OFFICE OF THE ASSISTANT TO THE SECRETARY OF DEFENSE
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PUBLIC AFFAIRS

17 OCT 1995

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Mr. Jeffrey T. Richelson
3201 Landover Street, # 1404
Alexandria, VA 22305

Dear Mr. Richelson:

This letter responds to your September 1, 1995, Freedom of Information Act (FOIA) request which was received in this Directorate on September 7, 1995.

The enclosed document is provided as responsive to your request. There are no chargeable costs for processing your FOIA request in this instance.

Sincerely,

A. H. Passarella
Director
Freedom of Information
and Security Review

Enclosure:
As stated

#44

THE SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1000

24 AUG 1995

Honorable Strom Thurmond
Chairman
Committee on Armed Services
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with Section 954(c) of the National Defense Authorization Act for Fiscal Year 1994, and after consultation with the Chairman of the Joint Chiefs of Staff, I offer the following comments on the report of the Commission on Roles and Missions of the Armed Forces.

The Commission on Roles and Missions has performed a significant service to the Nation. Its recommendations to achieve more effective unified military operations, more efficient and responsive support, and improved management and direction will assist the Department of Defense (DoD) in meeting many of the challenges of the early 21st century.

The Commission report correctly points out that our future will continue to be marked by rapid change, diverse contingencies, limited defense budgets, and a broad range of missions. To meet these challenges and support our strategy we must maintain readiness, enhance joint military capabilities, sustain needed force structure, and ensure our forces are modernized. Striking the correct balance among these priorities is one of my main challenges as Secretary of Defense. I have evaluated each of the Commission's recommendations with this balance in mind. In many cases I have directed that the Commission's recommendations be implemented. In others, study efforts to develop the path toward implementation are underway. Still other recommendations, though they show considerable merit, will require further study before a decision can be taken. Finally, in some instances, no immediate change is warranted.

Maintaining Readiness and Enhancing Joint Military Capabilities

The Commission's central recommendation to take a series of steps to improve the effectiveness of unified operations is critical to meeting future challenges. I strongly endorse this approach and believe the creation of an operational vision for joint operations will do much to enhance military effectiveness. Moreover, the Chairman of the Joint Chiefs of Staff's

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designation of the Joint Staff as the single agency responsible for developing overarching joint doctrine will help to ensure the Department speaks with a single voice on joint operational matters.

I fully agree with the Commission's conclusion that joint training is an important component of readiness and essential to improving joint operations. I am committed to providing the resources needed for realistic and demanding joint training. I also agree that the Department will continue to benefit from a joint readiness assessment system and have directed that ongoing efforts in this area be expedited. In a related matter, I have asked the Chairman of the Joint Chiefs of Staff to review the Commission's proposal to create a functional unified command solely focused on joint training and force integration. This evaluation will include consideration of the possible reassignment of geographic areas of responsibility.

For those activities described in the report as "operations other than war," I agree that the use of U.S. military forces should be limited to those tasks that cannot be carried out by other agencies, public or private. In those areas where the Department does have responsibilities, I have asked that increasing the role of the Reserve components be investigated. While the Department recognizes that U.S. forces may be called upon to carry out temporary police functions abroad under limited conditions, we believe that the training of foreign constabulary (police) forces should remain with the Departments of State and Justice. DoD will, of course, continue to provide assistance to third country constabulary and other security forces when authorized by law for limited purposes.

First-rate medical care is crucial to maintaining quality of life. The Department is just beginning to implement a new medical program, TRICARE, which was strongly endorsed by the Commission. We also will update our 1994 estimate of wartime medical requirements, specifying in greater detail the in-house military treatment facilities, personnel, and other resources needed to meet current warfighting needs. The Department will examine additional medical care options based on this effort.

Sustaining Needed Force Structure

The Department's Bottom-Up Review identified the U.S. force structure needed to carry out our defense strategy and meet national security requirements. A key challenge is to sustain the force structure needed to carry out the strategy while drawing down unneeded or excess structure.

