DEPUTY CHIEF MANAGEMENT OFFICER
9010 DEFENSE PENTAGON
WASHINGTON, DC 20301-9010

NOV 8 2013

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Fiscal Year 2013 Organizational Assessment Report

The attached assessment has been prepared pursuant to Title 5, sections 4311-4315 of the United States Code and Office of Personnel Management implementing regulations and guidance. This guidance requires that performance evaluations for Department of Defense (DoD) Senior Executive Service (SES) members and Senior Level Scientific and Technical (SL/ST) professionals be based on both individual and organizational performance. This memorandum and the attached Organizational Assessment comply by providing an assessment of Department performance through the third quarter (Q3) of Fiscal Year 2013 (FY13).

DoD's FY13 performance goals, as reflected in the President's Budget, are the basis for DoD-wide organizational performance. The results represent performance priorities that are aligned to the strategic goals and objectives in DoD's Strategic Plan (i.e., 2010 Quadrennial Defense Review Report) and to direction provided by the President, Congress, and Secretary of Defense. DoD Component performance results also inform individual SES and SL/ST performance evaluations. Rating officials and members of Performance Review Boards (PRB) should use the attached organizational assessment results, along with other relevant performance reports, to assess SES and SL/ST performance. PRBs should make pay-for-performance decisions and award determinations based upon results achieved that demonstrate success and improvement in both DoD-wide and component-specific performance.

As of Q3, 86 percent of core warfighting results were on track while 14 percent did not meet FY13 Q3 targets and were considered "at risk" of not achieving their annual targets for FY13. Similarly, 72 percent of infrastructure goals were on track, while 28 percent were at risk. Mitigation strategies have been put in place by relevant goal owners to appropriately address at risk measures for the fourth quarter of FY13, and, while we have made progress in many areas, we must continue to strive for even greater efficiency and effectiveness in our operations across the Department.

Elizabeth A. McGrath

Attachment:
As stated

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Organizational Assessment

Department of Defense

November 2013

The estimated cost of this report for the Department of Defense is approximately $79,000 in Fiscal Years 2013 - 2014.

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Summary of Results

Overview

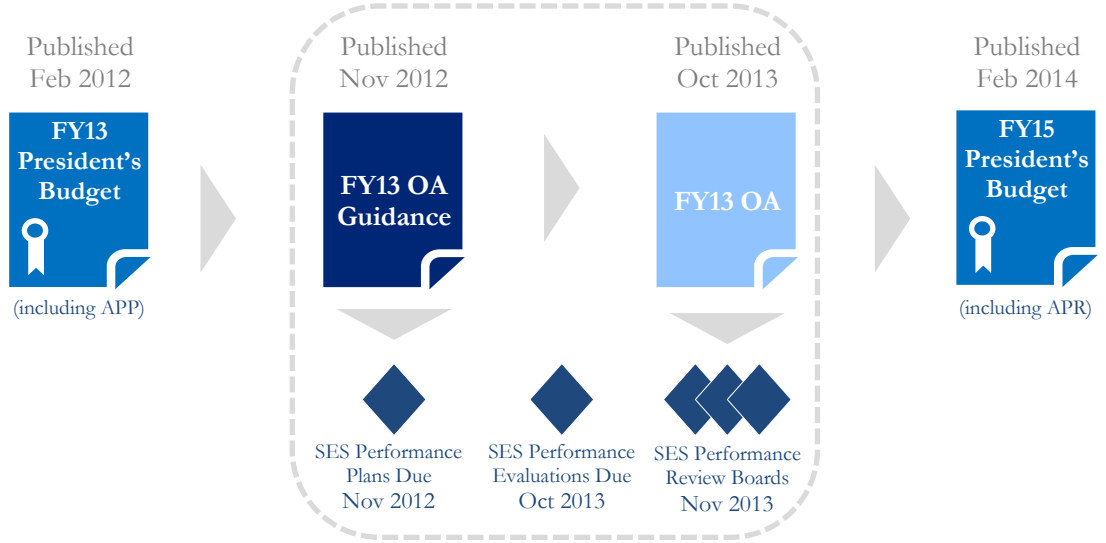
The Department of Defense (DoD) Organizational Assessment reports on DoD-wide performance results and is also used to evaluate the performance of Senior Executive Service (SES) and Senior Level/Scientific and Technical (SL/ST) professionals. The Organizational Assessment outlines DoD performance results for the fiscal year pursuant to Title 5, Sections 4311-4315 of the United States Code and Office of Personnel Management (OPM) implementing regulations and guidance. According to these laws, regulations, and guidance, Senior Executives should be evaluated based on both individual and organizational performance. The Organizational Assessment is meant to provide the Department's organizational performance results, which will inform SES performance evaluations.

The FY 2013 Organizational Assessment is aligned to the Department's overall strategy as outlined in the 2010 Quadrennial Defense Review (QDR). The QDR goals are:

1. Prevail in today's wars
2. Prevent and deter conflict
3. Prepare to defeat adversaries and succeed in a wide range of contingencies
4. Preserve and enhance the all-volunteer force
5. Reform the business and support functions of the Defense enterprise

