progress toward achieving the strategic outcomes defined in the Defense strategy, and leads the efforts to address the management "high risk" challenges identified by the Government Accountability Office.

Eliminating Improper Payments Initiative

The Department continues to demonstrate progress toward eliminating improper payments. During 2008, 96% of improper payments to deceased military retirees were recovered within 60 days. Improper payments for military health benefits are consistently less than 2% and show a decreasing trend. Implementation of quarterly reporting increased oversight of the travel pay program. The DoD also monitors improper payment programs through internal metrics to ensure continued progress.

Privatization of Military Housing

The Department continues to revitalize its family housing. Using privatization, it has leveraged appropriations by a factor of 10, generating $25 billion in housing construction with a government contribution of only $2.5 billion. Private ownership and service member choice are expected to ensure that the housing remains in adequate condition for the next 50 years. Results for the

military housing privatization initiative reflect the elimination of over 96 percent of its inadequate domestic housing units. Most of the goals for this initiative were achieved, and DoD continues to aggressively pursue future goals.

Real Property Management Initiative

The Department made significant gains towards its goals to eliminate over 62 million square feet and an additional $1.2 billion of plant replacement value of excess and obsolete facilities by FY 2013. The Department has established standardized business processes, business rules, and data elements for real property assets to drive accurate, authoritative, comprehensive, secure, and timely enterprise-wide real property information. The Real Property Assets Database is being developed as the repository for DoD real property inventory data. Unique identifiers were established for all DoD-owned real property sites and assets to link individual real property assets to personnel, personal property, and environmental systems. The goal is to ensure consistent reporting, accurate and complete information for asset management and financial reporting. The Department also completed the annual reporting of inventory for the 2008 Federal Real Property Profile capturing data prescribed by the Federal Real Property Council for the Department's more than 538,000 real property assets located worldwide. In addition, 95 percent of the Base Realignment and Closure business plans were established and approved to serve as the baseline for determining implementation requirements.

Cost of War Reporting

The Department has a comprehensive plan to improve its Cost of War Reporting (COW) and is making good progress toward implementing that plan. This plan includes provision of monthly updates and quarterly reports to the DoD CFO, OMB, and the GAO. The Department has improved its cost accuracy by reviewing all Cost Breakdown Structure (CBS) categories associated with funding the Global War on Terror (GWOT) and providing footnote explanations of significant dollar variances in COW reports. Future initiatives are expected to reduce reporting time from 45 to 30 days and enhance information delivery via a new Contingency Operating Reporting and Analysis System (CORAS).

Health Information Quality and Transparency

The Department has taken actions to improve the quality and transparency of health care information. In collaboration with Health and Human Services (HHS) and Veterans Affairs (VA), the DoD helped develop quality metrics and methodologies for reporting harmonized measures of health information. DoD made available select clinical quality measures for conditions and procedures via a web site where beneficiaries can query by military treatment facility.

It is also the Department's goal to provide beneficiaries with updated electronic health records, enhance the quality of care by making available necessary health information, and empower beneficiaries to manage their healthcare needs. To date, DoD participated in the Nationwide Health Information Network to successfully exchange test information among Federal and non-Federal participants in a secure environment using nationally recognized interoperability health information technology standards. The Department also launched a pilot in partnership with the health divisions of Microsoft ™ and Google ™ to provide beneficiaries with limited access to their health information.

II. THE PERFORMANCE IMPROVEMENT INITIATIVE (PII)

Background

The PMA Performance Improvement Initiative (PII) grew out of the Budget and Performance Integration (BPI) initiative and expands the foundation established by the 1993 Government Performance and Results Act (GPRA). The PII calls for a government that is results-oriented – guided not by process but by performance. The PII focuses on program evaluation, using performance information to improve actual performance, and on showing the transparent linkage between program resources and program performance. Since the first quarter of FY 2003, the Department has maintained a "yellow" status score for meeting some, but not all, of the OMB criteria associated with this initiative. More recently, the Department provided, and is in the process of implementing, a plan to achieve a "green" status by the end of FY 2009, although this goal may be challenging.

DoD Performance Budget Hierarchy

Sections 200-230 of OMB Circular A-11 characterize a performance budget as a hierarchy of goals, structured like an agency's strategic plan. At the top of the pyramid is the agency's mission statement followed by strategic goals, or statements of aim or purpose, as outlined in the agency's strategic plan. For each strategic goal, there are a limited number of high priority strategic objectives that add greater specificity to the general goal in terms of outcomes to be achieved. For each strategic objective, there are a limited number of performance targets (measures and milestones) that are used to indicate progress toward accomplishing the objective.

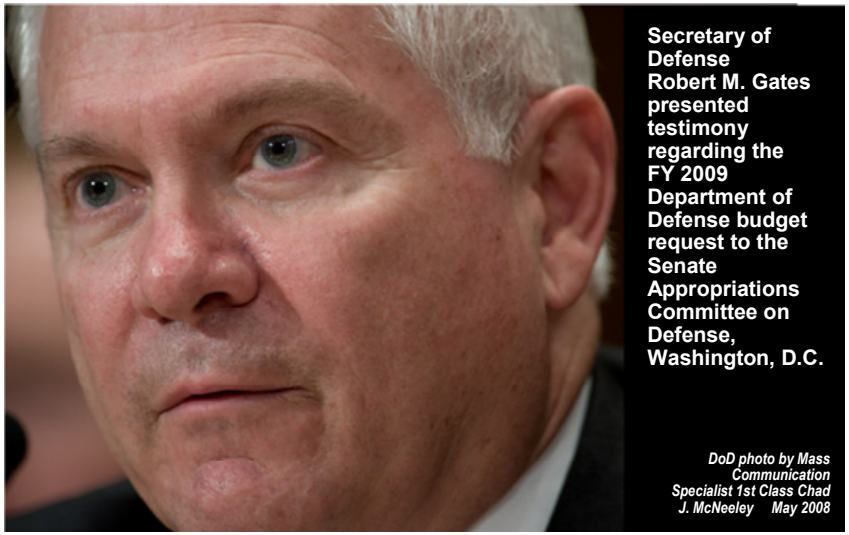
The Department's performance budget hierarchy is depicted in Figure 2. This hierarchy indicates that every level of the DoD is accountable for measuring performance and delivering results at multiple tiers of the organization that support the Department's strategic goals and objectives. DoD investments in systems and other initiatives are aggregated to support strategic objectives at the enterprise or highest DoD echelon level.

Performance accountability cascades to the appropriate management level (DoD Enterprise to DoD Component to individual personnel at the bottom of the pyramid) with performance targets advocated at all echelons.

Figure 2. Department of Defense Performance Budget Hierarchy

Primary responsibility for performance improvement in the DoD rests with the Deputy Secretary of Defense in his role as the Chief Management Officer (CMO). The Deputy Secretary is assisted by a Deputy CMO and the DoD Performance Improvement Officer (PIO) who provides advice and integrates performance information across the Department, all of which can be found at www.defenselink.mil/dbt.

The Strategic Goals and Objectives, cited in Chapter III.3 were identified by Principal Staff Assistants (PSAs) within the Office of the Secretary of Defense as most relevant for DoD-wide or enterprise-level strategic focus and public dissemination. This list does not represent a comprehensive and exhaustive list of all DoD performance targets. The list does not include classified performance targets or address performance improvements associated with the National Intelligence Program (NIP), since responsibility for the NIP falls under the purview of the Director for National Intelligence (DNI).



Secretary of Defense Robert M. Gates presented testimony regarding the FY 2009 Department of Defense budget request to the Senate Appropriations Committee on Defense, Washington, D.C.

DoD photo by Mass Communication Specialist 1st Class Chad J. McNeeley May 2008

DoD strategic objectives and performance targets (measures and milestones) are subject to annual refinement based on changes in missions and priorities. Such changes reflect the evolutionary nature of DoD's performance budget and the Department's continuing efforts to link resources and program budget decisions to identifiable and measurable strategic outcomes.

III. FY 2008 DOD PERFORMANCE BUDGET REPORT

III.1 DoD Mission

The mission of the Department of Defense is to provide the military forces needed to deter war and to protect the security of the United States. Since the creation of America's first army in 1775, the Department and its predecessor organizations have evolved into a global presence of 3 million individuals, stationed in more than 140 countries and dedicated to defending the United States by deterring and defeating aggression and coercion in critical regions.

The Department embraces the core values of leadership, professionalism, and technical knowledge. Its employees are dedicated to duty, integrity, ethics, honor, courage, and loyalty.

III.2 Organization and Major Functions

Figure 3 illustrates how the Department of Defense is organized. Details on major operating components are discussed below.

The Office of the Secretary of Defense (OSD)

The Secretary of Defense and his principal staff are responsible for the formulation and oversight of defense strategy and policy. The Office of the Secretary of Defense (OSD) supports the Secretary in policy development, planning, resource management, acquisition, and fiscal and program evaluation. Figure 4 depicts the immediate Office of the Secretary of Defense, comprised of several Under Secretaries of Defense (USDs) and Assistant Secretaries of Defense (ASDs) for various functional areas.

Select OSD Principals also oversee the activities of various defense agencies and DoD field activities.

Military Departments

The Military Departments (Figure 5) consist of the Army, Navy (of which the Marine Corps is a component), and the Air Force. In wartime, the U.S. Coast Guard becomes a special component of the Navy; otherwise, it is part of the Department of Homeland Security. The Military Departments organize, staff, train, equip, and sustain America's military forces. When the President and Secretary of Defense determine that military action is required, these trained and ready forces are assigned to a Combatant Command responsible for conducting military operations.

The Military Departments include Active Duty, Reserve, and National Guard forces. Active Duty forces are full-time military Service members. Reserve forces, when called to active duty, support the Active forces. Reserve forces are an extension of Active Duty forces and perform similar functions when called to active duty. The National Guard has a unique dual mission with both Federal and state responsibilities. The Guard is commanded by the governor of each state or territory, who can call the Guard into action during local or statewide emergencies such as storms, drought, or civil disturbances. When ordered to active duty for mobilization or called into Federal service for national emergencies, units of the Guard are placed under operational control of the appropriate Military Department. The Guard and Reserve forces are recognized as indispensable and integral parts of the nation's defense.

Figure 3. Department of Defense Organizational Structure

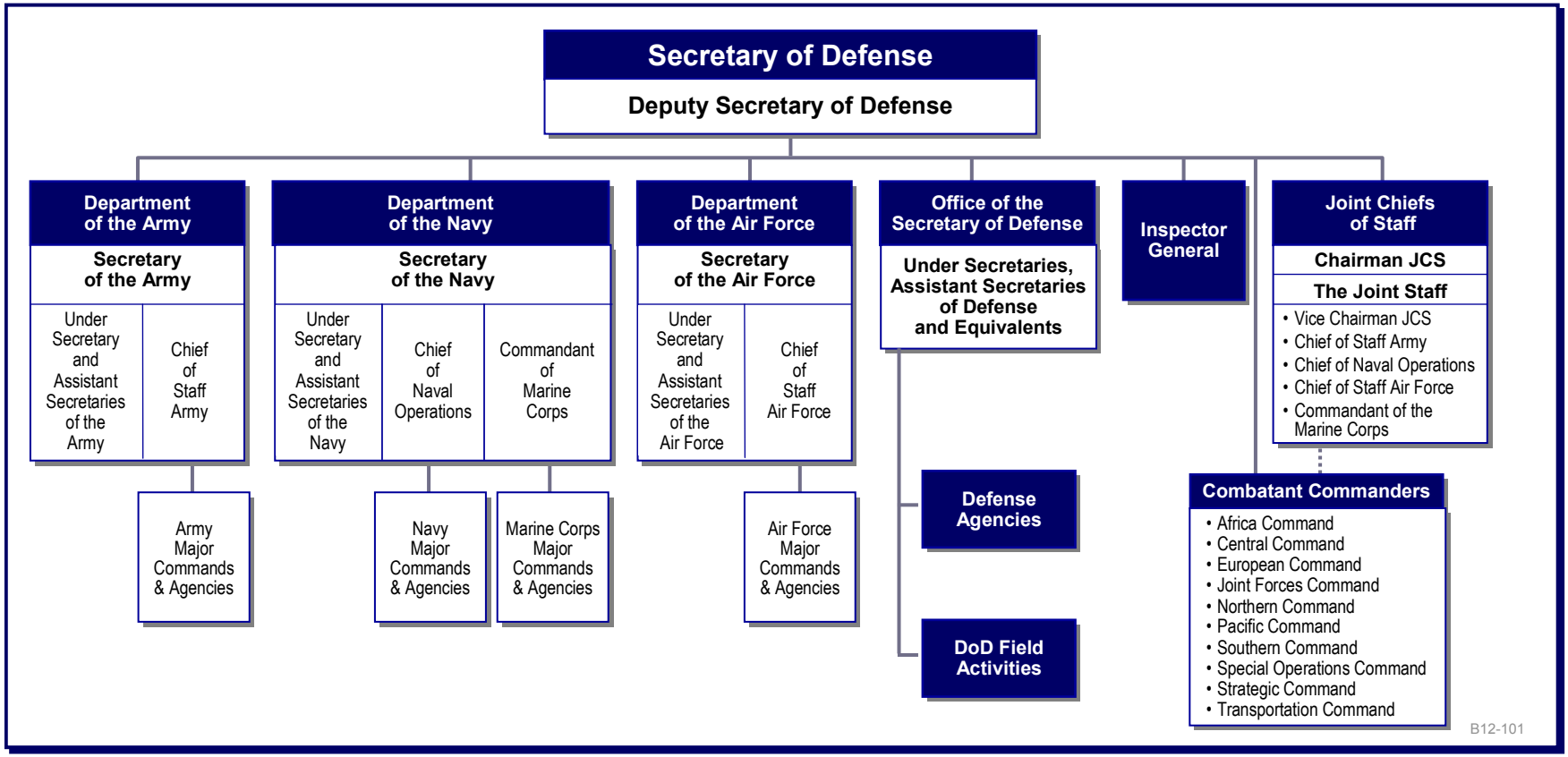
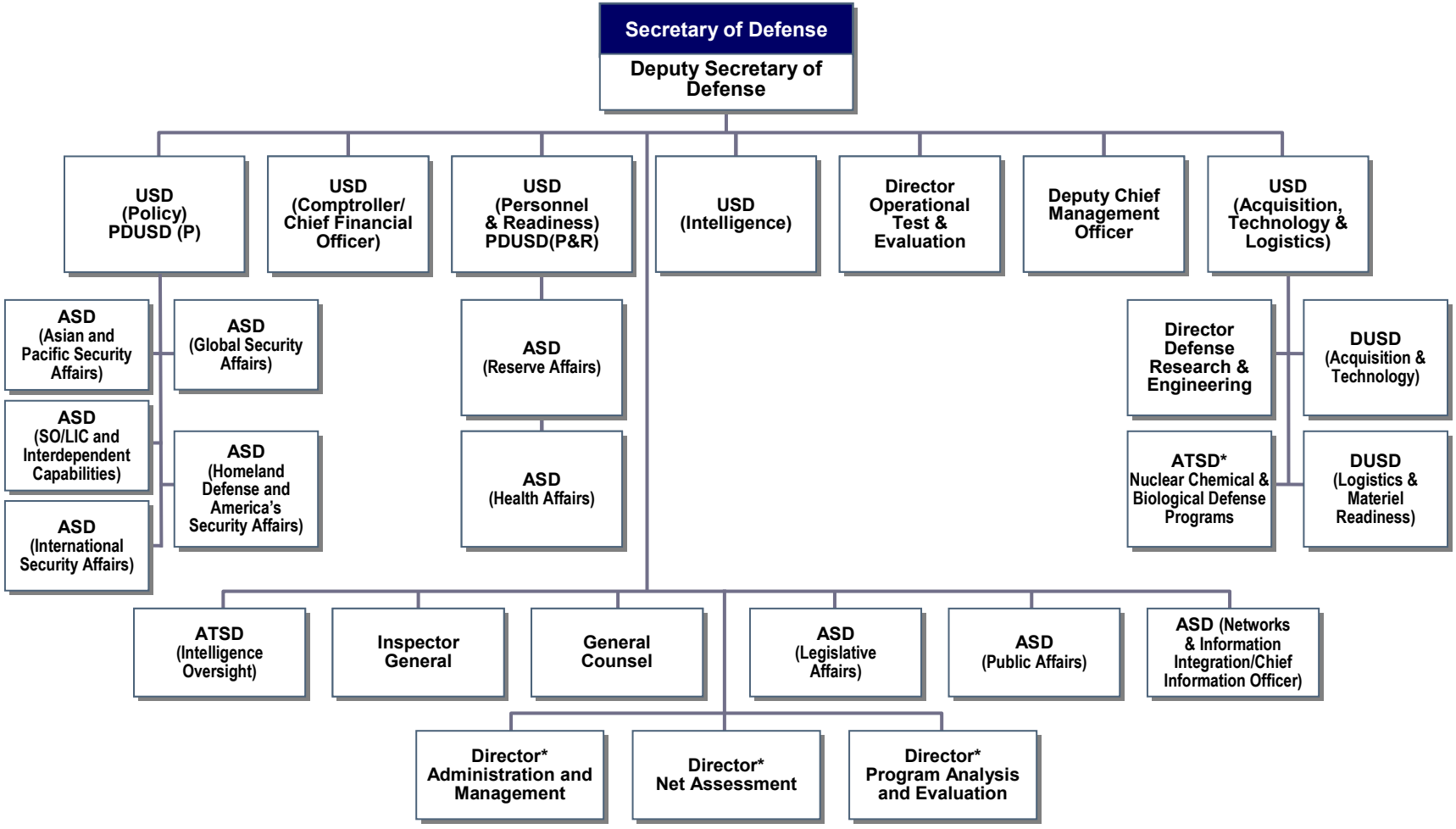
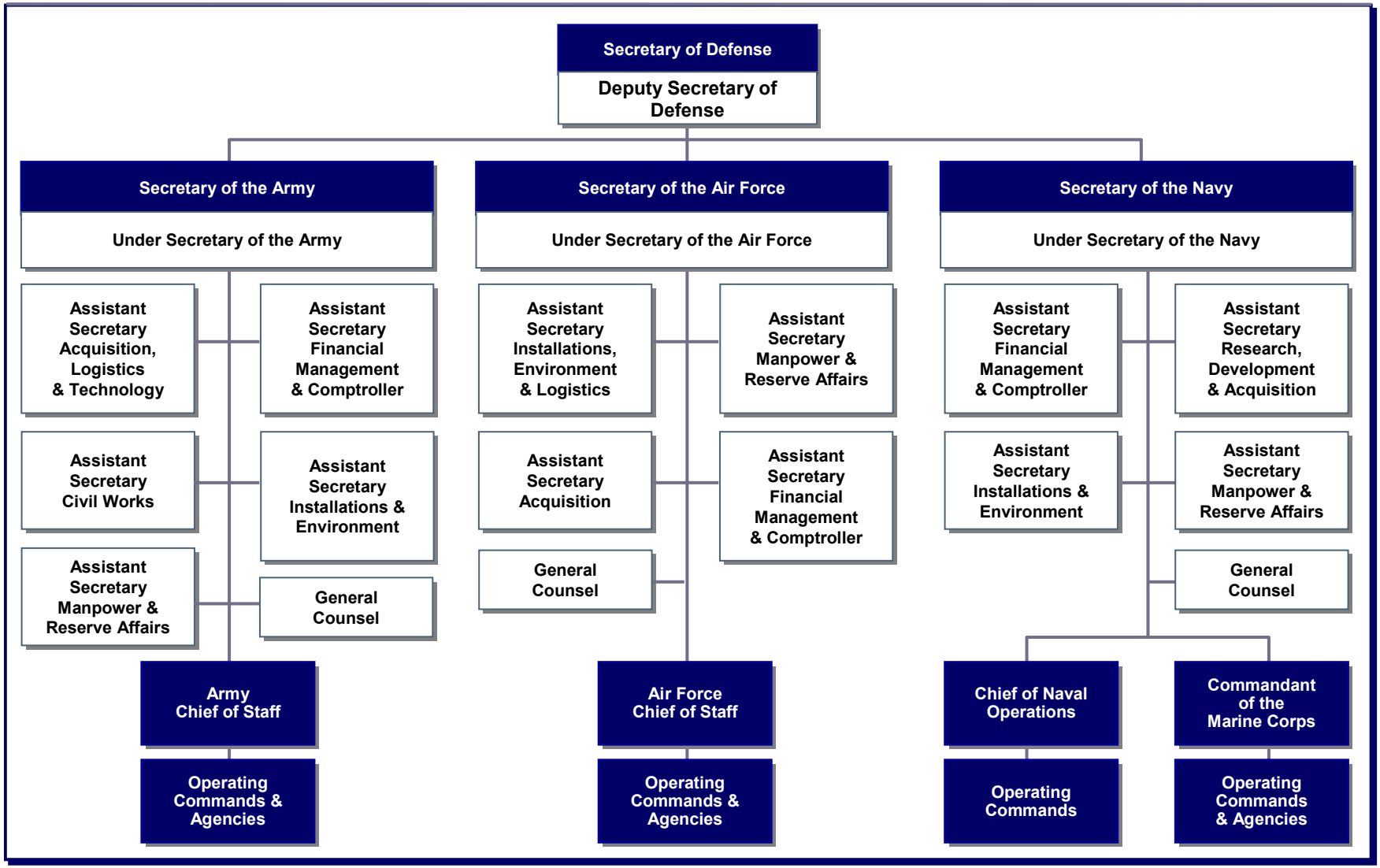


Figure 4. Office of the Secretary of Defense



Organization Reflects Presidentially-Appointed/Senate-Confirmed Officials plus four positions (*) who report directly to the Secretary of Defense

Figure 5. Military Departments



Defense Agencies

Eighteen defense agencies have evolved over time as a result of DoD-wide functional consolidation initiatives, per Figure 6. Defense agencies provide a variety of support services commonly used throughout the Department. For instance, the Defense Finance and Accounting Service provides accounting services, contractor and vendor payments, and payroll services; and the Defense Logistics Agency provides logistics support and supplies to all Department activities.

Department of Defense (DoD) Field Activities

Ten DoD field activities have also evolved over time as a result of DoD-wide functional consolidation initiatives, per Figure 7. DoD field activities perform missions more limited in scope than defense agencies, such as the American Forces Information Service (AFIS) that serves as the DoD focal point for all Armed Forces information programs.