The Commission properly recognized that a comprehensive assessment of the deep attack mission is needed to determine the most appropriate force size and mix for fielded and projected deep attack systems. I

have asked for a study that, in addition to evaluating force and weapons mix issues, will review joint doctrine and concentrate on developing a common C4I architecture for deep attack missions.

Sustaining needed overseas presence is a crucial element of our defense strategy. We must ensure that sufficient forces remain available to meet the presence requirements that play so crucial a role in maintaining regional stability. However, I agree with the Commission's finding that the process for determining overseas presence requirements needs refinement and that new approaches to overseas presence should be investigated.

The Commission properly noted that an integrated Command, Control, Communications, Computers, and Intelligence (C4I) architecture will greatly enhance our capability to conduct joint operations. The Department has been involved in developing such an architecture over the past year, and I have directed that this be accelerated. In addition, the Department has given each geographic commander-in-chief (CINC) more authority to manage satellite communications.

I support the Commission's recommendations to increase the Department's influence over the use of space assets. I am working closely with the Director of Central Intelligence to ensure that the Department of Defense has a greater voice in tasking reconnaissance satellites. I have also created the office of the Deputy Under Secretary of Defense for Space and assigned primary responsibility for acquisition of DoD multi-user space programs to the Air Force. Responsibilities for acquisition of Service-unique space capabilities will remain with the Military Departments.

The Commission's recommendations on Reserve Component force structure were far reaching, and I intend to consider each of them carefully. To ensure the Department thoroughly examines how best to take advantage of the various contributions of the Reserve Components, I have asked for a study that reviews the size, organization, and responsibilities of the Reserve Components.

Finally, the Commission rightly called attention to issues surrounding the operational support aircraft fleet. I have directed a review of the wartime needs for these aircraft and, in the coming months, we will gather data on the peacetime patterns of their use. By the end of January 1996, we expect to adopt measures to streamline and more effectively operate the operational support aircraft fleet.

Ensuring Force Modernization and Efficient Support Structures

Ensuring future force modernization is at the core of meeting tomorrow's security needs. DoD will need to phase programs over time so that we invest only in those upgrades, replacements, or new capabilities that are most urgently needed. We must also reduce, consolidate, or eliminate other less crucial elements of the defense infrastructure to free up needed funds.

The Commission's emphasis on outsourcing DoD commercial activities holds promise to streamline DoD support activities and to achieve cost savings. Over the coming months, the Department will develop outsourcing plans for depot maintenance and material supply management and will investigate outsourcing opportunities in the areas of medical care, family housing, finance and accounting, data center operations, education and training, and base management and infrastructure.

The Commission further recommends that the Department streamline several internal support activities, including central logistics support, aviation development organizations and infrastructure, and acquisition oversight. While I support the broad thrust of these recommendations, I believe the Department must carefully evaluate the extent to which we can achieve efficiencies.

Improving DoD Decision-Making Processes

The Commission is correct in suggesting that DoD should improve its decision-making processes. I believe this Administration benefited greatly by undertaking the Bottom-Up Review of its defense strategy and program. Therefore, I support the recommendation that each new administration undertake a quadrennial strategy review at the beginning of its term. At the same time, I believe the details of such a review should be left to each new administration.

The planning, programming, and budgeting system (PPBS) has been a mainstay of the Department's decision-making process for over 30 years. During this Administration, the Department has strengthened the planning and programming tools used in the PPBS. Additionally, it plans to incorporate a more robust front-end assessment process as recommended by the Commission. The Department does not plan to combine the program and budget reviews recommended by the Commission, but it will strive to better integrate activities in these areas.

Closely related to restructuring the PPBS is the Commission's proposal to implement biennial budgeting. The Department strongly supports the concept, and has attempted to structure its decision-making processes to

coincide with this approach. However, I believe that if the Congress continues to be unwilling to provide biennial appropriations, DoD should discontinue submitting biennial budgets.