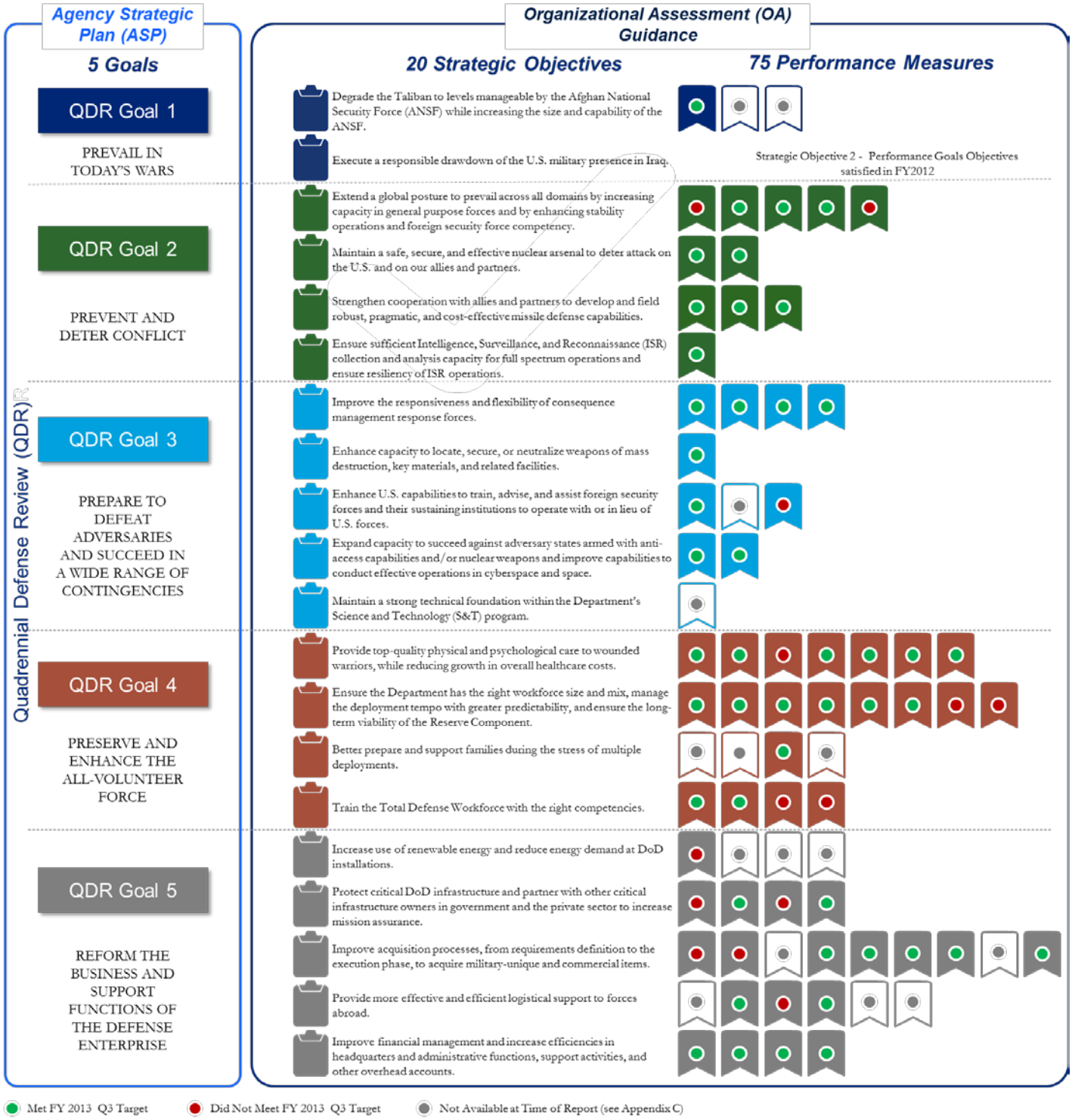
The 2010 QDR goals are the foundation of the Department's FY 2013 Annual Performance Plan (APP), which included 20 broad-based strategic objectives that were published with the FY 2013 President's Budget. The FY 2013 Organizational Assessment Guidance published in November of 2012 includes the strategic objectives and performance goals from the President's Budget that are being used to evaluate individual SES and SL/ST professionals during FY 2013. The Organizational Assessment results are also incorporated into the Annual Performance Report (APR).

Figure 1: Alignment of Organizational Assessment with SES and SL/ST Performance Management Process



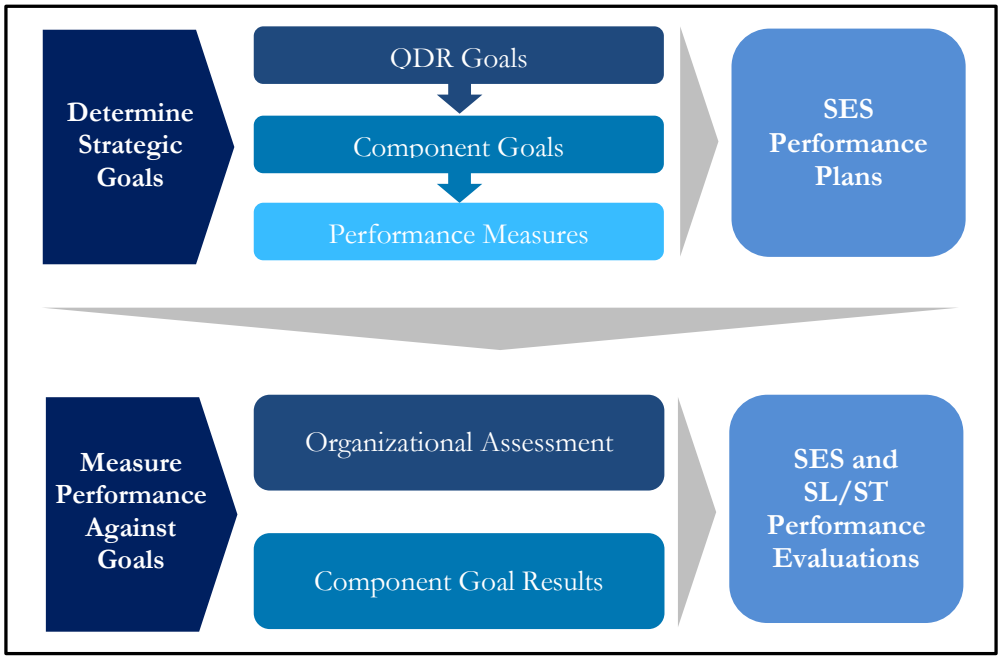
The FY 2013 Organizational Assessment evaluates performance against strategic priorities based on 75 performance measures that were published in the FY 2013 Organizational Assessment Guidance in November 2012. Figure 2 provides a summary of FY 2013 third quarter results and shows the alignment of these strategic objectives and performance measures to the overall strategy outlined in the QDR. Appendices A and B contain a more detailed description of these results.

Figure 2. Summary of Results and Alignment of Department Strategic Goals and Measures



Defense leaders are responsible for creating the performance measures outlined in the Annual Performance Plan. These performance measures encompass activities related to both our warfighting mission, or "warfighting goals," and our business operations, or "infrastructure goals." While goal leader responsibility has been assigned to functional PSAs for reporting purposes, these goals and performance measures are used to inform the "Results Driven" critical element contained in the SES Performance Management System Executive Performance Agreement. This ensures that the executives focus on measurable outcomes from the Department's strategic plan. Figure 3 provides a high level depiction of how performance measure results drive a senior executive's performance evaluation.