The Joint Staff (JS)

The Chairman of the Joint Chiefs of Staff (CJCS) is the principal military advisor to the President, the National Security Council, and the Secretary of Defense. (See Figure 8.) The Chairman and his principal staff assist the President and the Secretary in providing for the strategic direction of the Armed Forces, including operations conducted by the Commanders of the Combatant Commands. As part of this responsibility, the Chairman also assists in the preparation of strategic plans and helps to ensure that plans conform to available resource levels projected by the Secretary of Defense.

Vice Chairman of the Joint Chiefs of Staff Marine Gen. James E. Cartwright speaks about Henry Kissinger during the National Defense University Foundation's American Patriot Award gala at the Ronald Reagan Building in Washington, D.C., Dec. 2, 2008. Kissinger, former Secretary of State and Nobel Peace Prize Laureate, received the 2008 American Patriot Award.

DoD photo by Master Sgt. Adam M. Stump, U.S. Air Force – December 2008

Figure 6. Department of Defense Agencies

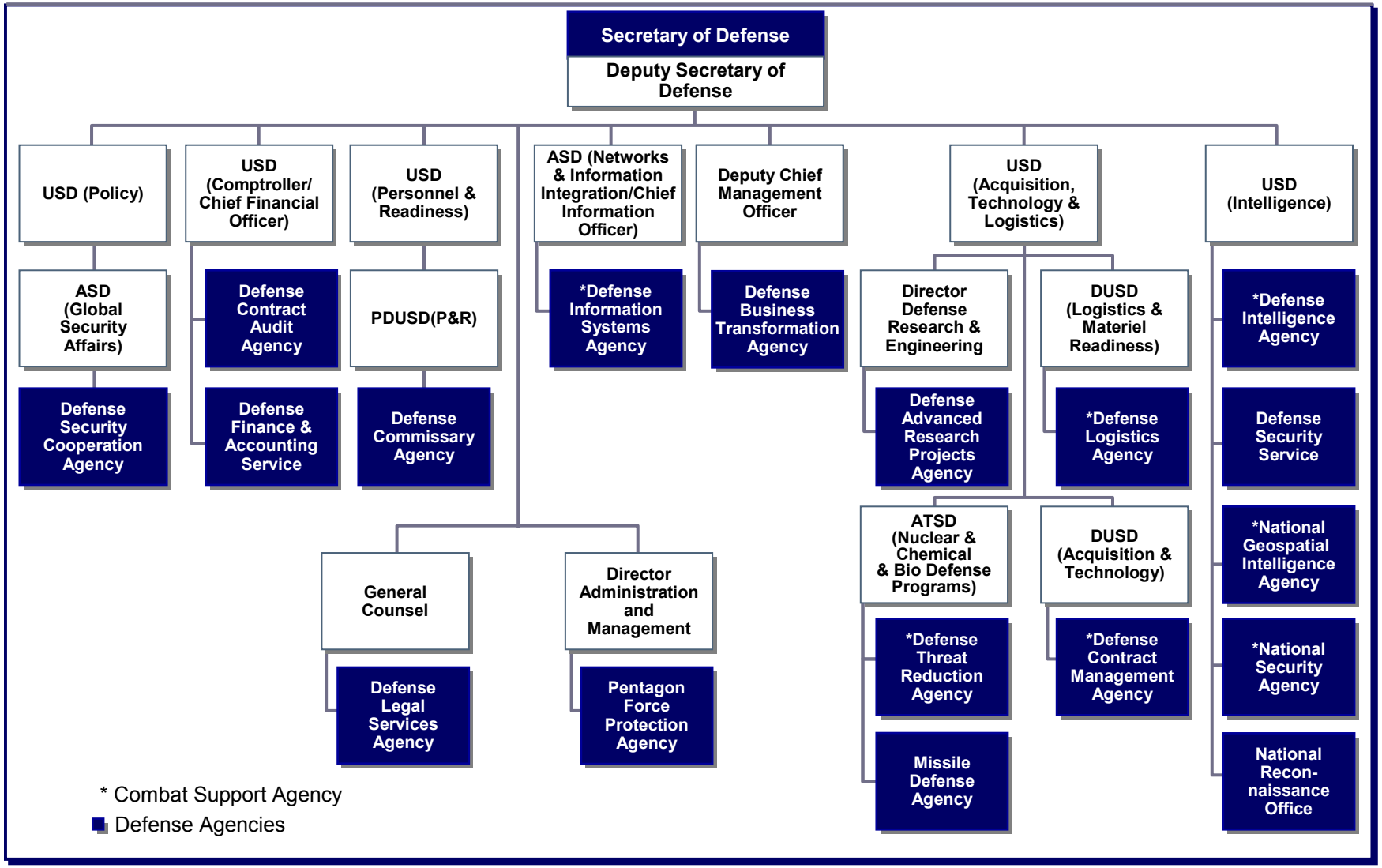


Figure 7. Department of Defense Field Activities

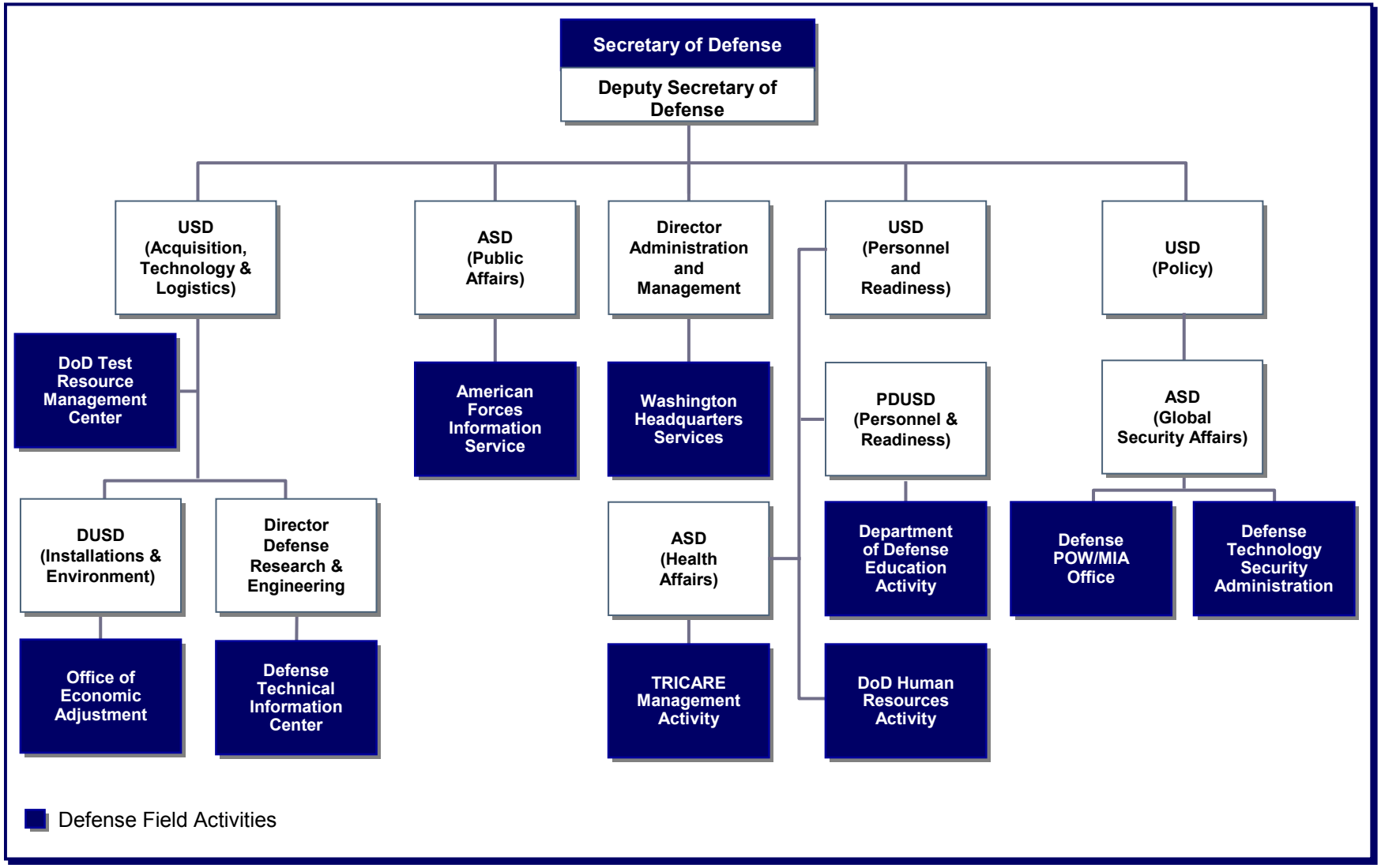
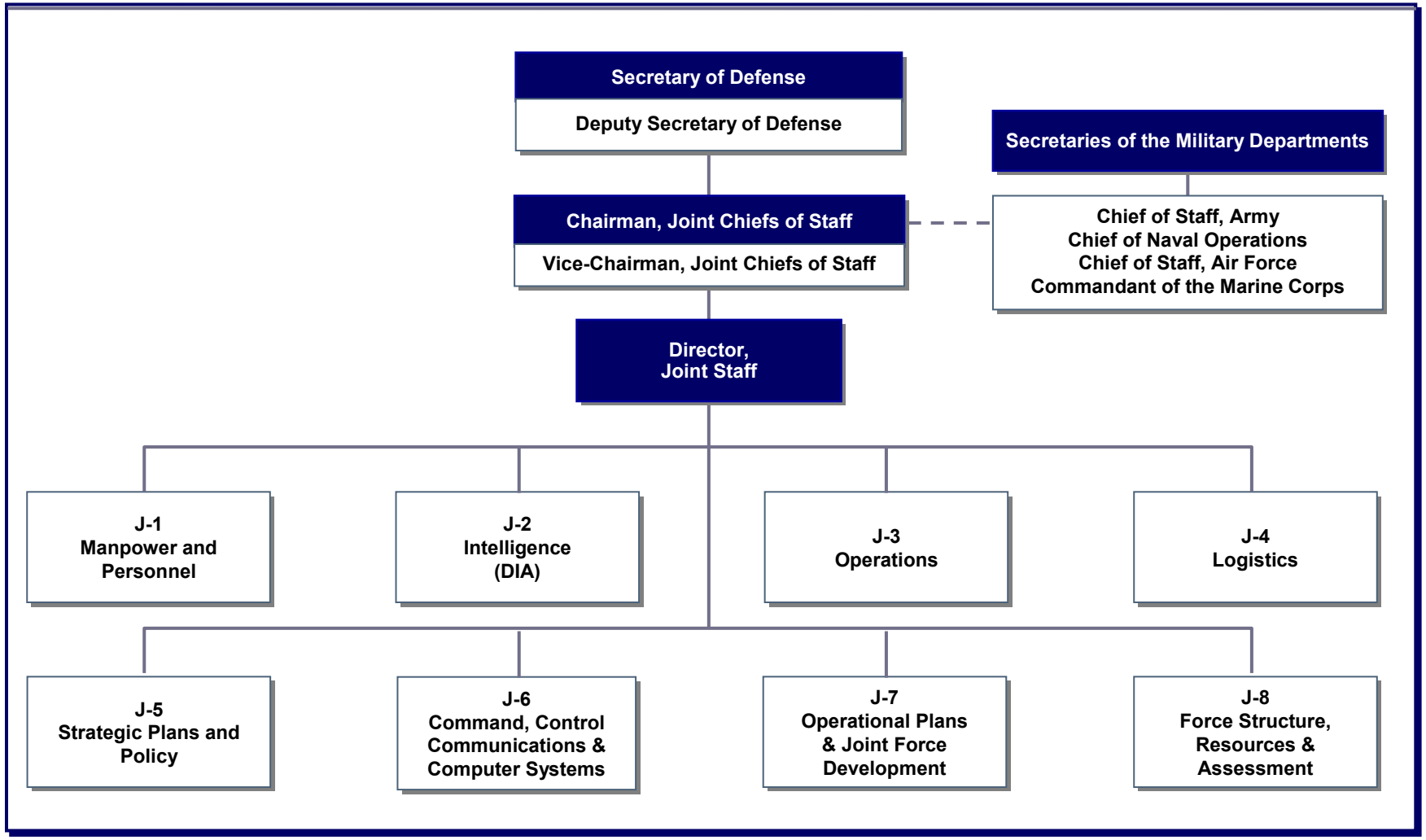


Figure 8. Joint Chiefs of Staff



Combatant Commands

Ten Combatant Commands are responsible for conducting the Department's military operational missions around the world.

Six commands have specific military operational mission objectives for geographic areas of responsibility, as shown in Figure 9.

- U.S. European Command (USEUCOM) is responsible for activities in Europe, Greenland, and Russia.
- U.S. Central Command (USCENTCOM) is responsible for the Middle East, Egypt, and several of the former Soviet republics. This Command is primarily responsible for conducting Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom.
- U.S. Pacific Command (USPACOM) is responsible for China, South and Southeast Asia, Australia, and the Pacific Ocean.
- U.S. Southern Command (USSOUTHCOM) is responsible for Central and South America and the Caribbean.
- U.S. Northern Command (USNORTHCOM) is responsible for North America, including Canada and Mexico.
- U.S. Africa Command (USAFRICOM) is responsible for the entire continent of Africa (minus Egypt).

In addition, four Commands have specified worldwide mission responsibilities focused on a particular function(s):

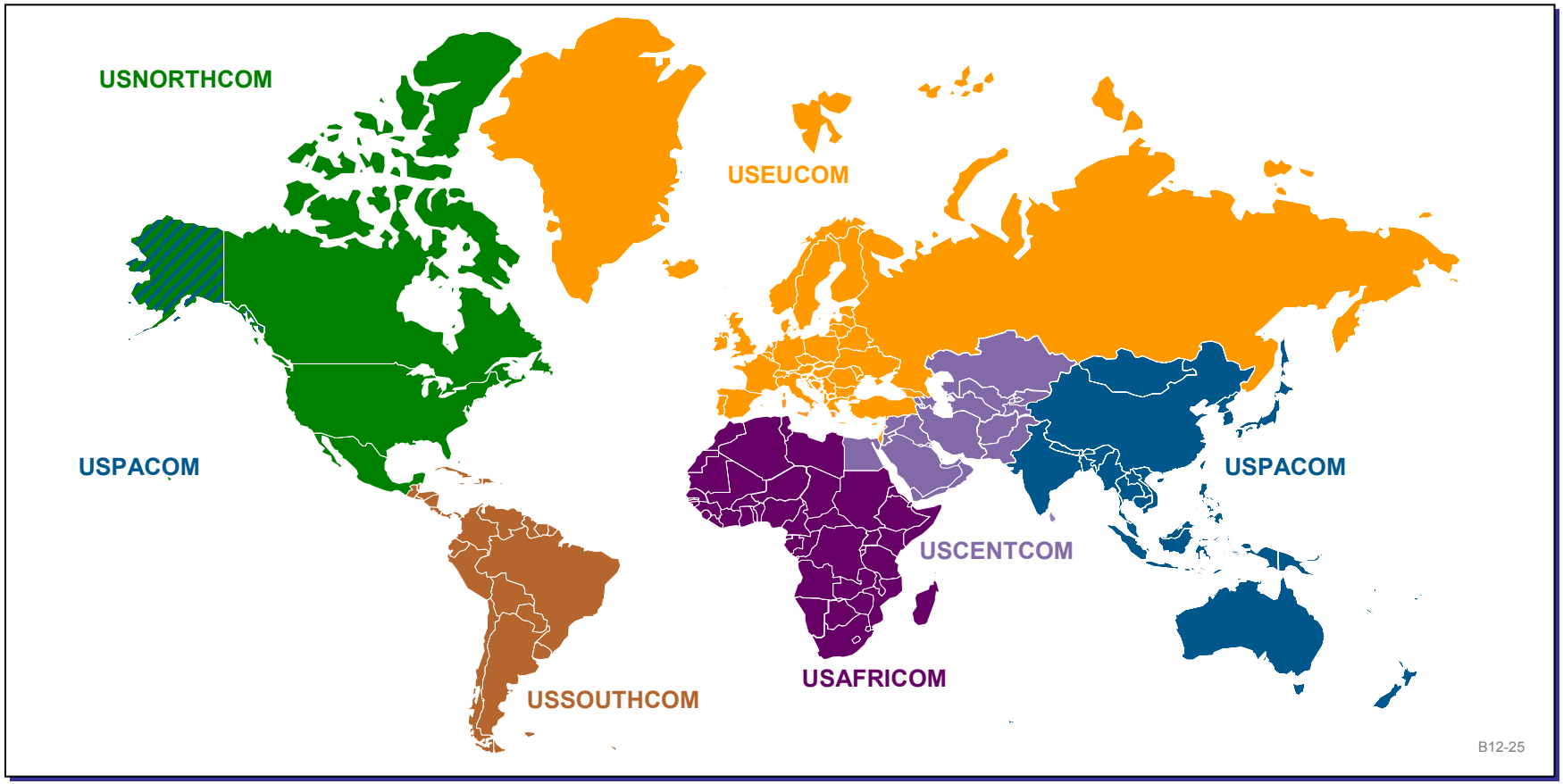
- U.S. Strategic Command (USSTRATCOM) provides global deterrence capabilities, direction of Global Information Grid operations, and synchronizes Department efforts to combat weapons of mass destruction worldwide.
- U.S. Special Operations Command (USSOCOM) leads, plans, synchronizes, and as directed, executes global operations against terrorist networks.
- U.S. Transportation Command (USTRANSCOM) moves military equipment, supplies, and personnel around the world in support of operations.
- U.S. Joint Forces Command (USJFCOM) leads joint innovation and experimentation, integrates joint force capabilities, trains joint forces, leads development of joint force readiness standards, and provides trained and ready joint forces to other combatant commanders.

The Military Departments supply the necessary capabilities to these Commands. As such, the operating costs of these commands (except the USSOCOM) are subsumed within each Military Department's budget. The USSOCOM is the only Combatant Command that has budget authority that resides outside of the control of the Military Departments and is reflected in the Department's Defense-wide accounts.

U.S. Air Force Gen. Kevin P. Chilton, commander, U.S. Strategic Command, addresses the student body at Saint Bernard High School, his alma mater, in Playa Del Rey, Calif., to talk about his career in the Air Force and as an astronaut and to take questions from the students.

U.S. Air Force photo by Joseph M. Juarez Sr. – November 2008

Figure 9. Geographic Combatant Commands



III.3 The DoD Strategic Plan

The Quadrennial Defense Review (QDR) constitutes the DoD's strategic plan. The Secretary of Defense submits the QDR to the President and the Committees on Armed Services of the U.S. Senate and the U.S. House of Representatives.

Subsection 118 of Chapter 2, United States Code requires that the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, conduct a comprehensive examination of the United States defense strategy and establish a defense program for the next 20 years. This review examines national defense strategy, force structure, force modernization plans, infrastructure, budget plans, and other elements of the defense program and policies of the United States, consistent with the most recent National Security Strategy and National Military Strategy. The review calls for a budget plan that would be required to provide sufficient resources to execute successfully the full range of missions called for in the national defense strategy at a low-to-moderate level of risk.

U.S. Navy Military Sealift Command fleet replenishment oiler USNS Tippecanoe (T AO 199) steams away from the amphibious assault ship USS Peleliu (LHA 5) in the Indian Ocean. Peleliu is supporting maritime security operations in the U.S. 5th Fleet's area of responsibility.

U.S. Navy photo by Mass Communication Specialist 2nd Class Dustin Kelling September 2008

On February 3, 2006, the Defense Department unveiled its most recent Quadrennial Defense Review (QDR), charting the way ahead for the next 20 years. The 2006 QDR report acknowledged that the Defense Department has been and is transforming along a continuum that shifts emphasis from the 20th century to the 21st century. The foundations of the 2006 QDR are the National Military Strategy, published in May 2004, and the National Defense Strategy, published in March 2005.

The 2006 QDR reflects a process of change that has gathered momentum since the release of its predecessor QDR in 2001. The 2006 QDR identifies two fundamental imperatives for the Department of Defense:

- Continuing to reorient the Department capabilities and forces to be more agile in this time of war, to prepare for wider asymmetric challenges and to hedge against uncertainty over the next 20 years.
- Implementing enterprise-wide changes to ensure that organizational structures, processes, and procedures effectively support its strategic direction.

The QDR acknowledged that everything done in the Defense Department must contribute to joint warfighting capability. The report represents the Department's strategy for defense of the nation and the capabilities needed to effectively execute that defense. Its purpose is to provide the United States of America with strong, sound, and effective warfighting capabilities. A copy of the Department's complete QDR can be found at www.defenselink.mil/qdr/report/Report20060203.pdf.

III.4 DoD Strategic Goals and Objectives

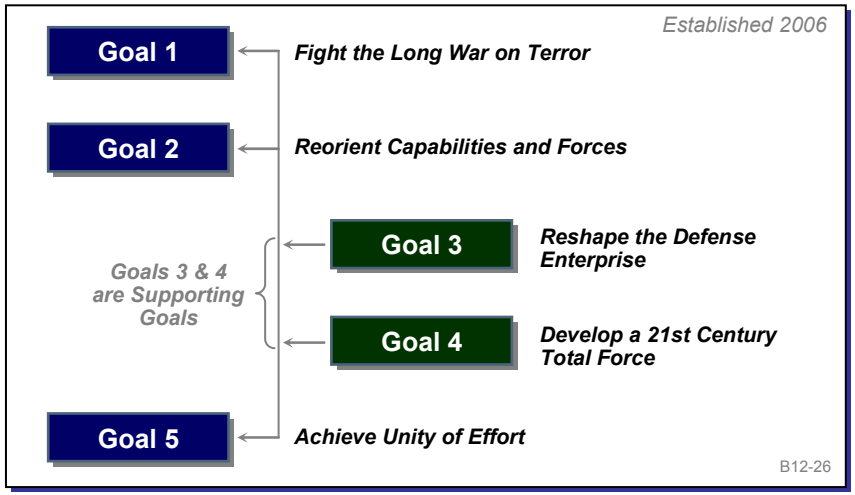
The 2006 QDR review required a judicious balance between present needs and future capabilities, as depicted by the following overarching DoD strategic goals:

- Goal 1: Fight the Long War on Terrorism
- Goal 2: Reorient Capabilities and Forces
- Goal 3: Reshape the Defense Enterprise
- Goal 4: Develop a 21st Century Total Force
- Goal 5: Achieve Unity of Effort

The 2006 QDR was the first contemporary defense review to coincide with an ongoing major conflict. Consequently, strategic goal 1 is focused on the ongoing major conflict and extended stabilization campaign in Iraq and Afghanistan. At the same time, the 2006 QDR recognized that the Department needed to recast its view of future warfare through the lens of a long duration and globally distributed conflict. Therefore, strategic goal 2 focuses on reorienting the Armed Forces to deter and defend against transnational terrorists around the world. Strategic goal 5 recognizes that the DoD cannot meet today's complex challenges alone. This goal recognizes integrated security cooperation and strategic communication as additional tools the Combatant Commanders may use to fight wars. Together, these three goals encompass the Department's warfighting missions.