Finally, the Commission recommended a number of organizational changes within the Department of Defense, most notably consolidating the Secretarial and Service staffs in the Military Departments. We will examine these recommendations and make changes where appropriate.

* * * * *

Carrying out the wide range of important ideas put forth by the Commission will require a partnership between the Administration and the Congress. The Commission report details a number of specific legislative changes that would be required to enact its recommendations. I plan to submit legislative proposals growing out of our response to the Commission's recommendations with the President's Budget Submission early next year.

The changes proposed by this Commission have the potential to be as important as the efforts that led to the adoption of the path-breaking Goldwater-Nichols legislation a decade ago. I look forward to working with you over the coming months to make these significant recommendations a reality. A more detailed discussion of the Commission's recommendations can be found in the attachment.

William J. Perry

Attachment

cc: Honorable Sam Nunn
Ranking Member

Appendix

Secretary of Defense Findings

on Recommendations of the
Commission of Roles and Missions of the Armed Forces

The Department of Defense (DoD) has reviewed the recommendations of the Commission on Roles and Missions of the Armed Forces. In a number of cases, the Commission's suggestions have been immediately implemented. In others, study efforts to plot the path toward implementation are underway. Still other recommendations, though they show considerable merit, will require further study before a final decision can be taken.[1] Finally, in some isolated instances, no immediate change is necessary. The Department's position on the recommendations discussed in the report is outlined below along with a brief description of the steps required to act on each finding.

Effective Unified and Military Operations

Joint Doctrine. The Chairman of the Joint Chiefs of Staff operational vision for joint operations, Joint Vision 2010, will be completed this fall. The Chairman also has designated the Joint Staff as the single agency responsible for the development and implementation of joint doctrine. The Joint Warfighting Center received additional FY 1995 funds to provide the immediate resources necessary to fulfill its mission, and the Joint Staff is in the process of identifying the future requirements needed to exploit its potential fully.

Support to the CINCs. The Chairman and the Services constantly strive to provide better support to carry out the unified commanders' (CINCs) peacetime and wartime missions. The Joint Staff is working hard to refine joint concepts, doctrines, and requirements. In addition, the Joint Staff will accelerate its efforts to create an integrated C4I architecture. A status report on this effort will be available in November 1995. The Air Force has been designated the Executive Agent for theater air defense battle management C4I and joint theater air and missile defense doctrine development. The latter will be completed by summer 1996. Additionally, the Joint Staff is working with the Services and the unified commanders to develop doctrine for joint logistics support for joint task forces.

C3 Support. DoD agrees with the Commission's recommendations to better integrate C3 architectures and systems for the combatant CINCs and to increase the CINCs' control over theater communications resources. In fact, the Department recently gave the geographic CINCs more authority to manage satellite communications in their areas

[1] Studies identified in the appendix will support internal DoD decision processes, leading to the submission of the President's Budget.

of responsibility. The Defense Information System Agency (DISA) field offices are under the *de facto* operational control of CINCs in peacetime and under their *de jure* control in wartime. The Department needs to assure that these field offices' principal focus remains to support their primary customers -- the unified commanders, while they remain assigned to DISA for component coordination, architectural integrity, and interoperability.

Intelligence Support. Procedures are periodically updated to ensure that the intelligence needs of the CINCs are supported by the defense intelligence community. The Office of the Secretary of Defense (OSD), the Joint Staff and the Services will examine the overall effectiveness of the defense intelligence establishment to determine if it could be enhanced by centralizing authority for developing intelligence support capabilities. The results of this study will be available by May 1996. The Joint Collection Management Tool is being fielded to ensure that operational commanders have a feedback mechanism to track the status of intelligence collection during military operations. This system will be fully operational in 1997.