Figure 3. Alignment of Organizational Goals to Senior Executive Performance Evaluations



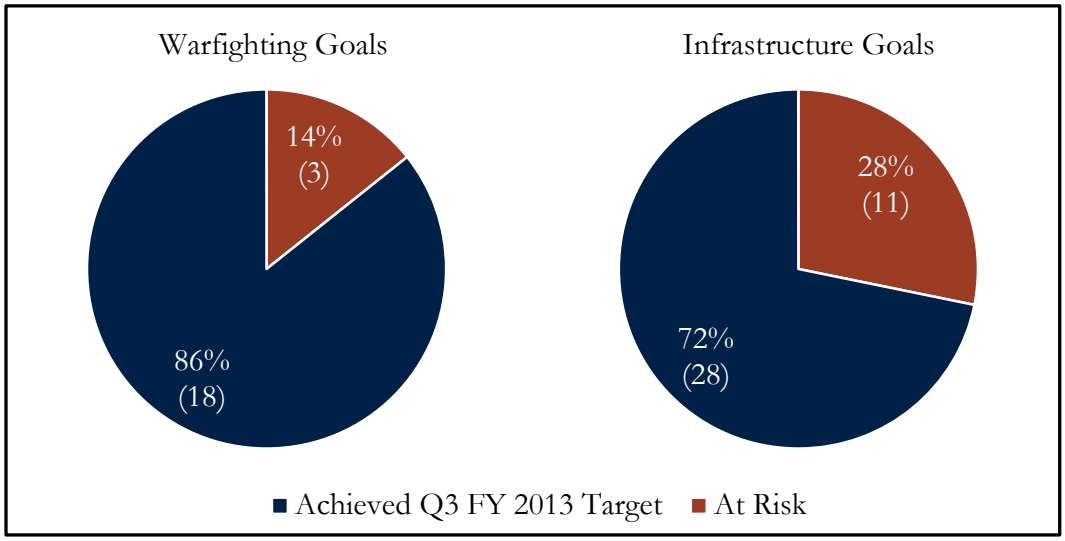
The 75 performance measures published in the Organizational Assessment Guidance consist of 21 "warfighting" measures aligned to QDR Goals 1, 2, and 3, and 39 "infrastructure" measures aligned to QDR Goals 4 and 5.[1] Due to issues with timing and data quality, the results of fifteen measures were not available for this report (identified in Appendix C).

Out of the 60 performance measures included in this report, 86 percent of core warfighting results were on track while 14 percent did not meet FY 2013 Q3 targets and were considered "at risk" of not achieving their annual targets. Similarly, 72 percent of infrastructure goals were on track while 28 percent were at risk. Moving forward, mitigation strategies have been put in place by relevant goal owners to appropriately address at risk measures for the fourth quarter of FY 2013. The

[1] Goal 1. Prevail in today's wars
Goal 2. Prevent and deter conflict
Goal 3. Prepare to defeat adversaries and succeed in a wide range of contingencies
Goal 4. Preserve and enhance the all-volunteer force
Goal 5. Reform the business and support functions of the Defense enterprise

Department faces significant challenges, however, as the impacts of sequestration in the fourth quarter of FY 2013 will continue to erode the Department's ability to meet the 2010 QDR goals. With the ongoing fiscal challenges, the Department may continue to see many of its core warfighting and infrastructure goals become "at risk" of not meeting annual targets.

Figure 4: FY 2013 Performance Measure Results



Successes

The Department has been successful in meeting several of its most critical measures for the third quarter of FY 2013; including those related to mission readiness, taking care of our people, and reducing cost. The Department's focus on **mission readiness** has resulted in high readiness levels to execute current, ongoing operations, although the Department is facing challenges in future readiness due to continued sequestration reductions. Similarly, the Department has maintained its commitment to **taking care of our people** and has made considerable improvements to the psychological care and post-deployment health of Service members. In addition to these mission critical goals, the Department's efforts towards improving **audit readiness and inventory management** have been very successful in generating savings for the Department and supporting the warfighter as the Department continues to reset equipment as part of the drawdown from Afghanistan.

Mission Readiness

Despite sequestration and a challenging fiscal environment, the Department has remained committed to ensuring that our nation's military remains ready to execute all current operations and prevail in today's wars. As of the end of the third quarter of FY 2013, the Combatant Commands (COCOMs) maintained 100 percent mission readiness to execute current operations, ensuring that the nation's warfighters in Afghanistan and around the globe were trained and prepared to accomplish their mission. Current operations are focused on preventing conflict, promoting good

governance, building partner capacity, and developing cooperative relationships with critical partners. Activities tied to current operations include transitioning security responsibilities to Afghan National Security Forces (ANSF), conducting Joint and Coalition exercises and engagements, and maintaining capable and ready forward-deployed and forward-stationed units and capabilities. The Combatant Commanders have been successful at satisfying these activities to include ongoing operations in Afghanistan.

Furthermore, the Department exceeded its mission readiness goals for contingency operations in the third quarter of FY 2013. During this period, COCOMs reported that they were able to execute 86 percent of contingency plans, exceeding the Department's goal by six percentage points. This is a slight decrease from the 91 percent reported in 2012 and this readiness measure is at risk of continued decline due to the sequestration reductions that became effective in mid-2013.

Strategic Goal 3 stresses the importance of "succeeding in a wide range of contingencies," and it is critical that the Department maintain a high state of readiness to execute its plans in this area. Continued sequestration leaves our nation less prepared to respond quickly to wide-ranging contingencies in an increasingly complex and tumultuous global security environment, and will continue to reflect negatively in the Department's quarterly performance measures until a new baseline of expectations for this fiscal environment can be determined.

In addition to the slight decreases in mission readiness goals related to current operations and Contingency Plans, Combatant Commanders report readiness to execute 90 percent of their Core or Theater Campaign Plan missions, which is down from 100 percent in FY 2012. The Department will need to remain focused on maintaining the ability to execute its Theater Campaign Missions as it withdraws from Afghanistan and shifts to a smaller, leaner force that is agile, flexible, and ready to deploy quickly to meet the new challenges of the future.

Taking Care of Our People

The care provided to our nation's wounded, ill, and injured (WII) will always remain a top priority, and in FY 2013, the Department made significant improvements in streamlining the care provided to our WII Service members. By the third quarter of FY 2013, the Department reported 100 percent of WII Service members had been assigned a Recovery Care Coordinator who administered an active recovery plan within 30 days of enrollment in a Service recovery coordination plan. This is a huge improvement of 32 percentage points from FY 2012.