Strategic goals 3 and 4 focus on developing a Total Force and reshaping the defense infrastructure, respectively, in ways that better support the warfighter. Therefore, these goals are seen as supporting goals that enable accomplishment of the Department's primary strategic goals 1, 2, and 5. See Figure 10.

Figure 10. QDR Strategic Goals



DoD Strategic Objectives

Based on the above over-arching QDR goals, a task force and Senior Review Group (SRG) were established in January 2007 to develop a limited number of high priority strategic objectives and performance targets for enterprise-level focus over the next decade. The task force and SRG included representatives from each OSD Principal Staff, the Joint Staff, and the Military Departments. As a result of their efforts, 17 strategic objectives were developed (Figure 11) with 51 supporting performance targets for FY 2008. Based on priority changes, one FY 2008 performance target was subsequently deleted by the Under Secretary of Defense (Intelligence).

Section III.6 provides the Department's assessment of FY 2008 accomplishments under each strategic objective.

Figure 11. QDR Strategic Goals and Objectives

Established 2006

Strategic Goal 1: Fight the Long War on Terrorism

1.1: Conduct a large-scale, potentially long-duration irregular warfare campaign that includes counterinsurgency, security, stability, transition, and reconstruction operations.

Strategic Goal 2: Reorient Capabilities and Forces

2.1: Deter or defeat direct attacks to the U.S. homeland and its territories and contribute toward the nation's response to and management of the consequences of Weapons of Mass Destruction (WMD) or other catastrophic events; improve ability to respond to Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) attacks and improve the capability of interagency partners to contribute to our nation's security.

2.2: Deter and defend against transnational terrorist attacks and globally distributed aggressors and shape the choices of countries at strategic crossroads, while postured for a second, nearly simultaneous campaign.

2.3: Operationalize and strengthen intelligence.

2.4: Enhance security and reduce vulnerabilities.

Strategic Goal 3: Reshape the Defense Enterprise

3.1: Improve acquisition processes and execution to support warfighter requirements.

3.2: Focus research and development to address warfighting requirements.

3.3: Implement improved logistics operations to support joint warfighting.

3.4: Maintain capable, efficient, and cost-effective installations to support the DoD workforce.

3.5: Improve financial management and budget and performance integration to support strategic decisions and improve financial stewardship to the taxpayer.

3.6: Make information available on a network that people depend on and trust.

Strategic Goal 4: Develop a 21st Century Total Force

4.1: The "All Volunteer" military force is available and ready to meet the steady-state and surge activities of the DoD.

4.2: DoD remains competitive for needed talent by sustaining workforce satisfaction.

4.3: Provide effective and efficient human resources management to DoD customers.

4.4: Improve workforce skills to meet mission requirements.

Strategic Goal 5: Achieve Unity of Effort

5.1: Build capacity of international partners in fighting the war on terrorism.

5.2: Improve strategic communications process to link information issues with policies, plans, and actions and improve primary communications supporting capabilities.

III.5 FY 2008 Performance Results by DoD Strategic Goal and Objective

The Department Performance Budget Report for FY 2008 includes 50 DoD-wide or enterprise-level performance targets and over 300 program-level performance targets distributed among DoD major mission areas. Principal Staff Assistants within the Office of the Secretary of Defense selected the 50 enterprise-level targets as most relevant for accomplishing the Department's Strategic Goals and Objectives. Consequently, the performance results discussed in this report are limited to enterprise-level accomplishments. Details on FY 2008 performance results and improvement plan progress, by DoD program area, can be found at www.//whitehouse.gov/omb/expectmore/.

In addition, this report does not address performance results of a classified nature or results associated with the National Intelligence Program (NIP) since responsibility for the NIP falls under the purview of the Director for National Intelligence (DNI).

FY 2008 Performance Results Summary

Performance information is provided by representatives from DoD Principal Staff Assistants within the Office of the Secretary of Defense and select DoD Components. All performance measures are supported by DoD performance verification and validation documentation that identifies the source documents and process used to collect and calculate each performance result. This documentation also calls for the identification of a senior level official responsible for ensuring data accuracy.

Based on input received, the results for five (or 10 percent) of the 50 enterprise-level targets for FY 2008 are not available at this time. Results for these measures involve lengthy and complex data collection from multiple DoD Components and will be provided with submission of the Department's FY 2010 Performance Plan on or about April 2009.

However, based on available results, Figure 12 indicates that 69 percent (31 performance targets) for FY 2008 were met or exceeded, 22 percent (10 performance targets) were not met

Figure 12. FY 2008 Performance Results by DoD Strategic Goal

DoD Strategic Goal	Met or Exceeded		Improved Over Prior Year, But Did Not Meet		Did Not Meet		Total	
Goal 1 - Fight the Long War on Terrorism	2	67%	1	33%	0	0%	3	100%
Goal 2 - Reorient Capabilities and Forces	8	80%	1	10%	1	10%	10	100%
Goal 3 - Reshape the Defense Enterprise	6	55%	4	36%	1	9%	11	100%
Goal 4 - Develop a 21st Century Total Force	13	76%	2	12%	2	12%	17	100%
Goal 5 - Achieve Unity of Effort	2	50%	2	50	0			100%
DoD Total	**31**	**69%**	**10**	**22%**	**4**	**9%**	**45**	**100%**

but showed improvement over the prior year, and 9 percent (4 performance targets) were not met. Figure 11 also indicates that the Department achieved a 50 percent or greater success rate in meeting or exceeding the performance targets applicable to each DoD Strategic Goal.

Appendix A provides a summary of FY 2008 performance results by DoD Strategic Goal, as discussed in greater detail under this section.

FY 2008 Performance Result Details

The follow-on section provides a performance assessment for each DoD Strategic Goal and Objective that includes:

- The scope of each Strategic Objective;
- Select Performance Measures;
- PMA and GAO High Risk Affiliation;
- Long-term and annual performance targets for each measure;
- Four years of performance results for each measure;
- Milestones when missing FY 2008 performance results will be available;
- Delineation of FY 2008 results in terms of targets met and not met;
- Discussion of strategies used to meet targets;
- Rationale for not meeting performance targets; and
- Associated PART evaluations.

In addition, Chapter IV discusses completed program evaluations, studies, and audits that affected select DoD performance areas in FY 2008.

U.S. Army Staff Sgt. Carlos Garcia, of Bravo Company, 2nd Battalion, 508th Parachute Infantry Regiment, pulls watch security while searching the mountains in Afghanistan

U.S. Army photo by Staff Sgt. Marcus J. Quarterman June

Goal 1 – Fight the Long War On Terrorism

Strategic Objective 1.1

Conduct a large-scale, potentially long-duration irregular warfare campaign that includes counterinsurgency, security, stability, transition, and reconstruction operations.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area is focused on Iraq and Afghanistan as one of two major warfare campaigns the Defense Department must remain postured to conduct. The goal of U.S. engagement in Iraq (Operation Iraqi Freedom) and Afghanistan (Operation Enduring Freedom) is to establish stable, democratic and secure nations, with institutions and resources for each nation to provide for its own security. This objective relies on other related strategic objectives to a) provide the right mix of affordable capabilities and capacity to the warfighters on time, with medium to low risk of failure; b) strengthen the use of coalition, multinational, and interagency partner capabilities to reduce demand on the future force; and c) support security cooperation objectives.

B. Select Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected three primary performance measures for assessing the ability of Iraq and Afghanistan to provide for their own security, as follows:

- Number of Iraqi Security Forces (ISFs) trained;
- Number of Afghanistan National Security Forces (ANSFs) trained; and
- Percent DoD personnel contribution to coalition partners' forces supporting Operation Enduring Freedom (OEF) and International Security Assistance Forces (ISAFs).

Figure 13 provides a summary of these performance targets and results for FY 2008, as well as four years of actual performance trend data.

C. FY 2008 Performance Results:

Figure 13 shows that the Department exceeded two of three performance targets for this objective area and shows improvement over the prior year in the third performance area.

- By the end of FY 2008, the Department exceeded its ISF performance target by about six percent (or 29,000 trainees). An essential piece of the strategic goal of the United States in Iraq is to enhance the country's ability to defend itself in the war on terror. Steps continued in 2008 to improve the capacity of the Iraqi Security Forces (ISFs) in accomplishing that goal. Indications of ongoing improvements included the increase of ISF-led major security operations and the transfer to Provincial Iraqi Control in 11 of Iraq's 18 provinces. The Coalition and the Government of Iraq are currently defining the mechanisms for transitioning security responsibilities in the remaining provinces beyond December 31, 2008. Through increased funding, improvements to training centers are allowing an even greater throughput resulting in an increased ISF capacity. In addition, the Iraqi Army's and police force's expansion of basic combat and police training facilities has led to noticeable increases in the overall percentages of assigned unit strength. Increased attention to leader development, another critical area, is occurring to ensure the forces are well led and maintained. To increase throughput and rapidly expand the force, the execution of a truncated 80-hour training course was initiated, which provides police officers with basic operational skills. Those going through this shortened class will later receive the full course, which is currently under review by the Multi-National Security Transition Command of Iraq and the

Figure 13. Strategic Objective 1.1 Performance Measures, Targets, and Results

Strategic Objective 1.1: Conduct a large-scale, potentially long-duration irregular warfare campaign that includes counterinsurgency, security, stability, transition, and reconstruction operations.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
1.1-1: Number of Iraqi Security Forces (ISFs) and Afghan National Security Forces (ANSFs) trained	1.1-1a: By FY 2009, the DoD will train 588,000 Iraqi Security Forces (ISFs).	FY 05: 223,700 ISFs trained FY 06: 328,000 ISFs trained FY 07: 439,700 ISFs trained FY 08 Target: 529,000 ISFs trained FY 08 Result: 558,279 ISFs trained FY 08 Assessment: Exceeded
	1.1-1b: By FY 2009, the DoD will train 162,000 Afghan National Security Forces (ANSFs).	FY 05: 57,000 ANSFs trained FY 06: 81,500 ANSFs trained FY 07: 124,700 ANSFs trained FY 08 Target: 152,000 ANSFs trained FY 08 Result: 144,000 ANSFs trained FY 08 Assessment: Improved Over Prior Year, But Not Met
1.1-2: Percent DoD personnel contribution to coalition partners' forces supporting Operation Enduring Freedom (OEF) and International Security Assistance Forces (ISAFs)	1.1-2: By FY 2009, the DoD will reduce their personnel contribution to coalition partners' forces supporting Operation Enduring Freedom (OEF) and International Security Assistance Forces (ISAFs) to 51 percent.	FY 05: 61.5% personnel contribution FY 06: 49.5% personnel contribution FY 07: 52.7% personnel contribution FY 08 Target: 51% personnel contribution FY 08 Result: 50.3% personnel contribution FY 08 Assessment: Exceeded

Ministry of Interior. The objective is to shorten the duration from the current 400-hour course to 240-hours by extending the length of the training day and eliminating low priority tasks, such as drill and ceremony. By compressing course length and maximizing training facility capacity, the ability to increase throughput will continue to improve.

- While the Department did not meet its target for training 152,000 ANSFs, over 19,000 additional ANSFs were trained above the number accomplished in FY 2007. As part of the overarching Afghanistan National Development Strategy (ANDS), security remains a key component, achieved in part by recruiting, training and retaining a professional Afghan National Army and Afghan National Police. The capabilities of the Afghan National Army (ANA) improved steadily in 2008, resulting in more than 30 significant operations led by the ANA. Combined Security Transition Command-

Afghanistan (CSTC-A) is the lead U.S. agency responsible for ANSF development. As part of the strategy to enhance training throughput, the decrease of shortfalls in U.S. Embedded Training Teams (ETTs) and U.S. support to ANP Police Mentor Teams (PMTs) was targeted. In addition, a new CSTC-A-led Focused District Development (FDD) plan was implemented in late 2007, showing promise in 2008. This initiative withdraws the locally-based Afghan Uniform Police from selected districts, replacing them temporarily with highly trained and effective Afghan National Civil Order Police (ANCOP). The FDD plan is also being used to mitigate the current shortfalls in ETTs and PMTs. To further bolster training efforts, Marines from deploying MEUs are also being assigned to conduct ANP training missions in nine Afghanistan districts.

Building Afghan police training capacity continued to be a priority in 2008 and efforts to expand that capacity are on track to require initial entry training for all police recruits in approximately three years. Civilian police mentors build train-the-trainer capacity for Afghan instructors, who in turn provide instruction to Afghan trainees. To further increase training capacity, CSTC-A and the Bureau of Narcotics and Law Enforcement have established an Afghan National Civil Order Police Training Center with a capacity of 800 students per class and are also planning for a National Police Training Center, which is expected to achieve initial operating capability later in 2008. This center will have an eventual capacity of 2,000 policemen. When operational, the National Police Training Center will make it possible for all new police to attend IET before going on duty.

- By the end of FY 2008, the Department exceeded its personnel reduction target by comprising 50.3 vice 51 percent of coalition forces. A top U.S. government priority is to ensure that ISAF countries provide all required forces as determined by NATO military authorities in the agreed Combined Joint Statement of Requirements (CJSOR). Although CJSOR shortfalls remain, especially for maneuver battalions, helicopters, and Operational Mentoring and Liaison Teams (OMLTs), all 26 Allies and 14 non-NATO partners are contributing in important ways to the ISAF mission. ISAF has increased from approximately 31,000 personnel in November 2006, to approximately 47,000 personnel in 2007 and continued to increase in 2008.

U.S. Marine Corps Cpl. Cory J. Becker, assigned to Golf Company, 2nd Battalion, 7th Marine Regiment, leads Afghan National Police recruits in a physical training run at Lashkar Gah, Afghanistan, June 3, 2008. The 2-7 Marines, based out of Marine Air Ground Combat Center, Twentynine Palms, Calif, are a reinforced light infantry battalion deployed to Afghanistan in support of Operation Enduring Freedom.

U.S. Marine Corps photo by Lance Cpl. Gene Allen Ainsworth III – June 2008

In order to help Allies shore up domestic political support for increased resources in Afghanistan, the U.S. focused efforts

on the development of a Comprehensive Political Military Strategic Plan for ISAF. This plan explains how Allied security is directly linked to stability in Afghanistan and lays out a vision to guide the ISAF's role in Afghanistan over the next five years. This Comprehensive Political Military Strategic Plan was agreed to by the Heads of State and Government from Allied and other troop-contributing nations at Bucharest in March 2008. In the Comprehensive Political Military Strategic Plan, Allies agreed that Afghanistan is the Alliance's key priority. Among the pledges of support at the Bucharest Summit, France announced that it will send approximately 700 additional troops to eastern Afghanistan. Since the Bucharest Summit, a number of other countries have pledged additional resources to ISAF. For example, Poland has agreed to send 400 additional troops and eight helicopters. Several nations, such as Romania, Italy, and Greece, have agreed to provide additional OMLTs, with 36 currently fielded or pledged to help build a more effective Afghan National Army.

Afghanistan also encouraged and facilitated international training efforts by educating the international community on requirements and encouraging the provision of key leader and staff mentors, International Police Mentor Teams (IPMTs), and Mobile Training Teams (MTTs) to assist in the development of both the Ministry of Defense and Ministry of the Interior and their subordinate organizations. Currently, the U.K., Canada, and the Netherlands are providing IPMTs in Afghanistan. There are several bilateral MTTs in Afghanistan, including one from Mongolia and two from Romania. Additionally, several countries are supporting the establishment of institutions such as the Command and General Staff College (France), the Drivers-Mechanics School (Germany), and the Kabul Military High School (Turkey).

D. Associated PART Evaluations:

The QDR acknowledged that everything done in the Defense Department must contribute to joint warfighting capability. Therefore, all DoD programs, either directly or indirectly, enable accomplishment of this strategic objective.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Policy)

Goal 2 – Reorient Capabilities and Forces

Strategic Objective 2.1

Deter or defeat direct attacks to the U.S. homeland and its territories and contribute toward the Nation's response to and management of Weapons of Mass Destruction (WMD) or catastrophic events; Improve ability to respond to Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) attacks and improve the capability of interagency partners to contribute to our Nation's security.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective consists of nuclear deterrent forces, continental air defense assets, and homeland defense activities. It includes operating forces designed primarily to deter or defeat direct attacks on the United States and its territories. In addition to counterterrorism, homeland defense includes, among other activities, the DoD's commitment to aid the interdiction of drug shipments to the United States and guard against computer attacks on the national information infrastructure. Success in this objective requires that all elements of national power work in unison to protect our national interests. This objective includes initiatives to maintain a safe, secure, and reliable nuclear deterrent capability that provides a credible strategic deterrent to protect the U.S. homeland and an extended deterrent to U.S. allies and friends as we reduce our operationally deployed strategic nuclear weapons under the Moscow Treaty. It also includes initiatives to diminish the risks of proliferation from weapons of mass destruction (WMD).

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected two performance measures as primary indicators of the DoD capability to contribute toward the nation's response to and management of WMD or other catastrophic events, as follows:

- Number of National Guard Weapons of Mass Destruction-Civil Support Teams (WMD-CSTs) certified; and
- Number of National Guard Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive Enhanced (CBRNE) Response Force Packages trained.

C. FY 2008 Performance Assessment:

Figure 14 shows that the Department exceeded one performance target for this objective area and shows improvement over the prior year in the second performance area.

- In FY 2008, one additional CST was certified to the Congess by the Secretary of Defense, bringing the total to 53 CSTs. The Department's long-term target is 55 CSTs. The two non-certified CSTs are completing personnel qualifications and CST-specific training to meet the established DoD certification requirements by the end of FY 2009. More recently, Congress authorized two additional CSTs for New York and Florida, causing the Department to revise its CST target to 57. The National Guard Bureau is working with these states to achieve their certification by FY 2010.
- Successful leveraging of Joint Interagency Training and Education Center (JITEC) training capabilities has enabled 17 states to train their designated CERFP forces. The cooperative efforts by the various states to send designated personnel to OSHA/NFPA certification and NGB Vigilant Guard Exercises training venues allowed for successful individual and collective training opportunities.

Figure 14. Strategic Objective 2.1 Performance Measures, Targets, and Results

Strategic Objective 2.1:	Deter or defeat direct attacks to the U.S. homeland and its territories and contribute toward the Nation's response to and management of Weapons of Mass Destruction (WMD) or catastrophic events; Improve ability to respond to Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) attacks and improve the capability of interagency partners to contribute to our Nation's security.

Performance Measures	Strategic Plan Long-term Performance Targets	Annual Performance
2.1-1: Number of National Guard Weapons of Mass Destruction –Civil Support Teams (WMD-CSTs) certified	2.1-1: By FY 2008, 55 National Guard Weapons of Mass Destruction-Civil Support Teams (WMD-CSTs) will be certified.	FY 05: 32 WMD-CSTs certified FY 06: 42 WMD-CSTs certified FY 07: 52 WMD-CSTs certified FY 08 Target: 55 WMD-CSTs certified FY 08 Result: 53 WMD-CSTs certified FY 08 Assessment: Improved Over Prior Year, But Not Met
2.1-2: Number of National Guard Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive (CBRNE) Enhanced Response Force Packages (CERFPs) trained	2.1-2: By FY 2008, 17 National Guard Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive (CBRNE) Enhanced Response Force Packages (CERFPs) will be trained for WMD or other catastrophic responses.	FY 05 : 12 CERFPs trained FY 06 : 12 CERFPs trained FY 07: 12 CERFPs trained FY 08 Target: 17 CERFPs trained FY 09 Result: 17 CERFPs trained FY 08 Assessment: Met

D. Associated PART Evaluations:

Figure 15 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Policy)

Figure 15 Strategic Objective 2.1 PART Evaluations

PART Name	Year Last Evaluated	Rating
Chemical Demilitarization	2005	Adequate
Missile Defense	2005	Adequate

Goal 2: Reorient Capabilities and Forces

Strategic Objective 2.2

Deter and defend against transnational terrorists attacks and globally distributed aggressors and shape the choices of countries at strategic crossroads, while postured for a second, nearly simultaneous campaign.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective includes all DoD operating forces designed for deployed operations outside the U.S., except for the incremental capabilities and forces identified for the current Iraq and Afghanistan campaign (DoD strategic objective 1.1) and homeland defense (DoD strategic objective 2.1). The Combatant Commanders receive their missions from the President through the Secretary of Defense and their forces from the Military Departments. Each of the Military Departments is responsible for organizing, training, equipping, and providing forces to fulfill specific roles, including requirements for land, sea, air, and space operations, along with numerous supporting functions. Force organizations are the warfighting ships, squadrons, and battalions (and their support) assigned to the Combatant Commanders, as well as senior-level command and control operational headquarters. Taken together, these warfighting units and their support constitute most of DoD's military force structure that satisfies a range of warfighting roles. This objective relies on other related strategic objectives:

- To provide the right mix of affordable capabilities and capacity to the warfighters on time, with medium-to-low risk of failure; and
- To strengthen the use of coalition, multinational, and interagency partner capabilities to reduce demand on the future force, and to support security cooperation objectives.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected five performance measures as primary indicators of DoD progress in reorienting military capabilities and forces, as follows:

- Percent of DoD reduction in deployed Minuteman III Intercontinental Ballistic Missiles achieved;
- Percent increase in DoD Special Forces and Navy SEAL personnel achieved;
- Cumulative Number of DoD Maritime Pre-position Force ships procured;
- Number of Army Brigade Combat Teams converted to a modular design and available to meet military operational missions; and
- Number of Army Multi-functional and Functional Support brigades converted to a modular design and ready to meet military operational missions.

C. FY 2008 Performance Assessment:

Figure 16 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. Overall, the Department met or exceeded 100 percent of its performance targets in this objective area.

- The Department met its FY 2009 reduction in deployed Minuteman III ICBMs in July 2008—a year ahead of schedule by actively delaying depot refurbishment and maintenance efforts. Minuteman III ICBMs were reduced from 500 to 450—an overall reduction of 10 percent in the Minuteman III ICBM fleet.

Figure 16. Strategic Objective 2.2 Performance Measures, Targets, and Results

Strategic Objective 2.2: Deter and defend against transnational terrorist attacks and globally distributed aggressors and shape the choices of countries at strategic crossroads, while postured for a second, nearly simultaneous campaign.