Space-based Support. The effectiveness and efficiency of space support can be improved by better integrating DoD and intelligence community space activities, and by giving DoD a greater voice in satellite taskings. The Secretary of Defense is working with the Director of Central Intelligence to support all of these initiatives. To facilitate the implementation of these initiatives the office of the Deputy Under Secretary for Space was created and the Air Force was assigned primary responsibility for acquisition of multi-user space programs. Responsibility for the acquisition of Service-unique space capabilities will remain with the Services.

Coalition Interoperability. The United States will conduct many of its future military operations with coalition partners. The Chairman, OSD, Services, and CINCs, accordingly, recently expanded training, planning, and preparation for coalition operations. The Chairman and the unified commanders will ensure the Department is able to respond to contingencies in concert with friends and allies while still retaining the capability to respond unilaterally. The Chairman will ask the CINCs, as part of their contingency planning, to identify people, equipment, and units to form potential coalition liaison teams by December 1995.

Joint Readiness and Training. The Chairman of the Joint Chiefs of Staff implemented a Joint Monthly Readiness Review in December 1994 to assess the readiness of the forces assigned to the unified commands. The Senior Readiness Oversight Council also meets quarterly to evaluate the state of readiness of the unified commands. The Under Secretary of Defense for Personnel and Readiness is developing a comprehensive readiness database and readiness reporting system to assess all identified components of readiness. They will be available by summer 1996. Joint training remains a priority and, particularly since the creation of USACOM, has received increased attention. The Department will look to increase joint theater air and missile defense training, with particular emphasis on joint tactics, techniques, and procedures. The Chairman and OSD, in conjunction with the Services, are developing a process to identify and

prioritize joint training requirements to guide the Military Departments in the allocation of readiness funding. The study will be completed by April 1996. The Department will not extend joint evaluation to the unit level, believing instead that this responsibility should remain with the Service components.

Functional Unified Command for Joint Training and Integration. The Chairman of the Joint Chiefs of Staff will advise the Secretary of Defense on the creation of a functional unified command for joint training and integration in his October 1995 report on the Unified Command Plan. This review will include an evaluation of the existing areas of responsibilities assigned to the unified commanders.

Combating Proliferation of WMDs. The Chairman has asked the CINCs to make counterproliferation an integral part of their planning process. Within OSD, the Assistant Secretary of Defense for International Security Policy, with the Assistant to the Secretary of Defense for Atomic Energy, have principal responsibility for coordinating counterproliferation policy and acquisition activities respectively. Over the past two years, the Administration has created a dedicated interagency effort headed by the NSC staff (including participation from the Vice President's staff) focused on counterproliferation. Consequently, it is not necessary to ask the Vice President to lead an additional interagency process in this area.

Information Warfare. The Department fully agrees with the recommendation to reduce the vulnerability of U.S. information systems while preparing to shape the information available to an enemy and to disrupt and exploit enemy information systems via offensive information warfare. DoD is currently revising its information warfare policy and looking for ways to more effectively protect our information processes and support. It has also been working with the other Executive agencies to ensure better coordination of various information assurance activities. These efforts will continue to receive attention at the most senior levels.

Peace Operations. The Department recognizes the distinct planning requirements for peace operations. However, for planning purposes, the Department will continue to treat peace operations in the context of operations other than war. The Secretary has provided new guidance to the CINCs and the Services to improve our capability to train for and conduct peace operations. This guidance will be refined routinely to reflect operational lessons learned. The Under Secretary of Defense for Policy and the Joint Staff will explore more closely any unique equipment requirements associated with peace operations. Results of this study will be submitted by early 1996. The Department will continue to work with Congress to create a more efficient funding mechanism for peace operations and other unanticipated military contingency operations without degrading readiness.