A comprehensive post-deployment health assessment is a critical tool in assessing the health of Service members and identifying potential injuries, both visible and invisible. Emerging science and mandated DoD programs and policies have supported the early detection of "invisible" injuries such as Traumatic Brain Injury (TBI) and Post-Traumatic Stress Disorder (PTSD) which could lead to prompt treatment. To incorporate improvements into post-deployment health assessments, the Military Health System has effectively transitioned to using a more comprehensive post-deployment health assessment instrument. This instrument is designed to facilitate early identification and referral for care to ensure that those with post deployment injuries receive the treatment they need as a result of service to the Nation.

The Department is conducting an enterprise-wide review of all psychological health programs which began in FY 2013. The review is identifying both programs that are producing measurably effective results and areas where improvement is needed. The Department will subsequently replicate the best practices identified during this review to serve as criteria for continuous improvement of the psychological and TBI care provided to Service members and their families.

Audit Readiness and Inventory Management

Improving audit readiness across Department accounts is a critical step in achieving sustained cost savings and improving business outcomes. A key component of the Department's audit readiness goal is to validate the existence and accountability of "mission critical assets," such as real property, military equipment, and inventory balances. In the third quarter of FY 2013, the Department outpaced its target by nine percentage points and validated the existence and accountability of 50 percent of "mission critical" assets across the Department. The Department's improved validation and accountability have played a critical role in identifying and reducing excess inventory, and has resulted in significant cost savings from the Department's approximately $30 billion of secondary inventory. At mid-year in FY 2013, it was reported that the Department had already reduced excess inventory from 9.9 percent to 7.8 percent of on-hand secondary inventory, which has generated real cost savings for the Department. The Department's continued improvement in its accountability of "mission critical" assets going forward will continue to help drive further cost reductions in excess secondary inventory.[2]

Improvement Areas

The Department has been successful in meeting 86 percent of its warfighting goals for the third quarter of FY 2013. However, the Department did not meet 28 percent of its infrastructure measures in the third quarter. Specifically, there are improvement opportunities related to the processing of wounded warriors through the Integrated Disability Evaluation System (IDES) and the reduction of facility energy demands that need to be addressed. The Department will need to continue to focus efforts on decreasing the time required to **process wounded Service members**

[2] GAO-12-493 Defense Inventory. May 2012.

through IDES in support of its commitment to provide top-quality care to wounded warriors. Similarly, the Department can improve on measures related to reducing the energy demand of its **facilities**, which will support efforts to remove overhead and headquarters costs and preserve mission readiness.

Processing Wounded Warriors Through IDES

Processing wounded warriors through IDES is a combined responsibility between the Department of Defense and the Department of Veterans Affairs (VA). While the Department of Defense has made considerable improvements in providing top-quality physical and psychological care to its wounded warriors, the percent of Service members who are processed through the Integrated Disability Evaluation System (IDES) within 295 days (Active) or 305 days (Reserve) needs additional focus. In the third quarter of FY 2013, 26 percent of service members were processed through IDES within the given timeframe, which is below the target of 60 percent for this measure. This is due primarily to delays in the completion of the transition, proposed rating, and benefits decision portions of the process.

Over the past year, the time to complete DoD-specific IDES activities (referral, MEB, Informal Physical Evaluation Board (PEB), and Transition) improved from an average of 188 days to 147 days against the DoD-specific goal of 105 days. The Department has also provided additional personnel to assist operations at a VA site in Seattle to expedite IDES case processing and is increasing this support by 33 percent in order to improve performance on this measure. Additionally, the Department has provided the VA with thousands of missing case file documents since December 2012 to enable more rapid completion of disability benefit determinations. However, dependency on VA processes and practices has impacted the Department's ability to achieve results against this goal. The Department will continue to work with the VA in FY 2014 to improve the processes, practices, and interfaces that support our shared desire to ensure relevant, timely, and quality care for our warriors as they transition to veterans.

Facilities

The Department manages a global property portfolio with more than 555,000 facilities located on 28 million acres and is the largest consumer of energy in the federal government; spending approximately $4 billion annually.[3] With a replacement value of close to $850 billion, this infrastructure is critical to maintaining military readiness; and the importance of sustaining these

[3] GAO-13-283. High Risk Series: An Update. February 2013.

facilities cannot be understated. The Department's goal is to fund facilities sustainment at a minimum of 90 percent of the Facilities Sustainment Model (FSM) requirement. The FSM has been used since 2003 to estimate the annual sustainment funds the services need to budget to perform maintenance and repair activities necessary to keep their buildings and structures in good working order and maximize facility service life. While DoD budgeted for 86% of the sustainment requirement in FY 2013, due to sequestration reductions, it had only obligated 34% through the third quarter of FY 2013. The Department will require marked improvement in order to accomplish its goals in this area.

While sequestration has negatively impacted funding for facilities sustainment, this ongoing maintenance is required if the Department is to continue improvements in energy conservation and efficiency, which reduces operating costs, lowers greenhouse gas emissions, and improves mission. The Department's goal is to improve the average energy intensity of its buildings by 30% in FY15 compared to the FY03 baseline, and while the Department has made significant improvements towards meeting the goal over the last two years, sequestration reductions will make it difficult for the Department to achieve the FY15 goal.

Conclusion

The Department's focus on mission readiness over the past year has resulted in success on 86 percent of its "warfighting" goals, including 100% readiness to execute current operations and Contingency Plans during the third quarter for FY 2013. The Department has also made significant progress in inventory management practices that will prove important in supporting the warfighter as the Department continues to reset equipment as part of the drawdown from Afghanistan. Most importantly, the Department maintained its commitment to caring for Service members and their families who have borne the burden of a decade of war.

While the Department made significant progress during this fiscal year, continued success in FY 2014 will be challenging as sequestration's impact and broader budget uncertainty continues to proliferate. The FY 2014 QDR will provide guidance on our revised mission and management priorities as the Department continues its drawdown and reshapes the force in a fiscally constrained environment. The strategic goals outlined in the new QDR will drive the strategic objectives and relevant performance measures that will be critical to addressing improvement efforts and new realities. Leaders across the Department will use this new strategic guidance to guide their decision making and drive success in FY 2014 and beyond.

Impact of Sequestration

Sequestration costs to the Department were $37 billion in FY 2013—or roughly the cost of 20 Virginia-class submarines.

Sources: Hagel Statement on SCMR. July 2013.
Program Acquisition Cost by Weapon System. April 2013

Appendix A: FY 2013 Third Quarter Performance Results Summary

The following tables outline the Department's strategic goals, strategic objectives, and results for key FY 2013 performance measures.