Performance Measures	Strategic Plan Long-term Performance Targets	Annual Performance
2.2-1: Percent of DoD reduction in deployed Minuteman III Intercontinental Ballistic Missiles (ICBMs) achieved	2.2-1: By FY 2009, the DoD will reduce the number of deployed Minuteman III Intercontinental Ballistic Missiles (ICBMs) by 50 (from 500 to 450).	FY 05: Non-applicable FY 06: Non-applicable FY 07: 24% of the ICBM reduction achieved FY 08 Target: 90% of the ICBM reduction achieved FY 08 Result: 100% of the ICBM reduction achieved FY 08 Assessment: Exceeded
2.2-2: Percent increase in DoD Special Forces and Navy SEAL personnel achieved	2.2-2: By FY 2011, the DoD will increase its Special Forces and Navy SEAL personnel by 19 percent.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 6% personnel increase FY 08 Target: 10% personnel increase FY 08 Result: 12.4% personnel increase FY 08 Assessment: Exceeded
2.2-3: Cumulative number of DoD Maritime Pre-position Force (MPF) ships procured	2.2-3: By FY 2009, the DoD will have procured seven Maritime Pre-position Force (MPF) ships.	FY 05: Non-applicable FY 06: 3 MPF ships procured FY 07: 4 MPF ships procured FY 08 Target: 4 MPF ships procured FY 08 Result: 4 MPF ships procured FY 08 Assessment: Met
2.2-4: Number of Army brigades converted to a modular design and available to meet military operational demands	2.2-4a: By FY 2014 the DoD will convert 76 Army Brigade Combat Teams (BCTs) to a modular design.	FY 05: 13 BCTs converted FY 06: 31 BCTs converted FY 07: 35 BCTs converted FY 08 Target: 38 BCTs converted FY 08 Result: 38 BCT converted FY 08 Assessment: Met
	2.2-4b: By FY 2013, the DoD will convert 227 Army Multi-functional and Functional Support (MFF) brigades to a modular design.	FY 05: 74 Army MFF brigades converted FY 06: Army 116 Army MFF brigades converted FY 07: 144 Army MFFs brigades converted FY 08 Target: 187 Army MFFs brigades converted FY 08 Result: 188 Army MFFs brigades converted FY 08 Assessment: Exceeded

- The Department exceeded its FY 2008 targeted increase in DoD Special Forces and Navy SEAL personnel to address irregular warfare and counterinsurgency. In FY 2008, the United States Army Special Operations Command (USASOC) experienced the largest growth in Army SOF history. In addition to standing up the first of five new Special Forces Battalions in August 2008, USASOC continues to expand other non-kinetic capabilities. Increased faculty strength, revised curricula, increased recruitment, proficiency advances and attrition-rate reduction initiatives increased annual SF production from 450 to 750. New graduates are assigned to existing battalions (BNs) to gain operational experience. New BNs are then populated with fully trained and experienced SF upon inception.

  In addition, the Navy focused efforts on improving both the recruitment and retention of SEALs. First, the Navy Recruitment Command hired SEAL Operator mentors at each Navy Recruiting District. These contractors, many of them ex-SEALs, support marketing events and mentor Delayed Entry Program enlistees. Secondly, the Recruitment Training Center now groups all future SOF together during Boot Camp to build teamwork, discipline and motivation. They also established a Prep Course to provide vigorous physical training, continuous mentorship and more teamwork and motivation to set them up for success. Lastly, the Naval Special Warfare Center scrutinized and revised curricula making changes to screening/selection, indoctrination and remediation courses. Efforts to minimize attrition at all points in the Qualification Training pipeline, combined with retention incentive programs, have improved net growth of the total SEALs force.

- While no additional MPF ships were procured in FY 2008, the Department is committed to a fully balanced, joint maritime capability that supports the Navy and the Marine Corps.

- The Department achieved its FY 2008 target of converting 38 Army BCTs to a modular design. Through the Army Campaign Plan, the Army Modernization Plan, and the Secretary of Defense-approved Acceleration of the Grow the Army Plan, the Army is on track to convert 76 BCTs in the Active and Army National Guard components by the end of FY 2014. These BCTs provide the necessary combat maneuver capabilities to execute the National Military Strategy and meet the needs of the Combatant Commanders in a changing security environment that demands full-spectrum dominance.

- The Department exceeded its target for Multi-functional and Functional Support conversions by activating one additional brigade to a modular design by the end of FY 2008. The Army is on track to execute a plan that will culminate in approximately 227 MFF brigades in all three components by the end of FY 2013. These brigades provide the necessary combat, combat support and combat service support capabilities to execute the National Military Strategy and meet Combatant Commanders' needs.

D. Associated PART Evaluations:

Figure 17 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Officials:

- Under Secretary of Defense (Acquisition, Technology, and Logistics)

- Under Secretary of Defense (Personnel and Readiness)

Figure 17. Strategic Objective 2.2 PART Evaluations

PART Name	Year Last Evaluated	Rating
Air Combat Program	2002	Moderately Effective
Airlift Program	2002	Effective
Navy Shipbuilding	2002	Adequate
Air Force Aircraft and Weapons Readiness	2004	Effective
Army Land Forces Readiness	2004	Effective
Navy Ship Readiness	2004	Effective
Navy/Marine Corps Air Readiness	2004	Effective
Future Combat Systems/ Modularity Land Warfare	2005	Moderately Effective
Space Launch	2005	Adequate
National Security Space Weather Programs	2005	Adequate
Army Air Readiness	2006	Effective
Marine Corps Expeditionary Warfare	2006	Moderately Effective
Precision Weapons Programs	2006	Moderately Effective
Rotary Wing Programs	2006	Adequate
Strategic Offensive Capabilities	2006	Effective
Air Force Combat-Related Readiness	2007	Effective

Pre-Commissioning Unit New Orleans (LPD 18) transits the Mississippi River toward her namesake city. The ship was commissioned in a ceremony March 10, 2007. New Orleans residents and visitors were offered a unique look at the second San Antonio-class ship. The San Antonio-class will functionally replace more than 41 ships (LPD 4, LSD 36, LKA 113 and LST 1179 classes of amphibious ships) and provide the Navy and Marine Corps with modern sea-based platforms.

U.S. Navy photo by Mass Communication Specialist 1st Class Robert Kerns – March 2007

Goal 2 – Reorient Capabilities and Forces

Strategic Objective 2.3

Operationalize and Strengthen Intelligence

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective includes defense intelligence capabilities that operate apart from, but in concert with, those intelligence resources dedicated to the Department's operating forces and included under DoD strategic objectives 1.1, 2.1, and 2.2. This objective includes Defense-wide activities providing support to multiple DoD customers. This objective excludes performance objectives and goals associated with the National Intelligence Program (NIP).

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected two performance measures as primary indicators of DoD progress in reorienting military capabilities and forces, as follows:

- Percent of Joint Intelligence Operations Centers (JIOCs) at initial operating capability, excluding tactical JIOCs and AFRICOM; and
- Percent of Joint Intelligence Operations Centers (JIOCs) at full operating capability, excluding tactical JIOCs and STRATCOM.

C. FY 2008 Performance Assessment:

Figure 18 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. Overall, the Department met or exceeded all of its performance targets in this objective area.

- The following strategies were employed by the OUSD (Intelligence) to meet the 100 percent target in JIOC initial operating capability for FY 2008:
  - Established principles and Lines of Operation to measure JIOC effectiveness and ability to achieve IOC;

Figure 18. Strategic Objective 2.3 Performance Measures, Targets, and Results

Strategic Objective 2.3: Operationalize and Strengthen Intelligence		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
2.3-1: Percent of Joint Intelligence Operations Centers (JIOCs) at initial operating capability (IOC) and at full operating capability (FOC)	2.3-1a: By FY 2008, the DoD will establish 100 percent of Joint Intelligence Operations Centers (JIOCs) at initial operating capability (IOC), excluding tactical JIOCs and AFRICOM.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 90% of JIOCs at IOC FY 08 Target: 100% of JIOCs at IOC FY 08 Result: 100% of JIOCs at IOC FY 08 Assessment: Met
	2.3-1b: By FY 2011, 100 percent of JIOCs will reach intended end state, excluding tactical JIOCs and STRATCOM.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 20% of JIOCs at end state/FOC FY 08 Target: 33% of JIOCs at end state/FOC FY 08 Result: 40% of JIOCs at end state/FOC FY 08 Result: Exceeded

- Conducted monthly implementation updates and collected semi-annual performance information from each COCOM/JIOC;
- Sponsored a COCOM/JIOC self assessment that was followed by a Staff Assistance Visit (SAV) to assess JIOC implementation;
- Developed a SAV Action Plan calling for continuous improvements in policies, procedures, and functionalities by December 2010; and
- Led an OUSD(I)/Joint Staff review of COCOM and JIOC intelligence manpower that resulted in manpower rebalancing within the COCOMs to support higher priority efforts.
- All JIOCs achieved IOC, to include the DoD-level JICO (Defense Intelligence Operations Coordination Center (DIOCC), AFRICOM, and tactical JIOCs in Iraq and Afghanistan.

- Similar strategies were used to exceed the Department's JIOC/end state/FOC target for FY 2008, to include a formal process for routine review of JIOC manpower and operations. All JIOCs are operating with pre-established JIOC principles and lines of Operation. Completion of JIOC SAV Action Plan tasks postures the Defense Intelligence JIOC Enterprise for end state by December 2010.

D. Associated PART Evaluations:

Figure 19 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Intelligence)

Figure 19. Strategic Objective 2.3 PART Evaluations

PART Name	Year Last Evaluated	Rating
DoD Unmanned Aircraft Systems	2005	Moderately Effective

Goal 2 – Reorient Capabilities and Forces

Strategic Objective 2.4

Enhance Security and Reduce Vulnerabilities

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective includes counterintelligence (CI) and security activities across the Department of Defense. It includes the Department-wide system for obtaining and maintaining security clearances for personnel, as well as Service security and investigative activities that are not part of the National Intelligence Program (NIP) foreign counterintelligence program.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected only one performance measure that focuses on the Department's ability to prevent, detect, and neutralize foreign access to classified information, as follows:

- Percent of DoD counterintelligence mission-focused Technical Surveillance Countermeasure (TSCM) requirements satisfied.

C. FY 2008 Performance Assessment:

Figure 20 provides a single enterprise-level performance target and result for FY 2008, as well as four years of actual performance trend data.

- The Department did not meet its TSCM performance target for FY 2008 based on unanticipated manpower challenges. Much of this challenge is a result of high operational tempo and is not expected to be resolved in the next two years. Consequently, this measure and associated performance targets will be re-evaluated for FY 2009 and the out years.

D. Associated PART Evaluations:

No PART evaluations have been conducted in this objective area.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Intelligence)

Figure 20. Strategic Objective 2.4 Performance Measures, Targets, and Results

Strategic Objective 2.4: Enhance Security and Reduce Vulnerabilities		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
2.4.1: Percent of DoD counterintelligence mission-focused Technical Surveillance Countermeasure (TSCM) requirements satisfied	2-4.1: By 2009, the DoD will satisfy 94 percent of counterintelligence mission-focused Technical Surveillance Countermeasure (TSCM) requirements.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 71% of TSCM requirements satisfied FY 08 Target: 92% of TSCM requirements satisfied FY 08 Result: 55% of TSCM requirements satisfied FY 08 Assessment: Not Met

Goal 3 – Reshape the Defense Enterprise

Strategic Objective 3.1

Improve acquisition processes and execution to support warfighter requirements.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area includes all DoD acquisition infrastructure activities that develop, test, evaluate, and manage the procurement of military equipment and supporting systems from private industry. These activities provide technical oversight throughout each system's life. This objective contains the major research, development, and acquisition organizations of the Military Departments and the Defense Agencies, except those that are part of the formal Science and Technology Program (strategic objective 3.2). Individual program managers are assisted by the major contract managers and auditors in the DoD who oversee these industry contracts. This objective area includes activities providing acquisition, contract management services and auditing, activities that provide technical oversight throughout each system's useful life, acquisition-related studies and analysis, and operational and developmental test and evaluation organizations.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected three performance measures for assessing improvements in the Department's acquisition processes, as follows:

- Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 1992 and later;
- Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and later; and
- Average annual rate of acquisition cost growth for Major Defense Acquisition Programs.

Measures, under this objective, align with ongoing efforts to remediate the high-risk management challenges identified for the Department by the GAO.

C. FY 2008 Performance Assessment:

Figure 21 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data.

- Average cycle time is an indicator showing how fast the Department can develop new acquisition programs with the latest technologies and provide initial operational capability to combat units. There is disagreement about when a program actually starts. Therefore, the Department defines acquisition cycle time as the time period between when formal approval of an acquisition program takes place (i.e., program initiation) and when Initial Operating Capability (IOC) is achieved. This definition excludes time spent in concept refinement and technology development. The intent is to decrease the time to get new programs into the hands of the warfighter, developing methodologies to streamline the system acquisition process and reducing acquisition costs.
- The acquisition cost growth metric helps focus management attention on controlling costs. Minimizing acquisition cost growth in MDAPs frees up more resources for modernization or operating and support of DoD's weapon systems.

FY 2008 results for acquisition-oriented measures are not available at this time, but the DoD expects to be able to provide these results by March 2009 with publication of the Department's Select Acquisition Reports (SARs).

Figure 21. Strategic Objective 3.1 Performance Measures, Targets, and Results

Strategic Objective 3.1: Improve acquisition processes and execution to support warfighter requirements.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
3.1-1: Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs)	3.1-1a: By FY 2008, the DoD will reduce average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 1992 and later to less than 99 months.	FY 05: 101 months acquisition cycle time FY 06 101 months acquisition cycle time FY 07: 99.8 months acquisition cycle time FY 08 Target : <99 months acquisition cycle time FY 08 Result: Available 03/09 FY 08 Assessment: Data Not Yet Available
	3.1-1b: By FY 2008, the DoD will reduce average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and later to less than 66 months.	FY 05: 81 months acquisition cycle time FY 06: 81 months acquisition cycle time FY 07: 83.1 months acquisition cycle time FY 08 Target : <66 months acquisition cycle time FY 08 Result: Available 03/09 FY 08 Assessment: Data Not Yet Available
3.2-2: Average annual rate of acquisition cost growth for Major Defense Acquisition Program (MDAPs)	3.2-2: By FY 2008, the DoD will reduce the annual rate of acquisition cost growth for Major Defense Acquisition Programs (MDAPs) to zero percent.	FY 05: 6.9% acquisition cost growth FY 06: 3.8% acquisition cost growth FY 07: .6% acquisition cost growth FY 08 Target: 0% acquisition cost growth FY 08 Result: Available 03/09 FY 08 Assessment: Data Not Yet Available

D. Associated PART Evaluations:

Figure 22 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Acquisition, Technology, and Logistics)

Figure 22. Strategic Objective 3.1 PART Evaluations

PART Name	Year Last Evaluated	Rating
Defense Contract Management Agency	2007	Effective

Goal 3 – Reshape the Defense Enterprise

Strategic Objective 3.2

Focus research and development to address warfighting requirements.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area includes the Department's Science & Technology program, as defined by those program elements containing resources from budget activities 1, 2, or 3 of the DoD's Research, Development, Test, and Evaluation (RDT&E) appropriations. These three budget activities constitute the Defense Department's program of scientific research and experimentation for military application that includes basic research, applied research, and advanced technology development.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected only one performance measure that focuses on the Department's ability to transition programs to acquisition programs of record and/or direct operational capability, as follows:

- Percent of completing demonstration programs transitioning each year.

C. FY 2008 Performance Assessment:

Figure 23 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data.

- The mission of the DoD Science and Technology program is to develop and transition superior technology to enable affordable, decisive military capability across the full spectrum of crises and challenges. To accomplish this, the DoD funded technology efforts to address identified capability gaps.

The Department exceeded its transition target for FY 2008 by transitioning over 43 (vice 30) percent of formal demonstration programs to the field or to acquisition programs of record. The ultimate aim of research and development is to deliver innovative, product-ready technology to the warfighter. The Department uses demonstrations, prototypes and testing to reduce technological risk, thereby reducing acquisition cost.

Figure 23. Strategic Objective 3.3 Performance Measures, Targets, and Results

Strategic Objective 3.3: Focus research and development to address warfighting requirements.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
3.2-1: Percent of completing demonstration programs transitioning each year	3.2-1: Beginning in FY 2008, the DoD will transition 30 percent of completing demonstration programs per year.	FY 05: Non-applicable FY 06: Non-applicable FY 07: Non-applicable FY 08 Target: 30% of programs transitioning FY 08 Result: 43.1% of programs transitioning FY 08 Assessment: Exceeded

D. Associated PART Evaluations:

Figure 24 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Acquisition, Technology, and Logistics)

Figure 24. Strategic Objective 3.2 PART Evaluations

PART Name	Year Last Evaluated	Rating
Defense Basic Research	2002	Effective
Defense Small Business Innovation Research/Technology Transfer	2003	Results not Demonstrated
Defense Applied Research	2004	Moderately Effective
Test and Evaluation Programs	2006	Results not Demonstrated
Defense Advanced Technology Development Program	2007	Results not Demonstrated

Goal 3 – Reshape the Defense Enterprise

Strategic Objective 3.3

Implement improved logistics operations to support joint warfighting priorities.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area includes the wholesale supply and heavy maintenance activities operated by the Military Departments and Defense Agencies. Central logistics programs provide supplies, depot-level maintenance of military equipment and supporting systems, transportation of material, and other products and services to customers throughout the DoD. This includes logistical capabilities, external to the operating forces that, on a day-to-day basis, provide:

- Parts, fuel, and lubricants;
- Depot repairs;
- Secondary equipment items; and
- Supplies for organizations, individuals, and equipment.

The Department's Central Logistics infrastructure maintains warehouses, supply depots, and inventory control points and provides the depot-level heavy maintenance and repair activities for major equipment for the long-term material sustainment of the operating forces. Central Logistics products and services are generally financed through Defense Working Capital Funds.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected only one performance measure that focuses on the Department's ability to improve customer response and confidence in the DoD supply system, as follows:

- Average customer wait time

This measure aligns with ongoing efforts to remediate the high-risk management challenges identified for the Department by the GAO.

C. FY 2008 Performance Assessment:

Figure 25 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data.

Figure 25. Strategic Objective 3.3 Performance Measures, Targets, and Results

Strategic Objective 3.3: Implement improved logistics operations to support joint warfighting priorities		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
3.3-1: Average customer wait time	3.3-1: Beginning in FY 2007, the DoD will reduce average customer wait time to 15 days.	FY 05: 21 days customer wait time FY 06: 18 days customer wait time FY 07: 17 days customer wait time FY 08 Target: 15 days customer wait time FY 08 Result: 16.7 days customer wait time FY 08 Assessment: Improved Over Prior Year, But Not Met

- Customer wait time (CWT) measures the elapsed time from order to customer receipt. The final CWT Report for FY 2008 shows that the DoD slightly improved the level of performance when compared to FY 2007.

  DoD Logistics components are minimizing material handling; redesigning the Department's support structure; and pursuing business practice reforms. They are establishing local joint storage capabilities with levels of inventory that are more responsive to the Military Services' unit level demands and facilitate more timely delivery to end-users. The DUSD (Logistics and Materiel Readiness) is centrally monitoring customer wait times at the aggregate DoD level on a monthly basis. CWT results and means are monitored at the 50th, 75th and 95th percentiles in order to make the customer wait times more predictable. Current data indicates that 75% of material is received within the Department's 15 day performance target.

  However, the DoD Supply Chain continues to encounter wartime demands for materiel that has historically been stocked at limited levels or were not stocked at all. Normally, this material is requested on short order and there is limited time for delivery in the quantities demanded. However, the DoD components are finding ways to adequately meet the demands of the war fighting priorities. Much of this success is attributable to Strategic Distribution initiatives of placing the materiel closer to the customer.

  CWT for Hard-Lift areas (Iraq, Afghanistan, Kuwait, etc), which is DoD's highest priority, was reduced from 16.2 days in September 2007 to 14 days in September 2008--a 14 percent reduction.

D. Associated PART Evaluations:

Figure 26 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Acquisition, Technology, and Logistics)

Figure 26. Strategic Objective 3.3 PART Evaluations

PART Name	Year Last Evaluated	Rating
Air Force Depot Maintenance	2004	Effective
DoD Ship Depot Maintenance	2004	Effective
Navy Aviation Depot Maintenance	2004	Effective
Army Depot Maintenance	2006	Effective
Marine Corps Depot Maintenance	2006	Effective

Goal 3 – Reshape the Defense Enterprise

Strategic Objective 3-4

Maintain capable, efficient, and cost-effective installations to support the DoD workforce.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area includes installations at which units in the Operating Forces are based. It includes the services and organizations at these installations necessary to house and sustain the units and support their daily operations. It includes programs that sustain, restore, and modernize each installation's buildings and protect its environment. These installation services include housing, food services, utilities, waste disposal, recreation, repair facilities, grounds and building maintenance, installation equipment maintenance, and administration and technical support. This objective area also includes installations at which departmental management organizations are based and Base Realignment and Closure (BRAC) programs.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected five performance measures that focus on the Department's ability to maintain capable and efficient installations, as follows:

- Average percent reduction in building energy consumption;
- Average facilities recapitalization rate;
- Average facilities sustainment rate;
- Number of inadequate family housing units in the continental United States (CONUS); and
- Number of inadequate family housing units outside the continental United States (OCONUS).

Measures, under this objective, align with ongoing efforts to remediate the high-risk management challenges identified for the Department by the GAO and the following PMA initiatives:

- Commercial Services Management;
- Privatization of Military Housing; and
- Real Property Management Initiative.

C. FY 2008 Performance Assessment:

Figure 27 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. Overall, the Department exceeded 40 percent of performance targets in this objective area, shows improvement over the prior year in another 40 percent, and did not meet one performance target.

- The energy consumption measure reflects progress toward achieving the goals of the Energy Policy Act of 2005 and Executive Order 13423 *Strengthening Federal Environmental Energy and Transportation Management.* The Department exceeded its performance target for reducing energy consumption and the details of this achievement are documented in the DoD's Annual Energy Management Report (AEMR).
- The facilities recapitalization metric measures the rate at which a facility is being restored or modernized. The Department exceeded its performance target for recapitalization (from 60 to 38 years) for FY 2008. Facilities recapitalization is emphasized as the complementary program to facilities sustainment. The two programs together help optimize long-term performance, readiness, and return on investment of facilities across the Department.