Operations Other Than War. The use of military forces in operations other than war (OOTW), including peace operations, should be limited to those tasks that are not more appropriately assigned to other elements of the government or private contractors. The Department must continue to integrate these operations into the

unified commanders' planning processes. The Secretary has asked the Chairman and OSD to investigate further opportunities to increase the role of the Reserves in operations other than war. The Department recognizes that U.S. forces may be called upon to carry out temporary police functions abroad under limited conditions. The training of foreign constabulary (police) forces is not as an appropriate DoD mission. This responsibility should remain with the Departments of State and Justice. DoD will, of course, continue to provide assistance to third country constabulary and other security forces when authorized by law for limited purposes.

Specific Interoperability Initiatives. The Commission cited several interoperability initiatives that merit special consideration. These include upgrades to the Navy/Marine Corps EA-6B fleet, enhancing the KC-135 multi-point refueling capability, and ensuring that precision-guided munitions are usable by the combat aircraft of all Services. The Department has several actions underway in these areas. The Secretary of Defense previously directed the development of a comprehensive concept of operations for the employment and training of the EA-6B force and more recently directed a review of possible upgrades to the EA-6B fleet. As a result of the Commission's recommendation, increasing the number of KC-135 tankers with multi-point refueling capability will be considered as part of the Department's ongoing program review. Finally, the Department's precision munitions capabilities are being examined in the program review as part of the Military Department's recapitalization plans. They also will be subject to more detailed scrutiny as part of the newly combined Deep Attack and Weapons Mix study mentioned below.

Presence. Overseas presence requirements play a key role in sizing our nation's military forces. The Department must ensure that it retains sufficient force structure to meet overseas presence demands. However, DoD agrees that it should review how overseas presence requirements are determined and consider new approaches for achieving overseas presence objectives. The Chairman, in conjunction with the Under Secretary of Defense for Policy, has been asked to conduct a comprehensive review of these objectives and the associated requirements determination processes. These results will be available by March 1996.

Combat Search and Rescue. The Air Force has been designated the Executive Agent for Combat Search and Rescue (CSAR). This will ensure one organization is responsible for most CSAR force structure, equipment, and procedures (a few exceptions will exist, such as the retention of naval CSAR afloat). Implementation should be completed by November 1995. The Air Force will identify budgetary requirements to support its additional CSAR responsibilities.

Reserve Component Forces. The Total Force should be shaped and sized to meet the military requirements derived from the national security strategy. The Commission's recommendations to eliminate or reorganize lower priority Reserve Component forces to fill shortfalls in higher priority areas, to reduce any structure found to be excess to our needs for the post Cold War world, to implement fully a "tiered" resource allocation policy, and to seek greater integration between Active and

Reserve forces of all Services need to be carefully considered. A special Department task force is reviewing the size, organization, and responsibilities of the Reserve Components. It also has been asked to identify measures to ensure that the Reserve Components can perform to standards. The Army, the Joint Staff, and OSD will each contribute to this review by providing the results of their ongoing assessments of different aspects of the overall issue. These inputs will then be consolidated, and reviewed by the Roles and Missions Senior Advisory Group, and the results will be submitted to the Secretary of Defense by February 1996. In addition, the Secretary has asked the Chairman to report on integration of Reserve Component forces into the CINCs' operational plans.

Deep Attack. The Department agrees with the Commission's finding that DoD needs to conduct an assessment of all deep attack systems to determine appropriate force size and mix. The Office of the Secretary of Defense and the Joint Staff will conduct this assessment to identify force size and mix, as well as the appropriate C4I architecture to support timely, effective deep attacks, and procedures for integrating the employment of our many deep attack systems. The study team has been directed to submit its findings by March 1996. The recently completed industrial base study showed that the B-2 production level could remain at 20 aircraft without compromising the bomber industrial base. A decision to accelerate the funding for precision-guided munitions will be taken once the deep attack/weapons mix study is complete.

