

SEC. 904. MANAGEMENT OF THE DEPARTMENT OF DEFENSE.

(a) ASSIGNMENT OF MANAGEMENT DUTIES AND DESIGNATION OF A CHIEF MANAGEMENT OFFICER AND DEPUTY CHIEF MANAGEMENT OFFICER OF THE DEPARTMENT OF DEFENSE.—

(1) ESTABLISHMENT OF POSITION.—Section 132 of title 10, United States Code is amended—

(A) by redesignating subsection (c) as subsection (d); and

(B) by inserting after subsection (b) the following new subsection (c):

“(c) The Deputy Secretary serves as the Chief Management Officer of the Department of Defense. The Deputy Secretary shall be assisted in this capacity by a Deputy Chief Management Officer, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate.”.

(2) ASSIGNMENT OF DUTIES.—

(A) The Secretary of Defense shall assign duties and authorities relating to the management of the business operations of the Department of Defense.

(B) The Secretary shall assign such duties and authorities to the Chief Management Officer as are necessary for that official to effectively and efficiently organize the business operations of the Department of Defense.

(C) The Secretary shall assign such duties and authorities to the Deputy Chief Management Officer as are necessary for that official to assist the Chief Management Officer to effectively and efficiently organize the business operations of the Department of Defense.

(D) The Deputy Chief Management Officer shall perform the duties and have the authorities assigned by the Secretary under subparagraph (C)

and perform such duties and have such authorities as are delegated by the Chief Management Officer.

(3) EXECUTIVE SCHEDULE LEVEL III.—Section 5314 of title 5, United States Code, is amended by inserting after the item relating to the Under Secretary of Defense for Intelligence the following new item:

“Deputy Chief Management Officer of the Department of Defense.”.

(4) PLACEMENT IN OSD.—Section 131(b)(2) of title 10, United States Code, is amended—

(A) by redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively; and

(B) by inserting after paragraph (2) the following new paragraph (3):

“(3) The Deputy Chief Management Officer of the Department of Defense.”.

(b) ASSIGNMENT OF MANAGEMENT DUTIES AND DESIGNATION OF THE CHIEF MANAGEMENT OFFICERS OF THE MILITARY DEPARTMENTS.—

(1) The Secretary of a military department shall assign duties and authorities relating to the management of the business operations of such military department.

(2) The Secretary of a military department, in assigning duties and authorities under paragraph (1) shall designate the Under Secretary of such military department to have the primary management responsibility for business operations, to be known in the performance of such duties as the Chief Management Officer.

(3) The Secretary shall assign such duties and authorities to the Chief Management Officer as are necessary for that official to effectively and efficiently organize the business operations of the military department concerned.

(4) The Chief Management Officer of each military department shall promptly provide such information relating to the business operations of such department to the Chief Management Officer and Deputy Chief Management Officer

of the Department of Defense as is necessary to assist those officials in the performance of their duties.

(c) MANAGEMENT OF DEFENSE BUSINESS TRANSFORMATION

AGENCY.—Section 192(e)(2) of title 10, United States Code, is amended by striking “that the Agency” and all that follows and inserting “that the Director of the Agency shall report directly to the Deputy Chief Management Officer of the Department of Defense.”.

(d) STRATEGIC MANAGEMENT PLAN REQUIRED.—

(1) REQUIREMENT.—The Secretary of Defense, acting through the Chief Management Officer of the Department of Defense, shall develop a strategic management plan for the Department of Defense.

(2) MATTERS COVERED.—Such plan shall include, at a minimum, detailed descriptions of—

(A) performance goals and measures for improving and evaluating the overall efficiency and effectiveness of the business operations of the Department of Defense and achieving an integrated management system for business support areas within the Department of Defense;

(B) key initiatives to be undertaken by the Department of Defense to achieve the performance goals under subparagraph (A), together with related resource needs;

(C) procedures to monitor the progress of the Department of Defense in meeting performance goals and measures under subparagraph (A);

(D) procedures to review and approve plans and budgets for changes in business operations, including any proposed changes to policies, procedures, processes, and systems, to ensure the compatibility of such plans and budgets with the strategic management plan of the Department of Defense; and

(E) procedures to oversee the development of, and review and approve, all budget requests for defense business systems.

(3) UPDATES.—The Secretary of Defense, acting through the Chief Management Officer, shall update the strategic management plan no later than July 1, 2009, and every two years thereafter and provide a copy to the Committees on Armed Services of the Senate and the House of Representatives.

(e) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall provide to the Committees on Armed Services of the Senate and the House of Representatives a report on the implementation of this section and a copy of the strategic management plan required by subsection (d).