Figure 27. Strategic Objective 3.4 Performance Measures, Targets, and Results

Strategic Objective 3-4: Maintain capable, efficient, and cost-effective installations to support the DoD workforce.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
3.4-1: Average percent reduction in building energy consumption	3.4-1: By FY 2009, the DoD will reduce average building energy consumption by 12 percent from the FY 2003 baseline.	FY 05: Non-applicable FY 06: 5.5% reduction from FY 2003 rate FY 07: 10.1% reduction from FY 2003 rate FY 08 Target: 9% reduction from FY 2003 rate FY 08 Result: 10.7% reduction from FY 2003 rate FY 08 Assessment: Exceeded
3.4-2: Average facilities recapitalization rate	3.4-2: By FY 2009, the DoD will fund an average facilities recapitalization rate of 56 years.	FY 05: 67 years FY 06: 60 years FY 07: 54 years FY 08 Target: 60 years FY 08 Result: 38 years FY 08 Assessment: Exceeded
3.4-3: Average facilities sustainment rate	3.4-3: Beginning in FY 2009, the DoD will fund an average facilities sustainment rate of 90 percent.	FY 05: 79% sustainment rate FY 06: 90% sustainment rate FY 07: 90% sustainment rate FY 08 Target: 91% sustainment rate FY 08 Result: 90% sustainment rate FY 08 Assessment: Did Not Meet
3.4-4: Number of inadequate family housing units	3.4-4a: By FY 2009, the DoD will eliminate all inadequate family housing in the continental United States (CONUS).	FY 05: 62,812 inadequate housing units FY 06: 43,019 inadequate housing units FY 07: 13,242 inadequate housing units FY 08 Target: 2,959 inadequate housing units FY 08 Result: 5,085 inadequate housing units FY 08 Assessment: Improved Over Prior Year, But Not Met
	3.4-4b: By FY 2009, the DoD will eliminate all inadequate family housing outside the continental United States (OCONUS).	FY 05: 24,702 inadequate housing units FY 06: 19,722 inadequate housing units FY 07: 14,298 inadequate housing units FY 08 Target: 2,403 inadequate housing units FY 08 Result: 7,273 inadequate housing units FY 08 Assessment: Improved Over Prior Year, But Not Met

- "Sustainment" means the routine maintenance and repair necessary to achieve the expected service life for a facility. Although the Department did not achieve its FY 2008 target, it did maintain the same sustainment level of 90 percent between FY 2007 and FY 2008.
- The Department did not achieve its FY 2008 target of eliminating all inadequate family housing in CONUS. However, it did improve in its reduction over the prior year by 62 percent (over 8000) units. DoD has privatized over 177,000 family housing units in the U.S., which has significantly enhanced quality of life for military families. As the program nears completion, a few projects have fallen behind schedule due to market conditions, realignment actions, and environmental challenges.
- The Department did not achieve its FY 2008 target of eliminating all inadequate family housing in OCONUS. However, it did improve in its reduction over the prior year by by 49 percent (over 7000) units. At foreign locations, where privatization is not authorized, DoD has aggressively budgeted military construction resources to replace and renovate inadequate units. Changes to global re-posturing initiatives and host nation concerns account for the greater number of inadequate units at foreign locations than projected.

D. Associated PART Evaluations:

Figure 28 reflects PART evaluations supporting this objective area.

Figure 28. Strategic Objective 3.4 PART Evaluations

PART Name	Year Last Evaluated	Rating
Defense Housing	2002	Moderately Effective
DoD Facilities Sustainment, Restoration, Modernization & Demolition	2002	Adequate
Energy Conservation Investment	2003	Effective
Air Force Base Ops & Support	2006	Results not Demonstrated
Army Base Operations & Support	2006	Moderately Effective
Marine Corps Base Operations & Support	2006	Results not Demonstrated
Military Construction Programs	2006	Moderately Effective
Navy Base Operations & Support	2006	Adequate

E. DoD Senior Accountable Official:

Under Secretary of Defense (Acquisition, Technology, and Logistics)

Goal 3 – Reshape the Defense Enterprise

Strategic Objective 3-5

Improve financial management and budget and performance integration to support strategic decisions and provide financial stewardship to the taxpayer.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective includes all financial management and budget activities across the DoD, as well as contract audit.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected two performance measures concerning the Department's ability to achieve audit readiness, as follows:

- Percent of audit-ready assets; and
- Percent of audit-ready liabilities.

Measures, under this objective, align with ongoing efforts to remediate the high-risk management challenges identified for the Department by the GAO and the following PMA initiatives:

- Improved Financial Performance;
- Performance Improvement Initiative;
- Eliminating Improper Payments Initiative; and
- Cost of War Reporting

C. FY 2008 Performance Assessment:

Figure 29 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. For FY 2008, the Department

Figure 29. Strategic Objective 3.5 Performance Measures, Targets, and Results

Strategic Objective 3-5: Improve financial management and budget and performance integration to support strategic decisions and provide financial stewardship to the taxpayer.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
3.5-1: Percent of audit-ready assets and liabilities	3.5-1a: By 2017, the DoD will demonstrate that 100 percent of assets have achieved audit readiness.	FY 05: 16% assets audit ready FY 06: 15% assets audit ready FY 07: 15% assets audit ready FY 08 Target: 23% assets audit ready FY 08 Result: 18% assets audit ready FY 08 Assessment: Improved Over Prior Year, But Not Met
	3.5-1b: By 2017, the DoD will demonstrate that 100 percent of liabilities have achieved audit readiness.	FY 05: 48% liabilities audit ready FY 06: 48% liabilities audit ready FY 07: 50% liabilities audit ready FY 08 Target: 51% liabilities audit ready FY 08 Result: 66% liabilities audit ready FY 08 Assessment: Exceeded

exceeded one performance target and shows improvement in the other one for this objective area.

- While the Department did not achieve its performance target for audit-ready assets, it did improve its readiness posture over the prior year by three percent (from 15 to 18 percent). The Air Force's "Fund Balance With Treasury" audit assertion package, anticipated to receive an audit-ready finding in FY 2008, was not approved.
- However, the Department did exceed its target for audit-ready liabilities--increasing readiness to 66 percent for FY 2008 compared to 50 percent for FY 2007.

The DoD Financial Improvement and Audit Readiness Plan, published semi-annually, describes the Department road map for achieving audit readiness on DoD financial statements. These measures provide a means for documenting incremental progress via line items on the balance sheet.

D. Associated PART Evaluations:

Figure 30 reflects PART evaluations supporting this objective area.

E. DoD Accountable Official:

Under Secretary of Defense (Comptroller)

Figure 30. Strategic Objective 3.5 PART Evaluations

PART Name	Year Last Evaluated	Rating
Defense Contract Audit Agency	2007	Effective

Goal 3 – Reshape the Defense Enterprise

Strategic Objective 3.6

Make information available on a network that people depend on and trust.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective includes centralized programs that provide secure information distribution, processing, storage, and display. The major elements include long-haul communications systems, base computing systems, Defense enterprise computing centers and detachments, and information assurance programs. This objective area contains the centralized programs that enable the Department's distributed communications capabilities to operate as common resources available to DoD users. It also includes the specialized communications and information technology linking DoD infrastructure activities to their supported operating forces.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected two performance measures that are compliance-focused, as follows:

- Percent of information technology (IT) business cases (Exhibit 300s) acceptable to the OMB; and
- Percent of DoD accredited systems.

Measures, under this objective, align with the Expanded Electronic Government (E-Gov) PMA initiative.

C. FY 2008 Performance Assessment:

Figure 31 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. For FY 2008, the Department exceeded both performance targets in this objective area.

- The OMB accepted 98 percent of the IT business cases presented by the Department. Eligible cases are IT programs that exceed $30 million per year. This result is calculated at the time Exhibit 300s are submitted along with the Department's annual budget estimate submission. Providing a robust oversight, training program, and knowledgeable staff to answer users' questions in a timely manner, all contributed to the continued high-level of performance and IT business cases acceptable to OMB.
- Data captured and drawn from the Defense Information Technology Program Registry (DITPR) indicates that 95 percent of 4,279 systems have undergone successful accreditation and certification in FY 2008. The FY 2008 performance results can be attributed to three efforts: The Data Quality Initiative, The FISMA Community of Interest (Core Team), and The OMB Relationships Initiative. The Data Quality Working Group improved the system of record to ease the collection and validation of data. The Core Team's biweekly coordination meetings fostered a sense of community and shared interests and sped the distribution of information. Finally, the OMB relationship effort developed a consensus on the method of reporting that allowed previously accredited, but unreported, systems to be counted toward the performance target. Systems that are considered accredited include those with authority to operate and those with interim authority to operate.

Figure 31. Strategic Objective 3.6 Performance Measures, Targets, and Results

Strategic Objective 3-6: Make information available on a network that people depend on and trust.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
3.6-1: Percent of IT business cases (exhibit 300s) acceptable to the OMB	3.6-1: Beginning in FY 2007, the DoD will maintain the percent of IT business cases (exhibit 300s) acceptable to the OMB at 90 percent or higher.	FY 05: 93.0% of IT cases acceptable to OMB FY 06: 90.2% of IT cases acceptable to OMB FY 07: 98% of IT cases acceptable to OMB FY 08 Target: 90% or higher of IT cases acceptable to OMB FY 08 Result: 98% of IT cases acceptable to OMB FY 08 Assessment: Exceeded
3.6-2: Percent of DoD systems accredited	3.6-2 By FY 2013, 95 percent of information technology (IT) and National Security Systems (NSS) in SNAP-IT and the IT Repository will be compliant with reporting requirements. 1/	FY 05: 82.2% of systems accredited FY 06: 81.9% of systems accredited FY 07: 87.1% of systems accredited FY 08 Target: 90% or higher of systems accredited FY 08 Result: 95% of systems accredited FY 08 Assessment: Exceeded
1/ A drop in the percentage is foreseeable in the next couple of years as improved Computer Network Defense standards and definitions are implemented.		

D. Associated PART Evaluations:

Figure 32 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official:

Assistant Secretary of Defense (Networks and Information Integration)

Figure 32. Strategic Objective 3.6 PART Evaluations

PART Name	Year Last Evaluated	Rating
Defense Communications Infrastructure	2002	Results not Demonstrated
Space-based Communications Programs	2006	Moderately Effective

Goal 4 – Develop a 21st Century Total Force

Strategic Objective 4.1

The "All Volunteer" military force is available and ready to meet the steady-state and surge activities of the DoD.

A. Scope of Strategic (Enterprise-level) Objective Performance Measure:

The scope of this objective includes DoD recruiting organizations dedicated to acquiring new Service members. Major activities include recruiting, advertising, examining, and in-processing for new personnel. It also includes military personnel compensation costs.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected five performance measures as gauges for maintaining an "All Volunteer" military force, as follows:

- Percent variance in Active component end strength;
- Percent variance in Reserve component end strength;
- Percent of deployable Armed Forces without any deployment-limiting medical condition;
- Percent of Armed Forces whose medical readiness status is indeterminate; and
- Attrition rate for first-termers.

C. FY 2008 Performance Assessment:

Figure 33 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. Based on available results, the Department either met or shows improvement in 75 percent (three of the four) performance measures for this objective area. One performance target was not met and actual results are not yet available on the attrition rate measure.

- Service end-strength authorizations are set forth in the National Defense Authorization Act (NDAA) for the fiscal year. The Secretary of Defense may authorize levels up to three percent above NDAA-authorized levels if determined to be in the national interest. However, the nation continued to operate in a state of National Emergency by Reason of Certain Terrorist Threats in FY 2008. Consequently, the 2008 NDAA authorized minimum active duty end-strength levels for September 30, 2008 and the Department ended the year with an overall variance of 2.1 percent above the FY 2008 NDAA number. (Figure 34)
- There are six Reserve components (RC) in the Department of Defense. The primary force for each of the components is a category called the Selected Reserve (SelRes). This is the portion of the RC that is structured, manned, equipped, funded, and readily available for mobilization. Strengths for the SelRes are authorized by Congress in the annual National Defense Authorization Act (NDAA), the same as Active component strengths.

  Overall RC end strength for FY 2008 was within the three percent variance target, with the DoD ending the year with no variance from the NDAA authorized level. Four of the six RCs exceeded their authorized strength levels but remained with the three percent variance. However, two of the six RCs did not finish the year within the prescribed variance of congressionally authorized strengths. Those two were: the United States Army Reserve (3.9 percent below its NDAA authorization, but within .6 percent of its budgeted strength) and the United States Marine Corps Reserve (5.2 percent below its NDAA authorized and budgeted strength).

Figure 33. Strategic Objective 3.5 Performance Measures, Targets, and Results

Strategic Objective 4.1: Ensure an "All Volunteer" military force is available to meet the steady-state and surge activities of the DoD.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
4.1-1: Percent variance in Active and Reserve component end strength	4.1-1a: For each fiscal year, the DoD Active component end strength must be maintained at or not to exceed (NTE) three percent above the SECDEF-prescribed end strength for that fiscal year.	FY 05: 1.2% below SECDEF-prescribed end strength FY 06: 1.2% below SECDEF-prescribed end strength FY 07: 0.9% above SECDEF-prescribed end strength FY 08 Target: NLT authorized/NTE +3% above SECDEF-prescribed end strength FY 08 Result: 2.1% above SECDEF-prescribed end strength FY 08 Assessment: Met
	4.1-1b: For each fiscal year, the DoD Reserve component end strength will not vary by more than two percent from the SECDEF-prescribed end strength for that fiscal year.	FY 05: 4.7 below SECDEF-prescribed end strength FY 06: 2.7% below SECDEF-prescribed end strength FY 07: 1.7% below SECDEF-prescribed end strength FY 08 Target: +/-3% from SECDEF-prescribed end strength FY 08 Result: 0% from SECDEF-prescribed end strength FY 08 Assessment: Met
4.1-2: Percent of deployable Armed Forces without any deployment- limiting medical condition	4.1-2: By FY 2010, the DoD will increase the percent of deployable Armed Forces without any deployment - limiting medical condition to greater than 92 percent.	FY 05: Not Available FY 06: 83% of deployable Armed Forces FY 07: 85% of deployable Armed Forces FY 08 Target: >90%% of deployable Armed Forces FY 08 Result: 84% of deployable Armed Forces FY 08 Assessment: Not Met
4.1-3: Percent of Armed Forces whose medical readiness status is indeterminate	4.1-3: By FY 2010, the DoD will reduce the percent of Armed Forces whose medical readiness status is indeterminate to less than eight percent.	FY 05: Not Available FY 06: 32% of Armed Forces FY 07: 24% of Armed Forces FY 08 Target: <15% of Armed Forces FY 08 Result: 20% of Armed Forces FY 08 Assessment: Improved Over Prior Year, But Not Met
4.1-4: Attrition rate for first-termers	4.1.4: Beginning in FY 2007, the DoD attrition rate for first-termers will not vary by more than two percent of the FY 2006 baseline of 30 percent.	FY 05: Not Available 02/09 FY 06: 30% first-termers' attrition rate FY 07: 27% first termers' attrition rate FY 08 Target: +/-2% from FY 2006 rate FY 08 Result: Available 02/09 FY 08 Assessment: Data Not Yet Available

Figure 34. Military Active Component End Strength

	Authorized	Actual	Variance	
			Number	Percent
Army	525,400	543,645	18,245	3.5%
Navy	329,028	332,228	3,200	1.0%
USMC	189,000	198,505	9,505	5.0%
USAF	329,563	327,379	-2,184	-0.7%
DoD Total	**1,372,991**	**1,401,757**	**28,766**	**2.1%**

End strength achievement results from recruiting, reenlistment, and retention (attrition) programs. All of these are at, or near, their established goals, and employer relations remain strong. New policies and programs have helped the Services attain end strength objectives. Among the most notable are those policy adjustments that enhance both incentive programs and the prudent and judicious use of our Reserve forces, which also provide increased predictability for members, their families, and employers which in turn help maintain component strength (Figure 35).

- The Armed Forces deployable measure was selected to identify significant medical conditions that would affect the availability of Service members to deploy. Unfortunately, the Department did not achieve its 90 percent or higher target for deployable Armed Forces based on Army Reserve and Army National Guard component dental readiness challenges. However, the Active component did attain the target of 90 percent medically ready. The Reserve component has formed a work group to identify the problems and develop solutions. Dental treatment was identified as the most important issue affecting readiness. As a result, the following initiatives have been implemented to address the issue:
  - Beginning in FY 2010, the Army Reserve Component is adding two additional drill days each year for medical readiness.
  - Dental care and screening are being accomplished during demobilization. This will result in a medically-ready force shortly after redeployment.
  - The Army is providing monthly reports to line commanders to inform them of the medical readiness status of their units.

Other initiatives will be implemented shortly. Beginning in FY 2009, the Army will start providing dental treatment for all inductees to the Army that will result in their being medically ready following basic training. In addition, a new law allows for the provision of medical and dental care for a Reservist in order to be ready to deploy. This has resulted in the creation of the Army's Selected Reserve Dental Readiness System (ASDRS) that will be implemented in FY 2009, commensurate with available funding.

Figure 35. Military Reserve Component End Strength

	Authorized	Actual	Variance	
			Number	Percent
ARNG	351,300	360,351	9,051	2.6%
USAR	205,000	197,024	-7,976	-3.9%
USNR	67,800	68,136	336	0.5%
USMCR	39,600	37,523	-2,077	-5.2%
ANG	106,700	107,679	979	0.9%
USAFR	67,500	67,565	65	0.1%
DoD Total	**837,900**	**838,278**	**378**	**0.0%**

- The medical readiness measure was selected as a companion to the deployment measure to show how well the Military Health System (MHS) is able to ensure that all Service members receive critical health assessments. While the Department did not meet its target for the percent of Armed Forces whose medical readiness status is indeterminate, it does show an improvement from the prior year of four percent. The Active component achieved the target of 15 percent indeterminate. However, the Reserve component was at 27 percent with the Army Reserve and the Army Guard having the greatest challenges meeting this performance target. Until recently, the Army Reserve component has not had sufficient medical and dental resources to provide all of the screening evaluations required for medical readiness. Many of the Reserve component members do not have dental insurance and do not receive medical or dental evaluations on their own. This resulted in a high Dental Class 4 rate and a high indeterminate rate. In addition to the initiatives cited above, the Reserve Health Readiness Program is also being utilized across the Reserve component to provide medical and dental assessments. They provided 1.3 million assessments in 2008. With the new initiatives the MHS anticipates that the 15 percent indeterminate rate will be accomplished some time in FY 2009.
- The attrition rate measure was selected because it is crucial to the cost-effective sustainment of the all-volunteer force. For every member who separates before completing a contractual obligation, the Service must enlist a replacement…one for one. The baseline of 30 percent represents the historical trends over the past 20 years through good and poor recruitment periods, peace and conflict, inflations, recessions, and stable economic conditions. The performance range represents the historical balance between maintaining force quality and minimizing unnecessary attrition. Results on first-termers' attrition rate for FY 2008 will not be available until February 2009.

D. Associated PART Evaluations:

Figure 36 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Personnel and Readiness)

Figure 36. Strategic Objective 4.1 PART Evaluation

PART Name	Year Last Evaluated	Rating
Department of Defense Recruiting	2002	Moderately Effective
Military Force Management	2003	Effective
Junior Reserve Officer Training Corps	2006	Moderately Effective

Goal 4 – Develop a 21st Century Total Force

Strategic Objective 4.2

DoD remains competitive for needed talent by sustaining workforce satisfaction.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area includes a number of benefit programs. It includes the DoD military healthcare infrastructure and systems that provide healthcare to active duty and their families, military retirees and their dependents, survivors, and other approved beneficiaries; the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and TRICARE; direct appropriations for military commissaries and exchanges; dependent schools; community, youth, child development, and family centers; off-duty and voluntary education programs; Military OneSource; family/financial counseling; casualty affairs; and a variety of ceremonial and morale-boosting activities such as fitness, libraries, and other recreation and community support activities. These benefit programs contribute to DoD quality of life and employee satisfaction.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected the following six measures as performance indicators of the Department's competitiveness and ability to sustain workforce satisfaction:

- Percent of Active Service members intending to stay in the military;
- Percent of Reserve Service members intending to stay in the military;
- Percent of Active Service members who believe their spouse or significant other thinks they should stay in the military;
- Percent of Reserve Service members who believe their spouse or significant other thinks they should stay in the military;
- Average civilian satisfaction rate compared to other Federal agencies; and
- Average percent Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase.

Measures under this objective align to the PMA Health Information Quality and Transparency initiative.

C. FY 2008 Performance Assessment:

Figure 37 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. Based on available results, the DoD exceeded 80 percent (or four of five) performance targets for this objective area. One performance target was not met and actual results are not yet available on the civilian satisfaction measure.

- Based on military survey data, the Department exceeded all four performance targets associated with military retention intentions. Survey data provide information on how Service members feel about various aspects of their military experience, including benefits, compensation, and quality of life programs and services. Based on survey results, the Department exceeded its performance targets, calling for no more than a 10 percent decline in the percent of Active and Reserve members intending to stay in the military from pre-GWOT levels. Overall, and by individual component, the RCs were within the FY 2008 performance targets with no component decreasing in retention intentions by more than 10 percent of pre-GWOT levels. One component, the ANG, actually increased from a pre-GWOT level of 81 percent to an FY 2008 level of 82 percent.