Two Land Armies. There are several components to the Commission's recommendations on the "two land armies" issue. Overall, the Department agrees with the Commission's finding that the Army and Marine Corps provide complementary rather than duplicative capabilities. DoD also concurs with the recommendation to eliminate Marine Corps ground-based medium-altitude air defense (HAWK) capabilities, and assign that responsibility to the Army and Navy. This conversion will be accomplished at the earliest time a new air defense system is fielded or existing air defense systems are adapted to provide needed air defense capabilities for Marine Corps operations ashore. The Joint Requirements Oversight Council will examine this issue over the coming year. The Department also will examine combining maintenance responsibility for the two afloat prepositioning programs currently performed separately by the Army and the Marine Corps. This will be completed by April 1996. Furthermore, a review of possible Army corps and Marine Expeditionary Force (MEF) headquarters enhancements to improve joint warfighting capabilities is underway. This review will be completed by November 1995. Finally, the Joint Staff recently concluded that existing Marine Corps organic combat engineering capabilities are sized only to support the CINCs' expeditionary warfare requirements, not to support sustained land operations. Therefore, the Department does not believe any further consolidation is needed.

Close Air Support. The importance of close air support (CAS) cannot be overstated. To ensure U.S. forces train sufficiently for joint CAS, the Chairman of the Joint Chiefs of Staff will provide the Secretary with a report addressing the adequacy of joint CAS training, doctrine, and procedures by October 1995.

Efficient and Responsive Support

Depot Maintenance. DoD agrees with the Commission's recommendation to outsource a significant portion of the Department's depot maintenance work, including outsourcing depot maintenance activities for new systems. At the same time, the Department believes it must retain a limited organic core depot maintenance capability to meet essential wartime surge demands, promote competition, and sustain institutional expertise. The Assistant Secretary of Defense for Economic Security, working with other offices within OSD and the Military Departments, is aggressively reviewing these matters, as well as those activities needed to implement the Commission recommendations, including the withdrawal of OMB Circular A-76, the removal of existing legislative barriers, and the creation of new enabling legislation. The initial plan outlining the scope, pace, timing, and supporting organization necessary to support outsourcing depot maintenance is due this fall. The Department of Defense will propose legislative changes by early next year.

Materiel Supply Management. The recommendations to outsource materiel supply management are closely related to the depot maintenance recommendations. The Assistant Secretary of Defense for Economic Security, working with other offices within OSD and the Military Departments, is overseeing a detailed assessment of the Department's materiel management outsourcing opportunities. The following issues will be investigated: ensuring broad private sector participation; retaining adequate management control; providing adequate capability to meet surge requirements during wartime; ensuring stable budgeting and financial management; improving the contracting process; and eliminating restrictive regulations. Initial results of this review will be available by this fall.

Other Outsourcing Opportunities. The Commission also cited a number of additional outsourcing opportunities that will be investigated during the coming months. The Assistant Secretary of Defense for Economic Security, working with other offices within OSD and the Military Departments, will oversee these reviews. For example, the Comptroller will examine selected finance and accounting functions. Results of this review will be available by March 1996. Similarly, the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence will examine outsourcing opportunities in the area of data center operations. This review will be completed by January 1996. The Under Secretary of Defense for Acquisition and Technology will identify opportunities for outsourcing in family housing and base management and infrastructure by December 1995. The Under Secretary of Defense for Personnel and Readiness will oversee a similar effort to explore outsourcing opportunities for education and training by December 1995.

Medical Care. The Department agrees with the Commission's finding that providing superior medical support to our military forces in military operations is the "core competency" of the Department's medical establishment. The Office of the Secretary of Defense, the Joint Staff, and the Services will update the Department's 1994 estimate of wartime medical requirements, specifying in greater detail the in-house military treatment facilities, personnel, and other resources needed to meet warfighting needs. That effort is scheduled for completion in March 1996. It will provide options to implement further improvements in utilization management and shifts in peacetime care currently provided in military treatment facilities to managed-care systems within the private sector.