DoD STRATEGIC GOAL 1: PREVAIL IN TODAY'S WARS

Strategic Objective 1.1-OCO:
Degrade the Taliban to levels manageable by the Afghan National Security Force (ANSF) while increasing the size and capability of the ANSF.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
1.1.1-OCO: Percent of DoD Combatant Commanders' Current Operations which they report ready to execute (USD(P&R))	1.1.1-OCO: For each fiscal year, DoD Combatant Commanders will be ready to execute 100 percent of Current Operations.	100%	100%	100%

DoD STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT

Strategic Objective 2.1-1F1:
Extend a global posture to prevail across all domains by increasing capacity in general purpose forces and by enhancing stability operations and foreign security force competency.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
2.1.1-1F1: Percent of the DoD Combatant Commanders that are ready to execute their Core or Theater Campaign Plan missions (USD(P&R))	2.1.1-1F1: For each fiscal year, Combatant Commanders will be ready to execute 100 percent of their Core or Theater Campaign Plan missions.	100%	100%	90%
2.1.2-1F1: Percent of the DoD Combatant Commanders' Contingency Plans which they report ready to execute (USD(P&R))	2.1.2-1F1: For each fiscal year, Combatant Commanders will be ready to execute at least 80 percent of their Contingency Plans.	91%	80%	86%
2.1.3-1F1: Cumulative percent of Army Brigade Combat Teams (BCTs) converted to a modular design and available to meet military operational demands (USD(P))	2.1.3-1F1: By FY 2014, 100 percent of Army BCTs will have converted to a modular design and be available to meet military operational demands.	69%	99%	99%
2.1.4-1F1: Cumulative number of Army Multi-functional and Functional Support (MFF) brigades converted to a modular design and available to meet military operational demands (USD(P))	2.1.4-1F1: By FY 2013, the DoD will convert 229 Army MFF brigades to a modular design.	228	228	228
2.1.5-1F1: Cumulative number of ships in the fleet (USD(P))	2.1.5-1F1: By FY 2020, the DoD will increase the number of ships in the fleet to 295 for security operations.	287	288	286

DoD STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT

Strategic Objective 2.2-1F2A:
Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
2.2.1-1F2A: Number of formal DoD-led meetings with international partners to reaffirm U.S. commitments to extended deterrence. (USD(P))	2.2.1-1F2A: Beginning in FY 2011, the DoD will lead at least six formal meetings with international partners to reaffirm U.S. commitments to extended deterrence.	17	4	■ 4
2.2.2-1F2A: Passing percentage rate for Defense Nuclear Surety Inspections. (USD(P))	2.2.2-1F2A: Beginning in FY 2011, the DoD will maintain a passing rate of 100 percent for all regular Defense Nuclear Surety Inspections.	100%	100%	■ 100%

DoD STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT

Strategic Objective 2.3-1F3:
Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
2.3.1-1F3: Cumulative number of Aegis Ballistic Missile Defense (BMD)-(BMD)-capable ships (USD(P))	2.3.1-1F3: By FY 2017 the DoD will have 33 Aegis ships that are BMD-capable	25	26	■ 26
2.3.2-1F3: Cumulative number of Standard Missile - Model 3 (SM-3) Interceptors (all variants) delivered (USD(AT&L))	2.3.2-1F3: By FY 2017, the DoD will have delivered 394 SM-3 Interceptors (all variants) to counter aerial threats.	0	129	■ 132
2.3.3-1F3: Cumulative number of Army- Navy/Transportable Radar Surveillance – Model 2 (AN/TPY-2) delivered (USD(AT&L))	2.3.3-1F3: By FY 2017, the DoD will have delivered 12 AN/TPY-2 Radars to detect aerial threats.	0	7	■ 10

DoD STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT

Strategic Objective 2.4-1X2:
Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
2.4.1-1X2: Cumulative number of Predator (MQ-1) and Reaper (MQ-9) intelligence, surveillance, and reconnaissance (ISR) orbits. (USD(I))	2.4.1-1X2: By FY 2014, the DoD will achieve and maintain 65 Predator (MQ-1) and Reaper (MQ-9) ISR orbits	57	60	■ 61

DoD STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES				
Strategic Objective 3.1-1F2B: *Improve the responsiveness and flexibility of consequence management response forces.*				
Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
3.1.1-1F2B: Cumulative number of Homeland Response Forces (HRFs) trained, equipped, evaluated, and validated at a reduced response time of 6-12 hours (USD(P))	3.1.1-1F2B: By FY 2012, the DoD will have and maintain ten National Guard HRFs trained, equipped, evaluated, and validated at a reduced response time of 6-12 hours to a very significant or catastrophic event.	10	10	■ 10
3.1.2-1F2B: Cumulative number of Chemical, Biological, Radiological, Nuclear and High-Yield Explosives Enhanced Response Force Packages (CERFPs) trained, equipped, evaluated, and validated at a response time of 6-12 hours (USD(P))	3.1.2-1F2B: By FY 2012, the DoD will have and maintain 17 National Guard CERFPs trained, equipped, evaluated, and validated at a response time of 6-12 hours in order to backfill existing CERFPs that will convert to HRFs.	17	17	■ 17
3.1.3-1F2B: Number of Defense CBRNE Response Forces (DCRFs) trained, equipped, evaluated, and certified at a response time of 24-48 hours (USD(P))	3.1.3-1F2B: By FY 2012, the DoD will have one DCRF trained, equipped, evaluated, and certified at a response time of 24 – 48 hours.	1	1	■ 1
3.1.4-1F2B: Number of Command and Control (C2) CBRNE Response Elements (C2CREs) trained, equipped and evaluated, as well as certified or validated as applicable at a response time of 96 hours (USD(P))	3.1.4-1F2B: By FY 2012, the DoD will have and maintain two C2CREs trained, equipped and evaluated as well as certified or validated as applicable at a response time of 96 hours.	2	2	■ 2

DoD STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES				
Strategic Objective 3.2-1F2C: *Enhance capacity to locate, secure, or neutralize weapons of mass destruction, key materials, and related facilities.*				
Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
3.2.1-1F2C: Cumulative number of labs working with dangerous pathogens at risk for exploitation (USD(AT&L))	3.2.1-1F2C: By FY 2017, the DoD will have secured 66 labs working with dangerous pathogens that are considered at risk for exploitation.	44	44	■ 52

DoD STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES

Strategic Objective 3.3-1F2C:
Enhance U.S. capabilities to train, advise, and assist foreign security forces and their sustaining institutions to operate with or in lieu of U.S. forces.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
3.3.1-1F2C: Percentage of general purpose force (GPF) deployed to support Combatant Commander security force assistance requirements that have received focused SFA training. (USD(P&R))	3.3.1-1F2C: Beginning in FY 2013, 95 percent of GPF units/teams deployed to support Combatant Commander SFA requirements will have received focused SFA training.	0%	95%	■ 100%
3.3.3-1F2C: Average number of countries with active Defense Institution Reform Initiative (DIRI) programs. (USD(P))	3.3.3-1F2C: By FY 2015, the DoD will expand its Defense Institution Reform Initiative (DIRI) program to include 30 countries.	N/A	20	■ 15

DoD STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES

DoD Strategic Objective 3.4-1X1:
Expand capacity to succeed against adversary states armed with anti-access capabilities and/or nuclear weapons and improve capabilities to conduct effective operations in cyberspace and space.