Figure 37. Strategic Objective 4.2 Performance Measures, Targets, and Results

Strategic Objective 4.2: DoD remains competitive for needed talent by sustaining workforce satisfaction.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
4.2-1: Percent of Service members intending to stay in the military	4.2-1a: Beginning in FY 2007, the percent of Active Service members intending to stay in the military force, if given the choice, must not decline by more than 10 percent of pre-GWOT levels (of 50 percent).	FY 05: 55% of Active Service members FY 06: 57% of Active Service members FY 07: 56% of Active Service members FY 08 Target: 50% or higher of Active Service members FY 08 Result: 58% of Active Service members FY 08 Assessment: Exceeded
	4.2-1b: Beginning in FY 2007, the percent of Reserve Service members intending to stay in the military force, if given the choice, must not decline by more than 10 percent of pre-GWOT levels (of 74 percent).	FY 05: 64% of Reserve Service members FY 06: 67% of Reserve Service members FY 07: 69% of Reserve Service members FY 08 Target: 64% or higher of Reserve Service members FY 08 Result: 69% of Reserve Service members FY 08 Assessment: Exceeded
4.2-2: Percent of Service members, who, in their opinion, believe their spouse/significant other thinks the members should stay in the military	4.2-2a: Beginning in FY 2007, the percent of Active Service members, who, in their opinion, believe their spouse or significant other thinks the member should stay in the military must not decline by more than 10 percent of pre-GWOT levels (of 44 percent).	FY 05: 46% of Active Service members FY 06: 47% of Active Service members FY 07: 45% or higher of Active Service members FY 08 Target: 39% or higher of Active Service members FY 08 Result: 47% of Active Service members FY 08 Assessment: Exceeded
	4.2-2b: Beginning in FY 2007, the percent of Reserve Service members, who, in their opinion, believe their spouse or significant other thinks the member should stay in the military must not decline by more than 10 percent of pre-GWOT levels (of 70 percent).	FY 05: 60% of Reserve Service members FY 06: 63% of Reserve Service members FY 07: 64% or higher of Reserve Service members FY 08 Target: 60% or higher of Reserve Service members FY 08 Result: 64% of Reserve Service members FY 08 Assessment: Exceeded
4.2-3: Average civilian employee satisfaction rate	4.2-3a: Beginning in FY 2008, the DoD will maintain civilian employee satisfaction equal to or above the average satisfaction level of other Federal agency employees on each administration of the Federal Human Capital (FHCS) survey.	FY 05: Non-applicable 1/ FY 06: 1% above other Federal agencies' civilian employee satisfaction rates FY 07: Non-applicable 1/ FY 08 Target: =/> Other Federal agencies' civilian employee satisfaction rates FY 08 Result: Available 02/09 FY 08 Assessment: Data Not Yet Available

Figure 37. Strategic Objective 4.2 Performance Measures, Targets, and Results

Strategic Objective 4.2: DoD remains competitive for needed talent by sustaining workforce satisfaction.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
4.2-4: Average percent Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase	4.2-4: Beginning in FY 2007, the DoD will maintain an average Defense Health Program (DHP) medical cost per equivalent life increase at or below the average health care premium increase in the civilian sector. 2/	FY 05: 3.2% below civilian sector increase FY 06: 1% below civilian sector increase FY 07: .8% below civilian sector increase FY 08 Target: =/< civilian sector increase FY 08 Result: 1.8% above civilian sector increase (estimate) FY 08 Assessment: Not Met

1/ FHCS government-wide and DoD results will be reported only for even numbered years; SOF-C government-wide and DoD results will be reported only for odd numbered years.
2/ Reporting normally has a six month lag due to medical claims data; The objective is to keep the rate of cost growth for the treatment of TRICARE enrollees to a level at or below the civilian health care plans rate increases at the national level. Targets historically have been based on the Kaiser Family Foundation and the Health Research and Educational Trust (HRET) annual Health Insurance Survey Premium increase for the most recent year.

Survey data (Figure 38) also provide information on how Service members believe their spouses or significant others feel about their staying in the military. Based on survey results, (Figure 39) the Department also exceeded these performance targets, calling for no more than a 10 percent decline from pre-GWOT levels. Two components, the USMC and USAF, actually increased from their pre-GWOT levels of 37 and 48 percent to FY 2008 levels of 43 and 55 percent, respectively.

Attrition rates in the Reserve components remain at very low levels overall, less than 20 percent annually. All Services have implemented Skills Retention Bonus/ Critical Skills Retention Bonus (SRB/CSRB) incentive programs and have recently announced the addition of specialties eligible for these programs designed to enhance mid-grade member's retention. RC deployments for OIF/OEF rotations declined slightly in FY 2008. Additionally, the SecDef revised guidance regarding RC mobilizations that eliminated the "24-cumulative" month policy and established other tenets, including:

- Limiting RC mobilizations to a maximum of one year at any time,
- Enhancing predictability by establishing the goal of "one year mobilized to five years - demobilized ratio",
- Strongly emphasizing proper employment of hardship waiver programs,
- Minimizing the use of "Stop Loss", and
- Managing the mobilization of ground forces on a unit basis.

Figure 38. Active and Reserve Members' Opinion of Spouse's/Significant Other's Re-enlistment Intentions

Active Members	Pre-GWOT	Survey Results	Difference
Army	43%	43%	0%
Navy	48%	48%	0%
USMC	37%	43%	6%
USAF	48%	55%	7%
DoD Total	**44%**	**47%**	**3%**
Reserve Members	**Pre-GWOT**	**Survey Results**	**Difference**
ANG	66%	62%	-4%
Army Reserve	68%	60%	-8%
Navy Reserve	72%	67%	-5%
MC Reserve	64%	56%	-8%
ANG	77%	76%	-1%
AF Reserve	75%	74%	-1%
DoD Total	**70%**	**64%**	**-6%**

Figure 39. Active and Reserve Member Re-enlistment Intentions

Active Members	Pre-GWOT	Survey Results	Difference
Army		54%	6%
Navy		62%	12%
USMC	52%	52%	0%
USAF		65%	0%
DoD Total	**50%**	**58%**	**8%**
Reserve Members	**Pre-GWOT**	**Survey Results**	**Difference**
ANG	72%	68%	-4%
Army Reserve	72%	63%	-9%
Navy Reserve	52%	77%	25%
MC Reserve	53%	46%	-7%
ANG	81%	82%	1%
AF Reserve	80%	79%	-1%
DoD Total	**74%**	**69%**	**-5%**

48%
50%
65%

The Department also continues to employ other mitigation actions to reduce stress on the force. These actions include:

- Promoting volunteerism where operationally feasible,
- Rebalancing the force (within and between the Active and Reserve forces), and
- Providing joint service and alternative manpower sourcing solutions, including provisional units, contractors, DoD civilians, and coalition support, where it is operationally feasible and the risk is acceptable.

- The civilian satisfaction measure is an indicator of the effectiveness of human resource programs on employee satisfaction and potential to stay with the DoD. The Department utilized several strategic initiatives and programs to affect achievement of this target including the following:
  - Pay and compensation issues were addressed through continued implementation of the National Security Personnel System and new special pay initiatives for physicians and dentists, and foreign language proficiency.
  - DoD continues to offer an array of education programs for civilians through its premier educational institutions, such as the National Defense University and via web-based platforms and non-budget related "detail" assignments and mentoring.
  - Several leadership and management programs were initiated and/or continued to help close competency gaps, manage the executive career lifecycle, and institute a performance-driven culture with an "enterprise perspective" in our joint-force/interagency/multi-nationally focused environment. This three-level system groups positions with common characteristics such as impact on mission, level of complexity, span of control, inherent authority, scope and breadth of responsibility and influence in joint national security matters.
  - Major career progression initiatives and efforts, at the component and functional levels (e.g., mission critical occupations/functions), were initiated or continued. A systematic approach for enterprise competency management principles was developed and the Department established a program office, appointing "Functional Community Managers" at the OSD and component levels, to oversee and champion these DoD-wide efforts.

  The 2008 survey just closed September 26, 2008, and results are due in February 2009.

- The Defense Health Program measure was selected because it looks at how well the Military Health System manages the care for those individuals who have chosen to enroll in a health maintenance organization for TRICARE Prime enrollees. Performance is expected to miss the target for FY 2008, and the result is higher overall health care costs for the Department. With the problems identified at the beginning of the year with the Wounded Warriors at Walter Reed and other Military Treatment Facilities (MTFs), significant efforts were undertaken to improve the timeliness of care being provided to Wounded Warriors. These efforts resulted in an infusion of additional funds to the MTFs and additional purchased care costs for Active Duty members. While significant progress was made in improving the timeliness of care for Wounded Warriors and other Active Duty members, this resulted in higher overall utilization and increased costs for the year. This metric is a lagging metric due to the nature of medical claims processing, with reliable preliminary data not available for six months. The actual FY 2008 performance result will be reported by May 2009.

D. Associated PART Evaluations:

Figure 40 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official:

Under Secretary of Defense (Personnel and Readiness)

Figure 40. Strategic Objective 4.2 PART Evaluations

PART Name	Year Last Evaluated	Rating
Defense Healthcare	2003	Adequate
Department of Defense Civilian Education and Training	2005	Adequate
Department of Defense Education Activity	2005	Moderately Effective
Defense Commissary Agency	2006	Moderately Effective
Department of Defense Training and Education – Voluntary Training	2006	Moderately Effective

Goal 4 – Develop a 21st Century Total Force

Strategic Objective 4.3

Provide effective and efficient human resources management to DoD customers.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area is programs that acquire and administer the DoD workforce, except for military recruiting activities which are addressed under DoD Strategic Objective 4.1. This includes personnel administration organizations that are typically centralized activities performed for an entire Military Department or for certain major commands. These organizations are dedicated to the management of personnel and manpower, to include formulation and application of personnel policies. For Military Departments, this includes assigning personnel to positions consistent with their qualifications, managing personnel rotations to and from overseas locations, and covering military personnel who are between assignments, patients, prisoners, or trainees in extended schooling. This objective also includes DoD activities that manage and monitor commercial travel associated with temporary duty orders.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected the following four measures as performance indicators of the effective and efficient human resource support:

- Percent of eligible DoD civilian employees covered under the National Security Personnel System (NSPS);
- Percent of applicable temporary duty vouchers processed in the Defense Travel System (DTS);
- Percent of applicable DTS authorizations, requiring air or rental car, that utilize the DTS Reservation Module; and
- Percent of planned Phase III DTS sites fielded.

Measures, under this objective, align with the Strategic Management of Human Capital PMA initiative.

C. FY 2008 Performance Assessment:

Figure 41 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. The Department satisfied 75 percent (or three of four) performance targets for this objective area. One performance target was not met but shows improvement over the prior year result.

- The NSPS measure was selected because it is a comprehensive, leading indicator for the Department having in place a human resource (HR) system that is flexible, contemporary, mission-focused, and performance-based for managing the civilian work force. In FY 2008, the Department exceeded its NSPS implementation target by 6 percent by converting more than 69,000 employees and supervisors to the NSPS, after training them and making other organizational preparations to operate under this performance-based, pay band system. These employees joined the 118,000 whose jobs were converted during FY 2006-2007, to bring the total under NSPS at the end of the year to more than 187,000. The National Defense Authorization Act for FY 2008 excluded prevailing rate employees from conversion, and the Department excluded several other workforce categories that have their own statutory or operational pay and performance-linked systems. Therefore, the projected base population has been reduced by more than 190,000 from the original workforce total.

Figure 41. Strategic Objective 4.3 Performance Measures, Targets, and Results

Strategic Objective 4.3: Provide effective and efficient human resources management to DoD customers.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
4.3-1: Percent of eligible DoD civilian employees covered under the National Security Personnel System (NSPS) as activated	4.3-1: By FY 2010, the DoD will have 100 percent of eligible DoD civilian employees under coverage by the National Security Personnel System (NSPS) as activated.	FY 05: Non-applicable FY 06: 1.5% of eligible civilians covered FY 07: 17% of eligible civilians covered FY 08 Target: 22% of eligible civilians covered FY 08 Result: 28% of eligible civilians covered FY 08 Assessment: Exceeded
4.3-2: Percent Defense Travel System (DTS) usage	4.3-2a: By FY 2013, 100 percent of all temporary duty vouchers will be processed in the Defense Travel System (DTS).	FY 05: Non-applicable FY 06: Non-applicable FY 07: 52% of temporary duty vouchers processed FY 08 Target: 50% of temporary duty vouchers processed FY 08 Result: 65% of temporary duty vouchers processed FY 08 Assessment: Exceeded
	4.3-2b: By FY 2011, 100 percent of travelers with DTS authorizations requiring air or rental car travel will utilize the DTS Reservation Module to make travel reservations.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 84% utilization of DTS Reservation Module FY 08 Target: 85% utilization of DTS Reservation Module FY 08 Result: 85% utilization of DTS Reservation Module FY 08 Assessment: Met
	4.3-2c: By FY 2009, 100 percent of planned Phase III DTS sites will be fielded.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 84% of Phase III DTS sites fielded FY 08 Target: 95% of Phase III DTS sites fielded FY 08 Result: 93% of Phase III DTS sites fielded FY 08 Assessment: Improved Over Prior Year, But Not Met

- Three Defense Travel System (DTS) measures are key drivers for realizing efficiencies in a centrally managed travel system. Driving up usage increases efficiency and reduces voucher processing costs. Implementation of DTS has resulted in faster reimbursement of travel expenses paid for by DoD employees and Service members which will, in turn, increase their satisfaction with the travel process.

- On March 28, 2008, the Under Secretary of Defense (Personnel & Readiness) signed a memorandum directing mandatory use of DTS for "all travel functions currently supported by the system and those that will be supported in the future, as they become available." As a result, the Department exceeded its performance target for temporary duty vouchers processed in the DTS by 15 percent.
- In FY 2006, the Department implemented a major enhancement of the DTS Reservations Module that has been a great success. DTS now uses industry leading software, the same commercial product that powers leading online travel company Orbitz, to shop, price and check flight availability in a single query, greatly reducing session time and increasing traveler choice. This enabled the DoD to meet its performance target concerning utilization of the DTS Reservation Module.
- Nine percent more sites were fielded with the DTS in FY 2008. However, the Department fell short of meeting its fielding target by two percent. Fielding slipped due to several factors: the congressionally-mandated 943 Study temporarily halted adding functionality to DTS, declaring DTS Full Operational Capability (FOC) was delayed from 2007 to 2009, and Service-level funding was decreased. Most of the remaining Phase III sites are Army/Air Force Guard and Reserve sites. DTS will not have the functionality to process Guard & Reserve travel for all Services until the end of FY 2009, but is dependent on added functionality.

D. Associated PART Evaluations:

No PART evaluations have been conducted in this objective area.

E. DoD Accountable Official(s):

Under Secretary of Defense (Personnel and Readiness) in cooperation with the Program Executive Officer (PEO) for the NSPS.

- Note: The PEO (NSPS) is accountable for the NSPS performance goal to the Deputy Secretary of Defense in his capacity as NSPS Senior Executive. While NSPS development and implementation is a civilian human resource management initiative linked to the P&R policy portfolio, it is not a P&R program. The USD P&R is not accountable for NSPS before mid FY 2009 at the earliest.

Goal 4 – Develop a 21st Century Total Force

Strategic Objective 4.4

Improve workforce skills to meet mission requirements.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area includes programs that provide formal training to personnel at central locations away from their duty stations (schoolhouse or institutional training). This objective includes education, training, and personnel development policies and programs across the DoD, to include joint training policies and programs across the joint staff and the Joint Forces Command (JFCOM), to include the JFCOM's Joint National Training Capability (JNTC) and Joint Knowledge Development and Distribution Capability. This objective area excludes all unit training undertaken within operational units. It focuses on individual training activities within formal training schools, training centers, and exercises that exist outside of the operational units. In addition, this objective includes specialized training conducted in field locations that is required to transition individuals and units to new weapon systems to provide specialized pre-deployment training, and to develop or teach new tactics through special unit-level exercise.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected the following four measures as performance indicators for improving DoD workforce skills:

- Percent of units receiving joint training in Joint National Training Center accredited programs prior to arriving in theater;
- Percent of acquisition positions filled with personnel meeting Level II certification requirements;
- Percent of acquisition positions filled with personnel meeting level III certification requirements; and
- Cumulative number of Defense intelligence components converted to the Defense Civilian Intelligence Personnel System (DCIPS).

C. FY 2008 Performance Assessment:

Figure 42 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. Based on latest data, the Department met or exceeded all of its performance targets for this objective area.

Figure 42. Strategic Objective 4.4 Performance Measures, Targets, and Results

Strategic Objective 4.4: Improve workforce skills to meet mission requirements.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
4.4-1: Percent of operational and contingency language needs met	4.4-1: By FY 2009, the DoD will increase the percent of operational and contingency language needs met by three percent from FY 2006.	FY 05: Non-applicable FY 06: Non-applicable FY 07: Non-applicable FY 08 Target: Baseline under development

Figure 42. Strategic Objective 4.4 Performance Measures, Targets, and Results

Strategic Objective 4.4: Improve workforce skills to meet mission requirements.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
4.4-2: Percent of units receiving joint training in JNTC-accredited programs prior to arriving in theater	4.4-2 By 2012, 80 percent of deployed combat units will participate in joint training at JNTC-accredited programs prior to arriving in theater.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 70% of needs met FY 08 Target: 72% of needs met FY 08 Result: 82.1% of needs met FY 08 Assessment: Exceeded
4.4-3: Percent of acquisition positions filled with personnel meeting Level II and Level III certification requirements	4.4-3a: By FY 2010, the DoD will increase the percent of positions filled with personnel meeting Level II certification requirements.	FY 05: 43.14% of Level II acquisition positions filled FY 06: 48.05% of Level II acquisition positions filled FY 07: 51.46% of Level II acquisition positions filled FY 08 Target: 51.56% of Level II acquisition positions filled FY 08 Result: 53.6% of Level II acquisition positions filled (estimate) FY 08 Assessment: Exceeded
	4.4-3b: By FY 2010, the DoD will increase the percent of positions filled with personnel meeting Level III certification requirements.	FY 05: 62.64% of Level III acquisition positions filled FY 06: 60.31% of Level III acquisition positions filled FY 07: 61.71% of Level III acquisition positions filled FY 08 Target: 61.71% of Level III acquisition positions filled FY 08 Result: 66.30% of Level III acquisition positions filled (estimate) FY 08 Assessment: Exceeded
4.4-4: Cumulative number of Defense intelligence components converted to the Defense Civilian Intelligence Personnel System (DCIPS)	4.4-4: By FY 2010, the DoD will have converted nine Defense intelligence components to the Defense Civilian Intelligence Personnel System (DCIPS).	FY 05: Non-applicable FY 06: Non-applicable FY 07: Non-applicable FY 08 Target: 1 Defense intelligence component converted FY 08 Result: 1 Defense intelligence component converted FY 08 Assessment: Met

- The Department exceeded its FY 2008 performance target calling for 72 percent of units to be trained in Joint Training Center (JTC)-accredited programs by 10 percent. The Joint National Training Capability (JNTC) is the Training Transformation (T2) program tasked to accredit Combatant Commander and Service training programs that provide joint context. The Military Services, the Combatant Commanders, and JNTC (a department within United States Joint Forces Command) work together to ensure accredited training is provided as necessary. As stated in the Strategic Plan for Transforming DoD Training, it is Department policy that deploying personnel and organizations: (1) receive priority for training, (2) are responsive to the needs of Combatant Commanders across the full spectrum of operations, and (3) are trained to meet the specific operational requirements of supported Combatant Commanders, as identified in approved Joint Mission Essential Task Lists before deploying for operations and while deployed.
- Also, based on latest data (as of the third quarter, FY 2008), the Department will also exceed its performance targets for the percent of acquisition positions filled with personnel meeting Level II and Level III certification requirements. This supports the Under Secretary of Defense for Acquisition, Technology, & Logistics' strategic objectives and also supports the QDR and DoD's Human Capital Strategy for a competency-focused approach. The AT&L community is updating competency models to support gap assessments to improve the certification framework. Acquisition leaders have been using the results to identify critical skill gaps and respond with human capital strategies.
- In September 2008, the Defense Intelligence Agency (DIA) was the first of 10 Defense Intelligence Components to convert to Defense Civilian Intelligence Personnel System (DCIPS) pay bands. As a result, the Department achieved its FY 2008 performance target for conversion to DCIPS. The National Geospatial-Intelligence Agency (NGA) followed in October 2008 with conversion from NGA pay bands to DCIPS pay bands and the Navy is on schedule for conversion in November 2008. The DIA, the NGA, the National Security Agency (NSA), the Office of the Under Secretary of Defense for Intelligence, and the Navy all implemented DCIPS performance management in October 2008. Conversion to and implementation of DCIPS performance management will be completed in FY 2010.

D. Associated PART Evaluations:

Figure 43 reflects PART evaluations supporting this objective area.

E. DoD Senior Accountable Official(s):

- Under Secretary of Defense (Acquisition, Technology, and Logistics)
- Under Secretary of Defense (Intelligence)
- Under Secretary of Defense (Personnel and Readiness)

Figure 43. Strategic Objective 4.4 PART Evaluations

PART Name	Year Last Evaluated	Rating
Department of Defense Training & Education Programs—Accession Training	2005	Effective
Department of Defense Training & Education Programs—Basic Skills & Advanced Training	2005	Effective

Goal 5 – Achieve Unity of Effort

Strategic Objective 5.1

Build capacity of international partners in fighting the war on terrorism.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective area includes arms control and threat-reduction activities under the supervision of the Office of the Secretary of Defense. This objective recognizes senior-level policy initiatives, which serve to implement national strategy, as an important DoD activity. These initiatives can have operational consequences that alter the balance of military forces, shape the international environment, or diminish direct risks to the U.S. homeland. These risk-reduction activities include support for countering proliferation of weapons and nuclear material by controlling export of U.S. technology and activities that seek to mold and shape the international environment towards U.S. interests. It captures foreign military sales activities that can buttress allied and partner capabilities for a more favorable balance of forces and North Atlantic Treaty Organization (NATO) participation and support. This strategic objective looks at how the DoD harmonizes our views of the world with our international partners, and then builds the capacity of those partners to combat terrorism by providing access to equipment (through transfers and sales) and training. After completion of the first two phases, training and equipping, our partners are more capable of countering the threats and challenges of terrorism.

B. Performance Measures:

At the DoD enterprise-level, OSD Principal Staff selected the following two measures as performance indicators for building partnership capacity:

- Annual number of international students participating in Department sponsored educational activities; and
- Annual number of Technology Security Actions (TSAs) processed.

Measures, under this objective, align with ongoing efforts to remediate the high-risk management challenges identified for the Department by the GAO.

C. FY 2008 Performance Assessment:

Figure 44 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. The Department exceeded both of its performance targets for this objective area.

- Future cooperation among international counterparts is fostered when foreign military personnel and defense officials have a better understanding of the roles, missions, and capabilities of the DoD. Attending DoD–sponsored education helps to harmonize views between the U.S. and our international partners in combating the war on terrorism. Fund availability enabled the Department to exceed slightly its performance target for training international students in FY 2008. This training included the following:
  - The International Military Education and Training (IMET) program, a low cost, key funding component of U.S. security assistance that provides training on a grant basis to students from allied and friendly nations.
  - The Counterterrorism Fellowship Program (CTFP) that funds foreign military officers to attend U.S. military educational institutions and selected regional centers for non-lethal training.
  - The Partnership for Peace (PfP) program that provides assistance and training to countries seeking cooperative military and peacekeeping relations with NATO.

Figure 44. Strategic Objective 5.1 Performance Measures, Targets, and Results

Strategic Objective 5.1: Build capacity of international partners in fighting the war on terrorism.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
5.1-1: Annual number of international students participating in Department-sponsored educational activities	5.1-1: For each fiscal year, the DoD will increase the number of international students participating in Department-sponsored education by two percent.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 52,607 international students FY 08 Target: 53,660 international students FY 08 Result: 55,895 international students FY 08 Assessment: Exceeded
5.1-2: Annual number of Technology Security Actions (TSAs) processed	5.1-2: For each fiscal year, the DoD will increase the number of reviews of relevant technologies involving transfers to international partners by two percent.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 116,017 TSAs processed FY 08 Target: 118,337 TSAs processed FY 08 Result: 118,367 TSAs processed FY 08 Assessment: Exceeded

- The Warsaw Initiative Fund (WIF) program, in coordination with the Department of State, advances closer relations and military interoperability between NATO and countries committed to democratic principles through training.