Streamline Central Logistics Support. The Commission's proposal to streamline central logistics support is closely tied to the outsourcing initiatives mentioned above. The Department fully endorses efforts to streamline logistics support within existing organizational arrangements. The Under Secretary of Defense for Acquisition and Technology has been asked to identify the most promising areas for streamlining, ensuring that any reforms do not degrade logistics support functions retained by the Services. Early candidates for streamlining will be identified by October 1995.

Streamline Acquisition Organizations. The Commission recommended reorganizing, collocating and consolidating various acquisition organizations, with a particular emphasis on aviation infrastructure. This is a complex proposal given the differences in the organizations identified for collocation and consolidation. The BRAC 93 and BRAC 95 decisions further complicate the Department's efforts to act on this recommendation, because the BRAC relocates both the Army and Navy aviation acquisition organizations. Given these factors, the Under Secretary of Defense for Acquisition and Technology will evaluate the feasibility of the proposal and recommend a course of action by December 1995. The Under Secretary of Defense for Acquisition and Technology also will examine the establishment of single management elements for planning and allocating routine aircraft maintenance by spring 1996.

Operational Support Aircraft. DoD supports the Commission's recommendation to seek ways to improve the operation of, and possibly downsize, the operational support aircraft (OSA) fleet. The Department is in the process of developing data for this effort by installing the new Joint Air Logistics Information System (JALIS). JALIS will provide OSA scheduling visibility starting in October 1995. In addition, the Chairman of the Joint Chiefs of Staff will determine OSA wartime requirements by October 1995. On the basis of these efforts, DoD anticipates possible reductions in the size and changes in the mode of operation for our operational support aircraft fleet by the end of January 1996.

Streamline Acquisition Oversight. The Commission identified several ways to streamline acquisition oversight. Many of these initiatives are well underway. For example, the Department is participating in a zero-based review of the Federal

Acquisition Regulation as part of the Vice President's National Performance Review. Also, the Department has started to centralize acquisition audit planning based on a recommendation in the December 1994 "Report on Reengineering the Acquisition Oversight Process." In addition, the Department is currently reviewing the merits of consolidating the Defense Contract Audit Agency and Defense Contract Management Command. In September 1995, the Secretary of Defense will receive the recommendations developed by that study. The Under Secretary of Defense for Acquisition and Technology is analyzing past and projected audit and contract administration staff reductions to determine if "stretch" goals are feasible and to implement them as appropriate. Other recommendations to reduce the direct cost of government oversight require additional evaluation. The Department already permits defense contractors to use modern commercial activity-based cost accounting systems, but the Under Secretary of Defense for Acquisition and Technology will determine if more can be done. This assessment will be available in September 1995.

Restructure Defense Agency and DoD Field Activity Management. As another way to improve efficiency, the Commission suggested new organizational arrangements to make DoD more responsive to its customers. In particular, it recommended the creation of boards of directors to help oversee defense agencies and also proposed the creation of a Defense Support Organization. While DoD agrees with the importance of responsiveness to the customer, the Director of Program Analysis and Evaluation has been asked to review these recommendations within the context of on-going initiatives to assess the management of defense agencies and field activities. The results of this evaluation will be available by March 1996.

Improved Management and Direction

Improve Planning and Direction for the Defense Program. The efforts of the Clinton Administration to conduct a Bottom-Up Review (BUR) of defense strategy, force structure, key modernization programs and support activities clearly demonstrate the value of a quadrennial strategy review at the outset of an administration. The BUR has been an invaluable tool and has provided strong direction for the Department. Thus DoD strongly agrees that a comprehensive strategy and defense program review should be conducted in the opening months of each administration. However, the Department also believes that the details of such a review should be left to each new Administration.