**Agency Priority Goal 1: By September 30, 2013, the DoD will attain a passing score on a comprehensive cyber security inspection that assesses compliance with technical, operational, and physical security standards, on an overwhelming majority of inspected military cyberspace organizations resulting in improved hardening and cyber defense. (DoD CIO)*

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
3.4.1-1X1: Percent of DoD's nuclear command, control, and communications (NC3) cryptographic modernization plan completed. (DoD CIO)	3.4.1-1X1: By FY 2016, the DoD will have completed 100 percent of its NC3 cryptographic modernization action plan for the most critical 25 networks.	32%	44%	■ 44%
*3.4.2-1X1: Percent of inspected DoD military cyberspace organizations that attain a passing grade (score of XX percent or better) on a Command Cyber Readiness Inspection (CCRI). (DoD CIO) *Supports APG #1	3.4.2-1X1: By FY 2013, XX percent of inspected DoD military cyberspace organizations will attain a passing grade (score of XX percent or better) on a Command Cyber Readiness Inspection.	*Sensitive*	*Sensitive*	■ *On track, but details are sensitive*

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE

DoD Strategic Objective 4.1-2M:
Provide top-quality physical and psychological care to wounded warriors, while reducing growth in overall healthcare costs.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
4.1.1-2M: Average percent variance in Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase. (USD(P&R))	4.1.1-2M: 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 healthcare premium increase in the civilian sector.	-6.4%	0%	■ -2.1%
4.1.2-2M: Percentage of Armed Forces who meet Individual Medical Readiness (IMR) requirements. (USD(P&R))	4.1.2-2M: By FY 2015, 85 percent of the Armed Forces will have an IMR that indicates readiness for deployment.	84%	82%	■ 82%
4.1.3-2M: Percent of Service members who are processed through the Integrated Disability Evaluation System (IDES) within 295 days (Active) or 305 days (Reserve). (USD(P&R))	4.1.3-2M: By FY 2014, 80 percent of Service members will be processed through the IDES within 295 days (Active) or 305 days (Reserve) Components.	24%	60%	■ 26%
*4.1.4-2M: Percent of wounded, ill, and injured (WII) Service members who are enrolled in a Service recovery coordination program and have an established and active recovery plan administered by a DoD trained Recovery Care Coordinator. (USD(P&R))	4.1.4-2M: By FY 2012, 100 percent of wounded, ill, and injured (WII), who are enrolled in a Service recovery coordination program, will have an established and active recovery plan administered by a DoD trained Recovery Care Coordinator.	68%	100%	■ 100%
*4.1.5-2M: Percent of wounded, ill, and injured (WII) Service members who are assigned to a DoD trained Recovery Care Coordinator within 30 days of being enrolled in a Wounded Warrior Program. (USD(P&R))	4.1.5-2M: By FY 2012, 100 percent of wounded, ill, and injured (WII) Service members will be assigned to a DoD trained Recovery Care Coordinator within 30 days of being enrolled in a Wounded Warrior Program.	70%	100%	■ 100%
*4.1.6-2M: Percentage of Psychological Health Programs that have been reviewed (USD(P&R))	4.1.6-2M: By September 30, 2013, 100 percent of Psychological Health programs will be reviewed for measures of effectiveness to identify programs producing superior results, those that are ineffective and those that need to establish measures.	0	85%	■ 100%
*4.1.7-2M: Percentage of Armed Services that have transitioned to a more comprehensive post-deployment health assessment. (USD(P&R))	4.1.7-2M: By September 30, 2013, 100 percent of the five Armed Services will have transitioned to a more comprehensive post-deployment health assessment.	0	80%	■ 100%

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE				
DoD Strategic Objective 4.2-2P: *Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
4.2.1-2P: Percent variance in Active Component end strength. (USD(P&R))	4.2.1-2P: For each fiscal year, the DoD Active component end strength will not vary by more than three percent from the SECDEF/NDAA- prescribed end strength for that fiscal year.	-1.6%	< 3%	■ -0.07%
4.2.2-2P: Percent variance in Reserve Component end strength. (USD(P&R))	4.2.2-2P: For each fiscal year, the DoD Reserve component end strength will not vary by more than three percent from the SECDEF/NDAA-prescribed end strength for that fiscal year.	-0.08%	< 3%	■ -0.97%
4.2.3-2P: Percentage of the Department's Active Duty Army who meet the planning objectives for time deployed in support of combat operations versus time at home. (USD(P&R))	4.2.3-2P: By FY 2015, at least 95 percent of active duty Army personnel will meet the deployment to dwell objective of 1:2.	91%	83.8%	■ 96%
4.2.4-2P: Percentage of the Department's Active Duty Navy who meet the planning objectives for time deployed in support of combat operations versus time at home. (USD(P&R))	4.2.4-2P: By FY 2013, at least 95 percent of active duty Navy personnel will meet the deployment to dwell objective of 1:2.	95%	95%	■ 98%
4.2.5-2P: Percentage of the Department's Active Duty Marines who meet the planning objectives for time deployed in support of combat operations versus time at home. (USD(P&R))	4.2.5-2P: By FY 2015, at least 95 percent of active duty Marine personnel will meet the deployment to dwell objective of 1:2.	96%	95%	■ 99%
4.2.6-2P: Percentage of the Department's Active Duty Air Force who meet the planning objectives for time deployed in support of combat operations versus time at home. (USD(P&R))	4.2.6-2P: By FY 2013, at least 95 percent of active duty Air Force personnel will meet the deployment to dwell objective of 1:2.	98%	95%	■ 99%
4.2.7-2P: Percent of Reserve Component (RC) Service members mobilized in the evaluation period that have dwell ratios greater than or equal to 1:5. (USD(P&R))	4.2.7-2P: Beginning in FY 2013, a minimum of 80 percent of the RC Service members undergoing mobilization will have a dwell ratio of 1:5 or greater.	72.7%	77%	■ 72%