- The Department also exceeded its FY 2008 performance target associated with processing Technology Security Actions (TSAs). TSAs include a variety of technology security-related actions (e.g., export licenses, patent applications, and end-user assessments) and are critical to ensuring that U.S. national security is not jeopardized. The reviews preserve critical U.S. military technological advantage, yet support legitimate defense cooperation and help build partnership capacity with foreign friends and allies.

  In all technology security action categories, requests increased in FY 2008, yet the Department met or surpassed all statutory and regulatory timelines with no increase in manpower. The Department accomplished these results through continual improvements in both effectiveness and efficiency. The Department's export license staffing effectiveness improved using an upfront 'triage' approach, resulting in the full staffing of only critical technologies, goods, or services. This allows organizations across DoD to focus time and resources on the review of the important transfers. The Department's Committee on Foreign Investments in the United States (CFIUS) transaction review efficiency improved with the development and creation of standardized formats, intelligence reports, and analysis layouts. This improvement allows senior leadership the ability to immediately focus on the content and understand the critical issues of each transaction.

D. Associated PART Evaluations

Figure 45 reflects PART evaluations supporting this objective area.

E. DoD Accountable Official:

Under Secretary of Defense (Policy)

Figure 45. Strategic Objective 5.1 PART Evaluation

PART Name	Year Last Evaluated	Rating
Cooperative Threat Reduction	2006	Effective

Goal 5 – Achieve Unity of Effort

Strategic Objective 5.2

Improve strategic communication process to link information issues with policies, plans, and actions and improve primary communication supporting capabilities.

A. Scope of Strategic (Enterprise-level) Objective:

The scope of this objective includes all strategic communication activities across the Department of Defense. Strategic Communication has been defined by the QDR Strategic Communication Working Group as: "focused United States Government processes and efforts to understand and engage key audiences to create, strengthen or preserve conditions favorable to advance national interests and objectives through the use of coordinated information, themes, plans, programs, and actions synchronized with other elements of national power."

B. Performance Targets and Results:

At the DoD enterprise-level, OSD Principal Staff selected the following two measures as performance indicators for building partnership capacity:

- Number of Strategic Communications Plans approved; and
- Number of officers graduated from Joint Intermediate, Expeditionary, and Senior Public Affairs courses.

C. FY 2008 Performance Assessment:

Figure 46 provides a summary of enterprise-level performance targets and results for FY 2008, as well as four years of actual performance trend data. The Department did not meet, but shows improvement, over the prior year in both measures for

Figure 46. Strategic Goal 5.2 Performance Measures, Targets, and Results

Strategic Objective 5.2: Improve strategic communication process to link information issues with policies, plans, and actions and improve primary communication supporting capabilities.		
Performance Measures	**Strategic Plan Long-term Performance Targets**	**Annual Performance**
5.2-1: Percent of twenty strategic communication plans expected to be approved	5.2-1: By FY 2008, the DoD will achieve a 95 percent success rate in the twenty strategic communication plans that are expected to be approved.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 5% of strategic communications plans approved FY 08 Target: 5 strategic communications plans approved FY 08 Result: 3 strategic communications plans approved FY 08 Assessment: Improved Over Prior Year, But Not Met
5.2-2: Cumulative number of officers graduated from the Intermediate and Senior Public Affairs courses	5.2-2: By FY 2009, the DoD will graduate 300 officers from the Intermediate and Senior Public Affairs courses.	FY 05: Non-applicable FY 06: Non-applicable FY 07: 16 Public Affairs graduates FY 08 Target: 81 Public Affairs graduates FY 08 Result: 56 Public Affairs graduates FY 08 Assessment: Improved Over Prior Year, But Not Met

this objective area, as discussed below:

- Approved Strategic Communication (SC) plans are one of the first steps toward institutionalizing a DoD process that incorporates SC into strategy development and planning. While three additional Strategic Communications (SC) Plans were approved in FY 2008, the Department did not meet its FY 2008 performance target calling for five plans to be approved. The three SCs completed include:
  - DoD SC Plan for Personnel Recovery
  - DoD SC Long-term Warrior Care Plan
  - OSD Homeland Defense Disaster Relief

  The remaining five SC plans, initiated in FY 2008, are still in the development process and will be completed by the next cycle. These include:
    - National Security Council Afghanistan SC Plan
    - National Security Council Iraq SC Plan
    - DoD Pakistan SC Plan
    - DoD Ballistic Missile Defense Plan
    - DoD SC Plan for Countering Violent Extremism
- DoD continues to wage not only a kinetic war in two combat zones but also a global war of words and ideas. In FY 2008, the Department graduated 56 officers from advanced joint public affairs courses. The Department fell short of meeting its target by 25 graduates since funding to train the targeted 81 officers did not materialize until the middle of FY 2008.

D. Associated PART Evaluations

No PART evaluations have been conducted in this objective area.

E. DoD Senior Accountable Official:

Assistant Secretary of Defense (Public Affairs)

IV. PROGRAM EVALUATIONS, STUDIES, AND AUDITS

IV.1 Government Accountability Office (GAO) High Risk Findings

GAO High-Risk Management Challenges

Since 1990, the Government Accountability Office (GAO) has identified "high risk" management programs across the government for special monitoring by Congress. A government program is listed as "high risk" because it may have either a greater vulnerability to fraud, waste, abuse, and mismanagement, or a need for broad-based transformations to address major economic, efficiency, or effectiveness challenges.

Providing lasting solutions to high-risk problems offers the potential to save billions of dollars, dramatically improve service to the public, strengthen confidence and trust in the performance and accountability of the U.S. government, and ensure the ability of government to deliver on its promises.

Of the 27 high-risk management challenges listed by GAO as high risk across the government, nine are exclusive to the Department of Defense. The paragraphs below briefly summarize each of these nine challenges and associated performance goals, key milestones achieved in FY 2008, and the DoD official responsible for monitoring and reporting on progress.

A detailed description of action plans and goals for each DoD risk area can be viewed at: http://www.whitehouse.gov/omb/expectmore/issue_summary/issues.html.

1. DoD Approach to Business Transformation	
Problem	**Goal**
• DoD still needs to develop a clear, comprehensive, integrated, and enterprise-wide business transformation plan that addresses all of DoD's major business areas and includes specific goals, measures, and accountability mechanisms to measure progress. DoD also needs to establish sustained leadership that is responsible and accountable for overall business transformation efforts.	• Further develop the DoD strategic plans and governance structure, which include the necessary roles and responsibilities, policies, procedures and metrics, to enable business transformation throughout the Department.
Key Milestones Achieved in 2008	
Responsible Official: **Deputy Chief Management Officer** • **March/September 2008:** Issued updates to the Enterprise Transition Plan (ETP) provided milestones and metrics for achieving enterprise-wide business transformation efforts. • **July 2008:** Issued the first DoD Strategic Management Plan (SMP), which defined the governance framework used by the senior decision makers to set business planning goals, monitor progress, and assess results. • **October 2008:** Issued a charter for a DoD Deputy Chief Management Officer (DCMO) to assist the Deputy Secretary of Defense/DoD Chief Management Officer better synchronize, integrate, and coordinate DoD business operations.	

2. DoD Approach to Business Systems Modernization

Problem	Goal
• At the institutional level, the supporting component architectures need to be developed and aligned with the corporate architecture to complete the federated business enterprise architecture and the investment process needs to evolve and be institutionalized at all levels of the organization. Furthermore, DoD needs to ensure that its business system programs and projects are managed with integrated institutional controls and that they consistently deliver promised benefits and capabilities on time and within budget.	• Further develop the infrastructure, governance, policies, standards, and procedures that will enable DoD to more expeditiously modernize and integrate its business systems, such that right the capabilities are delivered to the warfighter in a timely manner.

Key Milestones Achieved in 2008

Responsible Official: **Deputy Chief Management Officer**

- **January 2008:** Released the Business Mission Area Architecture Federation Strategy and Roadmap Version 2.4a, which details products, services, capabilities, and actions to implement architecture federation and deliver business services across the Business Mission Area.
- **March 2008:** Included in the Enterprise Transition Plan are all Tier 1 and 2 systems in the Business Mission Area--i.e., Major Automated Information Systems (MAIS), Major Defense Acquisition Programs (MDAPs), and programs exceeding $10 million in total development/modernization costs that have not been designated as MAIS or MDAP.

3. DoD Contract Management

Problem	Goal
• Lack of well-defined requirements, the use of ill-suited business arrangements, and the lack of an adequate number of trained acquisition and contract oversight personnel contribute to unmet expectations and schedule delays and place the department at risk of potentially paying more than necessary.	• Develop a long-range strategic vision and department-wide coordinated approach to improve the effectiveness of DoD contract management, with specific emphasis on contracting for services; application of appropriate commercial best practices; use of appropriate contracting techniques and approaches; enhanced training; and development of a human capital strategic plan.

Key Milestones Achieved in 2008

Responsible Official: **Under Secretary of Defense for Acquisition, Technology, and Logistics**

- **October 2008:** Identified appropriate goals for competition of task orders under multiple award contracts.
- **December 2008:** To improve and standardize workforce competencies, conduct a pilot assessment of contracting career field competency.

4. DoD Financial Management

Problem	Goal

• DoD needs to resolve deficiencies in its Financial Management program leading to:
  • Reliable and relevant financial information for decision makers; and
  • Financial information reliability verified through clean audits.
	• Establish a financial improvement and audit readiness plan with results-oriented performance measures to: (1) correct DoD's financial management deficiencies to achieve an audit opinion on DoD's overall financial statements and (2) support the Federal government's goal of an audit opinion on the government-wide financial statements. Achieve consistent and sustained progress on the path set forth in the plan.

Key Milestones Achieved in 2008

Responsible Official: **Under Secretary of Defense for Comptroller/Chief Financial Officer (CFO)**

- **By the end of the Fiscal Year 2008:** Improved the percentage of audit-ready assets across the Department from 15% (in 2006) to 18%, on a path to achieve 42% in FY 2009; 38% assets and liabilities have audit opinions; reduced managers' identified material weaknesses by 85% since 2003.

5. DoD Personnel Security and Clearance Program

Problem	Goal
• DoD needs to take actions that include (1) improving the accuracy of its projected need for clearances, (2) working with OMB and OPM to fully measure and report all of the time required to determine clearance eligibility, (3) partnering with OPM to improve the timeliness and completeness of clearance application submissions and investigative reports, and (4) implementing procedures to eliminate documentation problems.	• Develop and deploy a transformed, modernized, fair and reciprocal security clearance process universally applicable to the DoD, Intelligence Community and other U.S. Government agencies.

Key Milestones Achieved in 2008

Responsible Official: **Under Secretary of Defense (Intelligence)**

- **June 2008:** Created the Performance Accountability Council (PAC), the principal interagency forum for coordinating the alignment of security clearance and suitability processes.
- **December 2008:** Director for National Intelligence and the Director, Office of Personnel Management jointly issued revised Investigative Standards that will be used for both hiring and clearance decisions.

6. DoD Supply Chain Management

Problem	Goal
• DoD needs to sustain top leadership commitment and long-term institutional support for the supply chain management improvement plan; obtain necessary resource commitments from the military services, the Defense Logistics Agency, and other organizations; and establish a program to demonstrate progress and validate the effectiveness of the initiatives. DoD also should ensure that its logistics road map provides a comprehensive, integrated strategy for guiding supply chain management improvement efforts.	• Ensure continuous improvement in the area of Supply Chain Management by continuing to implement key joint logistics initiatives, utilize a roadmap for identifying and synchronizing future improvement recommendations, and implement Supply & Storage Base Realignment and Closure.

Key Milestones Achieved in 2008

Responsible Official: **Under Secretary of Defense for Acquisition, Technology, and Logistics**

- **July 2008:** Published DoD Logistics Roadmap in July 2008 to identify recommended policy changes and improvement efforts, including initiatives or programs to resolve gaps/shortfalls.
- **December 2008:** Reduced customer wait time from 18 days (in 2006) to 16.5 days.

7. DoD Support and Infrastructure Management

Problem	Goal
• DoD faces long-term challenges in managing its portfolio of facilities, halting the degradation of facilities, and reducing unneeded infrastructure to free up funds to better maintain enduring facilities and meet other needs. DoD needs a comprehensive, integrated, long-range plan to better guide, justify funding requirements, and sustain the implementation of its infrastructure initiatives.	• Optimize DoD real property performance while reducing lifecycle costs.

Key Milestones Achieved in 2008

Responsible Official: **Under Secretary of Defense for Acquisition, Technology, and Logistics**

- **By the end of the Fiscal Year 2008:** Exceeded the goal for facilities recapitalization across the Department.

8. DoD Weapons System Acquisition

Problem	Goal
• DoD weapon programs continue to take longer, cost more, and deliver fewer capabilities than originally planned. Weapon system programs are initiated without sufficient knowledge about system requirements, technology, and design maturity. DoD must encourage a disciplined, knowledge-based approach, and a true partnership with shared goals must be developed among the department, the military Services, the Congress, and the defense industry.	• Improve weapon system cost, schedule, and performance outcomes. Identify and qualify risks, inform requirements development and cost estimation, and improve the information available to source selection authorities.

Key Milestones Achieved in 2008

Responsible Official: **Under Secretary of Defense for Acquisition, Technology, and Logistics**

- **December 2008:** Adopted process metrics to monitor compliance with policy
- **December 2008:** Adopted outcome metrics to provide quantified measures of system performance.

9. Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests

Problem	Goal
• DoD lacks a comprehensive framework with clear responsibilities and accountability for identifying and protecting critical technologies as global forces continue to reshape U.S. national security and economic interests. The legislative and executive branches should strategically examine existing technology protection programs, evaluate alternative approaches, and develop a comprehensive framework with clear responsibilities and accountability for identifying and protecting critical technologies.	• Under development.

Key Milestones Achieved in 2008

Responsible Official: ***Under Secretary of Defense for Acquisition, Technology, and Logistics***

- **December 2008:** Met the DoD performance target of processing 118,367 Technology Security Actions by the end of the year.

IV.2 Program Assessment Rating Tool (PART) Evaluations

Since FY 2002, the PART diagnostic tool has been applied to 54 program areas across the Department. The tool is comprised of 25 questions that evaluate program areas and assign one of five ratings:

- ***Effective:*** Ambitious goals; achieves results; and improves efficiency
- ***Moderately Effective*:** Ambitious goals but needs to improve efficiency
- ***Adequate*:** Needs more ambitious goals to achieve better results
- ***Ineffective:*** Unable to achieve results
- ***Results* Not Demonstrated:** Unacceptable goals and/or performance measurement methodologies

As a result, 48 of 54 programs have been assessed at the adequate level or higher, as summarized at Figure 47. Ratings by specific DoD program area, as well as the detailed PART assessment, can be found at: www.whitehouse.gov/omb/expectmore/.

Six DoD programs have been rated "Results not Demonstrated" based on the following:

- Defense Communications Infrastructure—because the program failed to demonstrate results and had no enterprise or department-level standards to measure program performance.
- Defense Small Business Innovation Research/Technology Transfer—because the program has no controls on unproductive spending and overstates commercial successes resulting from Federal support by counting investments on par with product sales.
- Test and Evaluation—because the program lacks specific goals and measures to track progress quantifiably.
- Marine Corps Base Operations Support—because the program lacks outcome-based metrics that would enable military leadership to determine whether base support services are provided at an appropriate level.
- Air Force Base Operations Support—because the program lacks a uniform set of performance measures to ensure sufficient allocation of resources across air bases worldwide.
- Defense Advanced Technology Development Program—because the program lacks quantifiable outputs and outcomes to allow monitoring of the program and how well it serves the warfighter.

The Department is continuing to work with the OMB to determine appropriate measures for the programs that have been rated "Results not Demonstrated".

IV.3 DoD Inspector General (IG) Management Challenges

Each year, DoD Inspector General identifies Major Management Challenges in the Department that affect the achievement of performance goals, accountability to the American taxpayers, and potentially the ability to defend America.

Figure 47. DoD PART Rating Summary

PART Rating	Number of DoD Programs
Effective	19
Moderately Effective	19
Adequate	10
Ineffective	0
Results Not Demonstrated (RND)	6
Total PARTs Completed	**54**

This year's list includes seven major Management Challenges that focus on the successful management of performance and financial data, procurement integrity, and the ability to develop and secure information technology systems. Additional details of these challenges and management's assessment are available in the FY 2008 Agency Financial Report and can be found at www.defenselink.mil/comptroller. The following segments highlight key challenges and the associated management actions to date.

1. Financial Management

Challenges: The Department continues to face financial management challenges that adversely affect DoD's ability to provide reliable, timely, and useful financial and managerial data needed to support operating, budgeting, and policy decisions. Serious financial management problems at the Department of Defense are among the problems that are preventing the U.S. Government from obtaining an opinion on its consolidated financial statements.

Actions Taken: Although DoD is far from reaching an unqualified opinion, the Department has demonstrated improvement as shown by the additional unqualified audit opinion for the U.S. Army Corps of Engineers, a major achievement. The Department's corrective action plan is provided in the Financial Improvement and Audit Readiness (FIAR) Plan and the Enterprise Transition Plan (ETP). The Department's ongoing initiatives in the area of financial management improvement indicate that DoD management is responding to the significant and pervasive financial management issues.

2. Acquisition Processes and Contract Management

Challenges: Since 1990 and 1992, respectively, GAO has designated DoD Weapon Systems Acquisition and Contract Management as high-risk areas. Acquisition initiatives in the 1990s led to a nearly 50 percent reduction in the acquisition oversight workforce from 460,516 to 230,556 personnel. When the spending trend dramatically reversed after September 11, 2001 the Department was not able to react quickly to the need for more contract and oversight support. The emphasis on urgency to support the war effort, especially for contracting in an expeditionary environment, has increased the challenges. Although a number of initiatives are underway to address the challenges, progress in training and equipping more contract officials within DoD to handle the increased workload will take time.

Actions Taken: A number of initiatives are underway to address this challenge. The Department's near-term initiative included a contracting competency assessment of the military and civilian contracting workforce to address the challenges that face the acquisition workforce. The Department has partially or fully implemented 48 of the 55 recommendations for improving acquisition processes by institutionalizing various policies to enhance the effectiveness of the acquisition business process for major weapon acquisitions. The Department also published a policy addressing interagency contracting issues. In addition, the Department has developed tools, such as the Contingency Contracting Training Handbook, procurement fraud indicator training, and contingency contracting courses, to improve contract decision making. The DoD's commitment to a long-range vision and the continued accomplishment of near-term initiatives will ensure both immediate and long-term improvements in contracting and contract management in expeditionary operations.

3. Joint Warfighting and Readiness

Challenges: The strain on resources created by Operation Iraqi Freedom and Operation Enduring Freedom compound the challenge to provide the right force, the right personnel, and the

right equipment and supplies in the right place, at the right time, and in the right quantity, across the full range of military operations. Alignment of resources, transformation of the Armed Services, and transformation of logistics capabilities are key elements to meeting this challenge. The Department is making progress, but progress must be monitored to ensure that it continues.

Actions Taken: Our Armed Forces continue to transform effectively to meet today's dynamic and volatile environment. Concurrent with transformation, the Services train and certify their forces prior to deployment to any contingency area. The Program Executive Office Soldier (PEO Soldier) was activated to ensure soldiers are equipped for combat readiness. Global Force Management (GFM) processes were implemented to effectively manage operational demands with mission-ready forces. An assessment of our resourcing strategies and risk mitigation is improving our understanding of the appropriate alignment of resources to maximize readiness. The Department continues to adapt its transformation initiatives for the benefit of the Services and Joint Forces.

4. Information Assurance, Security and Privacy

Challenges: Ensuring that a robust risk management, security and information assurance program is in place is a significant on-going challenge to the Department. This includes protection of DoD information in the hands of contractors and the appropriate response to data breaches involving both privacy protected data, such as personally identifiable information, and sensitive but unclassified information, such as contractor proprietary information.

Actions Taken: The Department continues to improve the management of information-related risks. These improvements include expanded deployment of scanning and remediation tools to detect and counter cyber-threats to the DoD enterprise in real-time, and ground-breaking policy guidance addressing the protection of information in the possession of contractors. The Department also issued policy requiring that all data on mobile computing devices not designated for public release be encrypted, and that such technology be available on new mobile computing assets acquired unless justified in writing.

5. Health Care

Challenges: The DoD Military Health System faces the challenge of providing quality care for approximately 9.2 million eligible beneficiaries. The increased frequency and duration of military deployment further stresses the Military Health System in both the Active and Reserve Components. Issues magnifying this challenge include oversight of costs, medical readiness, continuum of care transition to Veterans Affairs, information sharing, Base Realignment and Closure (BRAC), and humanitarian assistance. The new Military Health System Strategic Plan (May 2008) recognizes many of these challenges and provides a roadmap for progress in meeting the challenges.

Actions Taken: The Department has several significant accomplishments to report. To control costs the Department obtained authority to use Federal ceiling drug prices which limits the prices manufacturers can charge for brand-name drugs. The Department is also promoting wider use of the TRICARE Mail Order Pharmacy, and is economizing through the use of generic drugs. The Medical Health System Strategic Plan was completed in 2008, and recognizes continuum of care as a strategic priority. To this end, in FY 2008 the Department established the Senior Oversight Council to monitor all aspects of care, and the Armed Forces Health Surveillance Center to track the health of Service members. A deadline was also established to provide a plan for paperless health records, and work with VA continues with a joint assessment project to determine the best approach for sharing inpatient electronic

records, setting the stage for interoperability with other agencies and the private sector. The Department also broke ground for the new Walter Reed National Military Medical Center in July, 2008. In addition, under BRAC, the headquarters functions of Health Affairs, TRICARE Management Activity and the Military Service Medical Commands will be co-located. The co-location should enhance unity of purpose and provide for greater consistency in services provided.

6. Equipping and Training Iraqi and Afghan Security Forces

Challenges: The Iraqi and Afghan security forces lack the ability to conduct numerous tasks without Coalition enablers, which also severely restricts their ability to defend against external threats. They continue to experience shortfalls in self-sustaining logistics and generating officer and noncommissioned officer personnel to meet requirements, and many units lack the personnel, equipment, and reliable vehicles to conduct operations without Coalition support. Significant progress is being made but much work remains before these security forces can operate independently without Coalition support.