Restructure PPBS. The planning, programming, and budgeting system (PPBS) is a proven management tool for the Department. Over the past three years the Department has taken steps to improve the PPBS, principally by establishing new screening mechanisms that enhance staff integration, focus attention on major issues, and improve the quality of information available to senior decision makers. As a result of these changes, the Department does not believe that the creation of an objective "integration element" is necessary. However, the Director of Program Analysis and Evaluation, working with other key participants, is examining

additional steps to improve further the operation of the PPBS, including strengthening program and budget direction. An important element of these improvements will be to examine ways to strengthen the front-end assessment process, as identified in the Commission report, to provide better guidance and improve program development. The Department also will draw on the best of both scenario and mission-based planning as a means for improving the overall process. A new PPBS directive will codify the results of this effort. An initial draft will be completed by December 1995. The Department does not plan to combine the program and budget reviews since, in its view, the two processes serve quite different purposes. DoD will, however, better integrate activities in these phases to enhance the effectiveness of its review procedures. The Comptroller will evaluate the desirability of submitting program and budget data in the format required for Congressional appropriations.

Improve Other Decision Support Processes. In addition to the PPBS, the Commission highlighted the importance of improving other decision support processes. In some cases efforts are already well underway. The Joint Staff, for example, is writing an instruction which explains the role of the Joint Requirement Oversight Council (JROC) and the Joint Warfighting Capability Assessments (JWCA) in the Joint Strategic Planning System (JSPS), including establishing regular procedures to assess non-materiel solutions to operational needs. This guidance is closely linked to the contingency planning and PPBS processes. The Department is also pursuing means to provide better analytical support to the weapon systems requirements generation processes. Recommendations will be available on this by October 1995. The proposal to provide design commonality for major new programs and develop procedures to assure adequate treatment of cross-Service interoperability are also appealing. However, further review is necessary to determine the best path for implementation. The Under Secretary of Defense for Acquisition and Technology has been asked to evaluate this suggestion and provide a proposal for implementation by March 1996.

Biennial Budgeting. The Department strongly supported the concept of biennial budgeting when it was originally put forward in the 1986 Goldwater-Nichols Defense Reform Act. It continues to support this suggestion, and has attempted to restructure its decision-making processes to coincide with this approach. Unfortunately, Congress has never enacted a biennial budget, despite the requirement for the Department to provide biennial budget submissions. DoD agrees with the Commission's recommendation that Congress enact biennial budgeting; however, the Department also believes that if Congress is unwilling to provide biennial appropriations, DoD should discontinue submitting biennial budgets.

Improve Incentives for Reducing Costs. The Commission's proposal to create better organizational incentives for reducing costs within the Department is important, but designing such incentives is challenging. The Under Secretary of Defense for Acquisition and Technology, the Comptroller, and the Director for Program Analysis and Evaluation, working with the Military Departments, are examining new

approaches to creating incentives for achieving greater savings and efficiencies for all components within the resource allocation process and for program managers within the acquisition process. Initial results of this effort will be completed by December 1995.

Improve DoD's Management Structure. The role of the Joint Staff in the PPBS, requirements, and acquisition processes has evolved due to the growing importance of joint operations. A special Department task force has been created to recommend ways to clarify OSD responsibilities and organizations, and better integrate the contributions of OSD, the Joint Staff, and the Services in these important areas. The task force review will be completed by November 1995 and, among other things, will address Joint Staff analytical and technical requirements, and the relationship between OSD and the Joint Staff.

Restructure Military Department Staffs. The Service Secretaries have been asked to provide proposals on how they would restructure their staffs in light of the Commission's streamlining recommendations. Inputs are required by October 1995. The Assistant Secretary of Defense for Strategy and Requirements, working with a senior DoD advisory group, will review these proposals. The Secretary will receive the results of this review by January 1996.

Improve Civilian Personnel Quality. The Department of Defense is fortunate to have assigned to it some of the finest civilian professionals and political appointees in the government. The Under Secretary of Defense for Personnel and Readiness has been asked to review the present mix of civilian professionals and political appointees to ensure the Department is drawing fully on their respective talents. The Department's career civilian management program also will be reviewed. The results of these reviews will be available by February 1996.