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE

DoD Strategic Objective 4.2-2P:
Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
4.2.8-2P: Number of days for all external civilian hiring actions (end-to-end timeline). (USD(P&R))	4.2.8-2P: Beginning in FY 2013, the Department will maintain its timeline for all external (direct hire authority, expedited hire authority, and delegated examining) civilian hiring actions to 80 days or less.	83	80	98

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE

DoD Strategic Objective 4.3-2R:
Better prepare and support families during the stress of multiple deployments.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
4.3.3-2R: Cumulative percent of Department of Defense Education Activity (DoDEA) schools that meet good or fair (first and second quarter of FY 2013) standards. (USD(P&R))	4.3.3-2R: By FY 2018, 100 percent of DoDEA schools will meet the OSD acceptable standard of good or fair (first and second quarters of FY 2013) standards.	38%	38%	38%

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE

DoD Strategic Objective 4.4-2T:
Train the Total Defense Workforce with the right competencies.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
4.4.1-2T: Percent of acquisition positions filled with personnel meeting Levels II and III certification requirements. (USD(AT&L))	4.4.1-2T: Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Levels II and III certification requirements from the previous fiscal year.	70.1%	70.75%	72%
4.4.2-2T: Percentage of Defense Language Institute (DLI) Foreign Language Center students who achieve a 2/2/1+ Defense Language Proficiency Test (DLPT) score in reading, listening, and speaking modalities. (USD(P&R))	4.4.2-2T: Beginning in FY 2012, 80 percent of DLI Foreign Language Center students will achieve a 2/2/1+ score on the DLPT in the reading, listening, and speaking modalities, as measured by the Interagency Language Roundtable performance scale.	77%	80%	87%

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE

DoD Strategic Objective 4.4-2T:
Train the Total Defense Workforce with the right competencies.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
4.4.3-2T: Percent of Military Departmental information assurance positions and contract requirements filled with personnel meeting certification requirements. (DoD CIO)	4.4.3-2T: By FY 2016, 95 percent of Military Departmental information assurance positions and contract requirements will be filled with personnel meeting certification requirements.	78%	85%	■ 78%
4.4.4-2T: Percent of student enrollments to funded training seats at the HUMINT Training Joint Center of Excellence (HT-JCOE) for Military Source Operations (MSO), interrogation, and HUMINT-enabling training activities. (USD(I))	4.4.4-2T: By FY 2016, 100 percent of MSO interrogation and HUMINIT-enabling activities training seats at the HT-JCOE will be filled with validated enrollees.	0	61%	■ 57%

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

DoD Strategic Objective 5.1-2A:
Increase use of renewable energy and reduce energy demand at DoD installations.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.1.1-2A: Average facilities sustainment rate. (USD(AT&L))	5.1.1-2A: Beginning in FY 2013, the DoD will fund facilities sustainment at a minimum of 90 percent of the Facilities Sustainment Model (FSM) requirement, with the exception of the Navy and Air Force which will fund sustainment at a minimum of 80 percent of their FSM requirement.	85%	60%	■ 34%

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

DoD Strategic Objective 5.2-2C:
Protect critical DoD infrastructure and partner with other critical infrastructure owners in government and the private sector to increase mission assurance.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.2.1-2C: Percent of applicable Information Technology (IT) and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant. (DoD CIO)	5.2.1-2C: By FY 2015, 99 percent of applicable IT and NSS will be C&A-compliant.	91.1%	95%	■ 93.8%

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

DoD Strategic Objective 5.2-2C:
Protect critical DoD infrastructure and partner with other critical infrastructure owners in government and the private sector to increase mission assurance.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.2.2-2C: Cumulative percent reduction in the number of DoD data centers. (DoD CIO)	5.2.2-2C: By FY 2015, the DoD will reduce its number of data centers by 45 percent (from 772 in FY 2010 to 428 in FY 2015) in order to increase data center storage utilization/capacity.	15%	26%	28%
5.2.3-2C: Cumulative percentage of DoD Non-secure Internet Protocol Router Network (NIPRNet) accounts with Public Key Infrastructure (PKI) cryptographic logon capability. (DoD CIO)	5.2.3-2C: By FY 2015, 95 percent of DoD NIPRNet accounts will have PKI cryptographic logon capability.	95%	95%	91%
5.2.4-2C: Cumulative percentage of DoD Secure Internet Protocol Router Network (SIPRNet) accounts with Public Key Infrastructure (PKI) cryptographic logon capability. (DoD CIO)	5.2.4-2C: By FY 2015, 95 percent of DoD SIPRNet accounts will have PKI cryptographic logon capability.	16.5%	75%	87.5%

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

DoD Strategic Objective 5.3-2E:
Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
*5.3.1-2E: Percentage of contract obligations that are competitively awarded. (USD(AT&L))	5.3.1-2E: Beginning in FY 2012, the DoD will increase, by one percent annually, the amount of contract obligations that are competitively awarded.	57.5%	58%	55.8%
*5.3.2-2E: Average percent increase from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after. (USD(AT&L))	5.3.2-2E: Beginning in FY 2011, the DoD will not increase by more than five percent from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after.	6.61%	5%	5.15%

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

DoD Strategic Objective 5.3-2E:
Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.3.4-2E: Number of Major Automated Information System (MAIS) "significant" breaches (equal to or greater than 15 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages greater than six months). (DCMO)	5.3.4-2E: Beginning in FY 2011, the DoD will ensure that the number of MAIS "significant" breaches (equal to or greater than 15 percent of the APB total cost or with schedule slippages greater than six months) will not exceed one.	1	1	■ 1
5.3.5-2E: Number of Major Automated Information System (MAIS) "critical" breaches (equal to or greater than 25 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages of one year or more) (DCMO)	5.3.5-2E: By FY 2012, the DoD will ensure that the number of MAIS "critical" breaches (equal to or greater than 25 percent of the APB total cost or with schedule slippages greater than one year) will not exceed two.	0	2	■ 2
5.3.6-2E: Average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 (USD(AT&L))	5.3.6-2E: Beginning in FY 2012, the DoD will ensure that average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 does not exceed three percent.	-0.27%	3%	■ -1.64%
*5.3.7-2E: Number of Major Defense Acquisition Program (MDAP) breaches (equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost) for reasons other than approved changes in quantity. (USD(AT&L))	5.3.7-2E: Beginning in FY 2012, the DoD will not have any MDAP breaches (significant cost overruns) for reasons other than approved changes in quantity.	1	0	■ 0
5.3.9-2E: Cumulative percent of Major Defense Acquisition Programs certified, as required by the Weapon Systems Acquisition Reform Act of 2009 (USD(AT&L))	5.3.9-2E: By FY 2013, 100 percent of Major Defense Acquisition Programs will be certified, as required by the Weapon Systems Acquisition Reform Act of 2009	84%	92%	■ 88%