Actions Taken: The Iraqi Joint Forces are addressing their leadership shortages through training and recruitment efforts. Officer training and development are improving. The four military academies are graduating enough cadets to meet Iraqi needs, however tactical training is limited. The Iraqis have also recognized the need for a Non-Commissioned Officer (NCO) Corps, and have developed an NCO education system. To staff the Corps more quickly they are vetting former regime officers and NCOs for approval to rejoin the force.

The Afghan government recognizes the need, and continues to pursue expansion of the Afghan National Security Forces. The government has approved a plan to double the size of the Army, to 134,000 by 2014. The Afghan National Police are also slated to grow from 77,000 to an end-strength of 82,000.

Iraqi and Afghan force logistics unit development is also progressing. Iraqi dependence on Coalition Forces will be reduced by the accelerated fielding of motor transport regiments. The Iraqis have fielded 12 transport regiments through 2008. The Afghan implementation of the Focused District Development (FDD) program has also improved logistics capabilities by ensuring equipment is accounted for and properly issued. As of September 2008, 31 Districts completed FDD training, with six validated as capable of independent operations.

7. Nuclear Mission

Challenges: Since the end of the Cold War, there has been a dramatic decline in the level and intensity of focus on the nuclear enterprise and the nuclear mission. The Department needs to refocus on the nuclear enterprise by creating an environment that emphasizes the nuclear mission, identifies key deficiencies and methods for improvement, develops corrective action plans, and provides adequate funding and leadership to ensure implementation. The Department has begun to take initial steps to address and reverse the nuclear enterprise decline.

Actions Taken: The Department is aggressively implementing changes to organizational structure, processes, and procedures to improve the security of nuclear forces and senior leaders' focus on the nuclear mission. The Department has established the following committees to oversee actions that will ensure the proper level of leadership, commitment, effort and resources are applied to correct the problems identified from various reports and studies. They include the DoD Senior National Security Presidential Directive-28 Oversight Committee (Senior NOC), and the joint DoD/DOE Nuclear Weapons Council (NWC), both chaired by the Under Secretary of Defense (USD) (Acquisition, Technology & Logistics) (AT&L); as well as the Interagency Nuclear Command and Control System Committee of Principals, chaired by the Deputy Secretary of Defense. The Department

has reviewed and is enhancing logistics processes for the nuclear weapons enterprise that identifies, manages, and accounts for all nuclear weapons and sensitive nuclear weapons-related material. These improvements will be incorporated into DoD Directives and Service/Agency-level policies. The USD (AT&L) staff will monitor processes through full implementation.

The Joint DoD/DOE Nuclear Weapons Council, as established by Title 10, Chapter 7, Section 179, has been active in nuclear weapons and nuclear weapons infrastructure oversight. The DoD Senior National Security Presidential Directive-28 Oversight Committee (Senior NOC), chaired by the USD (AT&L) and the Interagency Nuclear Command and Control System Committee of Principals, chaired by the Deputy Secretary of Defense, are also engaged. In addition, former Secretary of Defense James Schlesinger was tasked by Secretary Gates to review the Air Force and the DoD nuclear missions. He has recently completed both reports. The Air Force is actively responding to Phase I of the report and, among other activities, has created a new Air Staff Directorate (A10) and a new command (Global Strike Command), both focused on the nuclear deterrent. The Secretary is reviewing the organizational, procedural, and policy-related recommendations made in the Phase II report.

IV.4 DoD Lean Six Sigma (LSS) Projects

The Department exceeded its Lean Six Sigma (LSS) targets for training five and one percent of the DoD workforce in greenbelt and blackbelt training, respectively. The Department also provided OMB's Performance Improvement Council, as a recommended best-practice, the DoD process for expanding Lean Six Sigma projects and training across the enterprise. Plans are underway for a web-based tool to track alignment of LSS projects by DoD component and strategic priority. At the end of FY 2008, the DoD had eight major projects underway. Figure 48 identifies the goal, status, and next steps for each project. Additional projects are planned and will be discussed in the Department's FY 2010 Performance Plan.

Figure 48. DoD Lean Six Sigma (LSS) Status

Project	Goal	December 2008 Status	Next Steps
Questions For the Record (QFR) and Information for Record (IFR) • Exec Agent: ASD (LA)	• Improve response time for DoD QFR and IFR responses to Congress	• Reduced scope to focus on OUSD (AT&L) QFR processing • In Improve phase • Implementation plan created	• Generate specific work products to put in place prior to Control phase start
Prepare Reply for Deputy (PRD) and Prepare Reply for Secretary (PRS) Congressional Correspondence • Exec Agent: ESD/Exec Sec	• Review and improve the efficiency and effectiveness of processing of Congressional taskings for the Secretary and Deputy's signatures	• Reduced scope to focus on PRD/PRS processing within USD (Policy) • In Improve phase • Data analysis complete • Implementation plan created • Briefed options to Exec Sec on 7 Nov 08	• Exec Sec to present improvement options • Further analysis of data regarding request complexity • Continue to generate specific work products to put in place prior to Control phase start

Figure 48. DoD Lean Six Sigma (LSS) Status

Project	Goal	December 2008 Status	Next Steps
Central Adjudication Facilities (CAF) Co-location • Exec Agent: USD (I)	• BRAC directed 9 Central Adjudication Facilities to co-locate at Ft Meade by 2011; Focus on efficiencies in Information Technology (IT), Facilities, Fiscal and Policy	• In Improve phase: • IT completed project on 14 Oct 08; anticipated $16M in cost avoidance over three years • Other subgroups addressing their specific issues via Define, Measure, Analyze, Improve, and Control (DMAIC) projects	• Individual subgroups (Facilities, Fiscal and Policy) to complete their projects by Jan 09
Shipping Container Tracking • Exec Agent: TBD	• Improve visibility of in-theater container movement and management	• Ten unique sub-projects in Iraq and Afghanistan identified • OSD team deployed in theater for Measure Phase	• Analyze data from theater trip
DOD Vehicle Registration • Exec Agent: USD (P&R)	• Measure the value of the vehicle registration and decals program, and develop a facts- based recommendation on whether to continue, discontinue, or modify the program.	• OUSD (P&R) is committed to presenting Department leadership with a facts-based recommendation upon which to make a decision • OUSD (P&R) has completed one-on-one sessions with the Services and Defense Logistics Agency (DLA) and obtained Service and DLA concurrence on Define Phase artifacts (Charter, DACI,SIPOC). • USD (P&R) has approved the Define Phase Tollgate. • OUSD (P&R) has received responses from the Army, Navy, Air Force, and DLA, to the data call requesting that they identify the cost and value of the Vehicle Registration and Decals program. • OUSD (P&R) has begun the Measure Phase of the project.	• Accomplish the Measure and Analyze Phases of the project
Freedom of Information Act (FOIA) • Exec Agent: ESD	• Shorten the FOIA processing cycle time to reduce litigation charges and backlog	• In Define phase	• Map the process • Collect data

Figure 48. DoD Lean Six Sigma (LSS) Status

Project	Goal	December 2008 Status	Next Steps
Comprehensive Casualty Care • Exec Agent: DON	• Identify and fill gaps in service delivery process across a continuum of care over next six months. Integrate and enhance continuity of care to ensure timely and proactive coordination of services to meet Wounded, Ill, Injured (WII) Service member/family needs. • Primary focus areas include Disability Evaluation System (DES), Psychological Health, Case/Care Management, Navy/Marine Corps Data Sharing, Facilities and Pay/Personnel.	• Project in the Improve/Validate Phase • Approved three major courses of improvements: • NAVMED & ASN (M&RA) actions: • Identified medical and psychological processes in compliance with newly established DoD timeline standards • DoN Combat Operational Stress Control (COSC) model recognized as "Best Practice" by Defense Center of Excellence • DoN continuing collaboration with Federal Recovery Coordinator Program • The Recovery Care Handbook for Wounded Warriors now avail online at www.transitionassistanceprogram.com • Camp Lejeune: new DES site • Medical Hold IG report completed and sent to OSD 31 Oct 08	• Disability Evaluation System Pilot approved for expansion. Site selection largely dependent on the VA limiting factors. • Comprehensive cost estimates will be based on the services needed by the "Wounded, Ill and Injured" and their families under a revised DoN workload model for clinical and non-clinical case management/ • Project to enter Control phase 2nd Qtr FY09.
Joint Rapid Action Cell (JRAC) • Exec Agent: ATL	• Define a JRAC process using existing best practices	• Starting Control Phase • Developing executive briefing	• Obtain additional information from Army Rapid Equipping Force • Define transition and communications plan for potential improvements

V. DOD PERFORMANCE BUDGET CHALLENGES

OMB Circular A-11, Part 6 addresses preparation and submission of agency annual performance plans/budgets that link strategic objectives with costs for achieving targeted levels of performance. The alignment of the DoD budget among strategic goals and objectives presents a challenge given:

- The size ($673.4 billion for FY 2008) and complexity of the Defense budget ($479.1 billion of discretionary base budget authority (BA), $7.4 billion in mandatory base BA, and $186.8 billion of discretionary supplemental funding), as identified at Appendix B;
- The absence of DoD budget and accounting systems that support a "total cost" concept; and
- A lack of consensus on what DoD strategic framework should be used to support senior level decision-making at the DoD-wide or enterprise level.

The DoD Future Year's Defense Program (FYDP) is the Department's official program structure and consists of approximately 6,500 active program elements (PEs) that describe DoD missions and functions. These PEs constitute the Department's basic building blocks for aggregating resources.

The Defense budget aggregates the approximately 6,500 program elements into some 475 budget activities that are presented to the Congress for funding from approximately 116 different DoD appropriation accounts. Once funds are appropriated, these are distributed to some 45 different DoD organizations.

The Department remains hindered by the lack of integrated budget and accounting systems that are not designed to accumulate "total costs" under specific objective areas. Consequently, it is a labor-intensive effort to estimate the DoD budget among strategic goals and objectives. Appendix C provides an estimate of the DoD budget for FY 2008 by DoD Strategic Goal. This estimate is based upon a two-step process that first aligns the DoD PARTs and their associated resources by strategic goal. This first step accounts for approximately 80 percent of the DoD's base budget. The second, more labor-intensive step aligns the residual 20 percent of the base budget that had not been PARTed to a strategic goal, based on the nature of the budget activity, sub-activity, program element and/or line item involved. Much work remains to refine and automate the current process used to provide this estimate.

In FY 2008, the Department adopted a DoD Capability Portfolio management concept that will be used in the future to advise the Deputy Secretary of Defense and the Heads of DoD Components on how to optimize capability investments across the defense enterprise in support of strategy. Portfolios collect similar DoD capabilities, functionally grouped to support capability analysis, strategy development, investment decision-making, capability-based force development, and operational planning. Viewing capabilities across an entire portfolio of assets enables decision-makers to make informed choices about how to reallocate resources among previously stove-piped programs and to deliver needed capabilities to the Joint force more rapidly and efficiently. As a result, the Department's strategic guidance (Guidance for the Development of the Force and Guidance for Employment of the Force) for FY 2010 was aligned along DoD Capability Portfolios. Consequently, the Department will begin transitioning its performance budget to support this new strategic framework with submission of the DoD's FY 2010 performance budget.

The Department welcomes the opportunity to brief the Congress on its performance accomplishments for FY 2008.

APPENDIX A – SUMMARY PERFORMANCE RESULTS BY DOD STRATEGIC GOAL

DoD Strategic Goal Performance Measure	FY 2007	FY 2008		FY 2008 Performance Assessment				
	Actual	Target	Actual	Met or Exceeded	Improved But Did Not Meet	Did not Meet	Data Not Yet Available	Total
1 - FIGHT THE LONG WAR ON TERRORISM:								
Cumulative number of Iraqi Security Forces (ISFs) trained	439,700	529,000	558,279	1				1
Cumulative number of Afghan National Security Forces (ANSFs) trained	124,700	152,000	144,000		1			1
Percent DoD personnel contribution to coalition partners' forces supporting Operation Enduring Freedom and International Security Assistance Force	52.7%	51.0%	50.3%	1				1
GOAL 1 – RESULTS BY CATEGORY				2	1	0	0	3
% RESULTS BY CATEGORY				67%	33%	0%	0%	100%
2 - REORIENT CAPABILITIES AND FORCES:								
Number of National Guard Weapons of Mass Destruction-Civil Support Teams certified	52	55	53		1			1
Number of National Guard Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive (CBRNE) Enhanced Response Force Packages trained	12	17	17	1				1
Percent of DoD reduction in deployed Minuteman III Intercontinental Ballistic Missiles (IBMs) achieved	24%	90%	100%	1				1
Percent increase in DoD Special Forces and Navy SEAL personnel achieved	6%	10%	12.4%	1				1
Cumulative number of DoD Maritime Pre-position Force (MPF) ships procured	4	4	4	1				1
Number of Army Brigade Combat Teams (BCTs) converted to a modular design and available to meet military operational missions	35	38	38	1				1
Number of Army Multi-functional and Functional (MFF) Support brigades converted to a modular design and available to meet military operational needs	144	187	188	1				1
Percent of Joint Intelligence Operations Centers at initial operating capability, excluding tactical JIOCs and AFRICOM	90%	100%	100%	1				1
Percent of Joint Intelligence Operations Centers at full	20%	33%	40%	1				1

DoD Strategic Goal Performance Measure	FY 2007	FY 2008		FY 2008 Performance Assessment				
	Actual	Target	Actual	Met or Exceeded	Improved But Did Not Meet	Did not Meet	Data Not Yet Available	Total
operating capability, excluding tactical JIOCs and AFRICOM								
Percent of DoD counterintelligence mission-focused Technical Surveillance Countermeasure (TSCM) requirements satisfied	71%	92%	55%			1		1
GOAL 2 – RESULTS BY CATEGORY				8	1	1	0	10
% RESULTS BY CATEGORY				80%	10%	10%	0%	100%
3 - RESHAPE THE DEFENSE ENTERPRISE:								
Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 1992 and later	99.8 months	<99 months	Available 3/09				1	1
Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and later	83.1 months	<66 months	Available 3/09				1	1
Average annual rate of acquisition cost growth for Major Defense Acquisition Programs (MDAPs)	0.6%	0%	Available 3/09				1	1
Percent of completing demonstration programs transitioning each year	N/A	30%	43.1	1				1
Average customer wait time	17 days	15 days	16.7 days		1			1
Average percent reduction in building energy consumption from FY 2003 baseline	10.10%	9%	10.7%	1				1
Average facilities recapitalization rate	54 years	60 years	38 years	1				1
Average facilities sustainment rate	90%	91%	90%			1		1
Number of inadequate family housing units in the continental United States (CONUS)	13,242	2,959	5,085		1			1
Number of inadequate family housing units outside the continental United States (OCONUS)	14,298	2,403	7,273		1			1
Percent of audit-ready assets	15%	23%	18%		1			1
Percent of audit-ready liabilities	50%	51%	66%	1				1
Percent of IT business cases (Exhibits 300s) acceptable to the OMB	98%	90%+	98%	1				1
Percent of DoD systems accredited	87.1%	90%+	95%	1				1

DoD Strategic Goal Performance Measure	FY 2007	FY 2008		FY 2008 Performance Assessment				
	Actual	Target	Actual	Met or Exceeded	Improved But Did Not Meet	Did not Meet	Data Not Yet Available	Total
GOAL 3 – RESULTS BY CATEGORY				6	4	1	3	14
% RESULTS BY CATEGORY				43%	29%	7%	21%	100%
4 - DEVELOP A 21ST CENTURY TOTAL FORCE:								
Percent variance in Active component end strength	0.9%	0-3.0%	2.2%	1				1
Percent variance in Reserve component end strength	-1.7%	+3%/-3%	0.1%	1				1
Percent of deployable Armed Forces without any deployment-limiting medical condition	85%	>90%	84%			1		1
Percent of Armed Forces whose medical readiness status is indeterminate	24%	<15%	20%		1			1
Attrition rate for first-termers	27%	+2%/-2%	Available 02/09				1	1
Percent of Active Service members intending to stay in the military	56%	50%+	58%	1				1
Percent of Reserve Service members intending to stay in the military	69%	64%+	69%	1				1
Percent of Active Service members who believe their spouse thinks they should stay in the military	45%	39%+	47%	1				1
Percent of Reserve Service members who believe their spouse thinks they should stay in the military	64%	60%+	64%	1				1
Average civilian satisfaction rate to other Federal agencies	N/A	=/> other	Available 02/09				1	1
Average percent Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase	6.9%/ 7.7%	</= civilian	*7.9%/ 6.1%			1		1
Percent of eligible DoD civilian employees covered under the National Security Personnel System	17%	22%	28%	1				1
Percent of applicable temporary duty vouchers processed in the Defense Travel System	52%	50%	65%	1				1
Percent of applicable DTS authorizations, requiring air or rental car, that utilize the DTS Reservation Module	84%	85%	85%	1				1

DoD Strategic Goal Performance Measure	FY 2007	FY 2008		FY 2008 Performance Assessment				
	Actual	Target	Actual	Met or Exceeded	Improved But Did Not Meet	Did not Meet	Data Not Yet Available	Total
Percent of planned Phase III DTS sites fielded	84%	95%	93%		1			1
Percent of units receiving joint training in Joint National Training Center accredited programs prior to arriving in theater	70%	72%	82.1%	1				1
Percent of acquisition positions filled with personnel meeting Level II certification requirements	51.46%	>51.56%	*53.60%	1				1
Percent of acquisition positions filled with personnel meeting Level III certification requirements	61.71%	>61.71%	*66.30%	1				1
Cumulative number of Defense intelligence components converted to the Defense Civilian Intelligence Personnel System (DCIPS)	N/A	1	1	1				1
GOAL 4 – RESULTS BY CATEGORY				13	2	2	2	19
% RESULTS BY CATEGORY				68%	11%	11%	11%	100%
5 - ACHIEVE UNITY OF EFFORT:								
Annual number of international students participating in Department sponsored educational activities	52,607	53,660	55,895	1				1
Annual number of Technology Security Actions (DTSs) processed	116,017	118,337	118,367	1				1
Number of Strategic Communications Plans approved	1	5	3		1			1
Number of officers graduated from Joint Intermediate, Expeditionary, and Senior Public Affairs courses	16	81	56		1			1
GOAL 5 – RESULTS BY CATEGORY				2	2	0	0	4
% RESULTS BY CATEGORY				50%	50%	0%	0%	100%
DOD TOTALS (ALL CATEGORIES)				31	10	4	5	50
DOD TOTALS (AVAILABLE RESULTS ONLY)				31	10	4		45
% (AVAILABLE RESULTS ONLY)				69%	22%	9%		100%

* Estimated; actual results available with FY 2010 President's Budget on or about April 2009.

APPENDIX B– FY 2008 DOD BUDGET ACTUALS BY BUDGET CATEGORY AND MAJOR COMPONENT

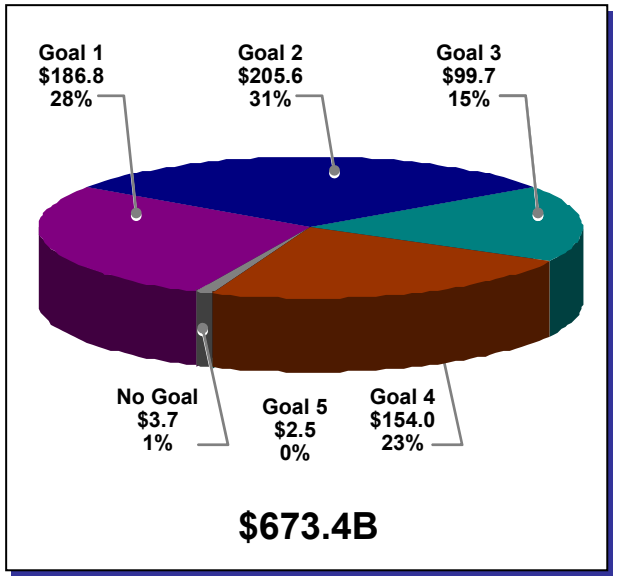
($ in Millions)

Budget Categories	Base			Supplemental Discretionary	Total
	Mandatory	Discretionary	Total		
Military Personnel	$2,776.0	$117,059.0	$119,835.0	$19,197.8	$139,032.8
Operations & Maintenance	$1,095.3	$163,354.7	$164,450.0	$91,772.8	$256,222.8
Procurement		$98,815.6	$98,815.6	$66,190.2	$165,005.8
Research Development Test & Eval		$76,844.6	$76,844.6	$2,722.9	$79,567.5
Military Construction		$17,830.7	$17,830.7	$4,233.5	$22,064.2
Family Housing	$2.5	$2,832.1	$2,834.6	$11.8	$2,846.4
Revolving & Management Funds	$5,195.6	$2,402.4	$7,598.0	$2,698.4	$10,296.4
Offsetting Receipts	-$1,761.4		-$1,761.4		-$1,761.4
Trust Funds	$213.5		$213.5		$213.5
Interfund Transactions	-$135.2		-$135.2		-$135.2
Total by Budget Category	**$7,386.3**	**$479,139.1**	**$486,525.4**	**$186,827.4**	**$673,352.8**
Components					
Army	$2,116.4	$127,152.0	$129,268.4	$121,307.8	$250,576.2
Navy	$298.5	$139,207.9	$139,506.4	$25,661.6	$165,168.0
Air Force	-$1,636.1	$134,297.6	$132,661.5	$25,250.7	$157,912.2
Defense Wide	$6,607.5	$78,481.6	$85,089.1	$14,607.3	$99,696.4
Total by Components	**$7,386.3**	**$479,139.1**	**$486,525.4**	**$186,827.4**	**$673,352.8**

APPENDIX C– FY 2008 DOD BUDGET ACTUALS BY STRATEGIC GOAL 1/

($ in Millions)

DoD Strategic Goals	Estimated 2/	
	Amount	Percent
1 - Fight The Long War On Terrorism	$186,827.4	28%
2 - Reorient Capabilities And Forces	$205,576.0	31%
3 - Reshape The Defense Enterprise	$120,777.4	18%
4 - Develop A 21st Century Total Force	$153,979.8	23%
5 - Achieve Unity Of Effort	$2,505.2	0%
No Goal Affiliation 3/	$3,687.0	1%
DOD TOTALS	**$673,352.8**	**100%**



1/ Reflects FY 2008 supplemental funding of $186,827.4.

2/ Estimates based on process described in Chapter V.

3/ Reflects variance between the FY 2008 base budget estimates used to determine strategic goal alignment and FY 2008 base budget yearend actuals.