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

DoD Strategic Objective 5.4-2L:
Provide more effective and efficient logistical support to forces abroad.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.4.2-2L: Army Customer Wait Time. (USD(AT&L))	5.4.2-2L: By FY 2013, the DoD will maintain the Army's average customer wait time at or below 15 days.	13.72	15	13 days
5.4.3-2L: Navy Customer Wait Time. (USD(AT&L))	5.4.3-2L: By FY 2012, the DoD will maintain the Navy's average customer wait time at or below 15 days.	12.57	15	16 days
5.4.4-2L: Air Force Customer Wait Time. (USD(AT&L))	5.4.4-2L: By FY 2012, the DoD will maintain the Air Force's average customer wait time at or below 7.5 days.	5.5	7.5	5.8 days

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

DoD Strategic Objective 5.5-2U/2V:
Improve financial management and increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.5.1-2U: Percent of DoD's general funds, Funds Balance with Treasury, validated as audit-ready. (USD(C/CFO))	5.5.1-2U: By FY 2014, 100 percent of DoD's general funds, Funds Balance with Treasury, will be validated as audit-ready	9%	9%	9%
5.5.2-2U: Percent of DoD's general fund Statement of Budgetary Resources for material Components validated as audit-ready. (USD(C/CFO))	5.5.2-2U: By FY 2014, 100 percent of DoD's general fund Statement of Budgetary Resources for material Components will be validated as audit-ready.	14%	14%	19%
5.5.3-2U: Percent of DoD mission critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) validated for existence and completeness. (USD(C/CFO))	5.5.3-2U: By FY 2017, 100 percent of DoD mission-critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) will be validated as audit-ready for existence and completeness.	41%	41%	50%
*5.5.4-2U: Percent of DoD's Statement of Budgetary Resources for Appropriations Received validated as audit-ready. (USD(C/CFO))	5.5.4-2U: By FY 2013 the DoD will improve its audit-readiness on the Statement of Budgetary Resources for Appropriations Received to 100 percent.	88%	88%	100%

Appendix B: FY 2013 Third Quarter Performance Results by Strategic Objective

The following sections discuss FY 2013 performance results by DoD strategic goal and strategic objective, highlighting areas of improvement from previous years, current challenges, and associated mitigation strategies.

STRATEGIC GOAL 1: PREVAIL IN TODAY'S WARS

DoD Strategic Goal 1 accounts for four percent of the Department's Annual Performance Plan measures, (3 of 75) in FY 2013. Strategic Goal 1's performance measures may account for a small percentage of the Department's performance measures, but address the DoD's most elemental task: to prevail in today's wars. Of the three performance measures aligned to Strategic Goal 1, one is being assessed for this Organizational Assessment. The other two are annual measures and are not available at this time. The performance measure aligned to Strategic Goal 1 focuses on the mission readiness of the Combatant Commanders to execute current operations and maintain force levels to support the transition of security responsibilities in Afghanistan from U.S. forces to the Afghan National Security Force (ANSF) by the end of FY 2014.

The FY 2013 Organizational Assessment performance results for Strategic Goal 1 are presented in detail below.

DoD STRATEGIC GOAL 1: PREVAIL IN TODAY'S WARS				
Strategic Objective 1.1-OCO: *Degrade the Taliban to levels manageable by the Afghan National Security Force (ANSF) while increasing the size and capability of the ANSF.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
1.1.1-OCO: Percent of DoD Combatant Commanders' Current Operations which they report ready to execute (USD(P&R))	1.1.1-OCO: For each fiscal year, DoD Combatant Commanders will be ready to execute 100 percent of Current Operations.	100%	100%	■ 100%

Areas of Significant Improvement: The table above indicates that the Department is on track to accomplish its Overseas Contingency Operations (OCO) related performance measure 1.1.1-OCO. Current operations are focused on preventing conflict, promoting good governance, building partner capacity, developing cooperative relationships with critical partners, and facilitating freedom of movement. Activities tied to current operations include transitioning security responsibilities to the ANSF, conducting Joint and Coalition exercises and engagements, and maintaining capable and ready forward deployed and forward stationed units and capabilities. As of the date of this report, the Combatant Commanders have been successful at satisfying these activities to include ongoing operations in Afghanistan.

STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT

Strategic Goal 2 accounts for 15 percent of the Department's 2013 Annual Performance Plan measures (11 of 75) in FY 2013. The Department met or exceeded 82 percent (9 of 11) of the performance measures for Strategic Goal 2 in the third quarter of FY 2013. Strategic Goal 2's 11 performance measures focus on implementing the Department's updated strategic guidance as set forth in the defense strategy, "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense," published in January 2012. The Department has shifted its force structure and investments towards the Asia-Pacific and Middle East regions to align with its updated strategy, while sustaining key alliances and partnerships in other regions. Additionally, the Department will continue to "right-size" the force in order to maintain the capability to defeat a major adversary in one theater, while denying aggression elsewhere.

The FY 2013 performance results for Strategic Goal 2 are presented in detail below by the following four strategic objectives:

DoD STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT

Strategic Objective 2.1-1F1:
Extend a global posture to prevail across all domains by increasing capacity in general purpose forces and by enhancing stability operations and foreign security force competency.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
2.1.1-1F1: Percent of the DoD Combatant Commanders that are ready to execute their Core or Theater Campaign Plan missions (USD(P&R))	2.1.1-1F1: For each fiscal year, Combatant Commanders will be ready to execute 100 percent of their Core or Theater Campaign Plan missions.	100%	100%	90%
2.1.2-1F1: Percent of the DoD Combatant Commanders' Contingency Plans which they report ready to execute (USD(P&R))	2.1.2-1F1: For each fiscal year, Combatant Commanders will be ready to execute at least 80 percent of their Contingency Plans.	91%	80%	86%
2.1.3-1F1: Cumulative percent of Army Brigade Combat Teams (BCTs) converted to a modular design and available to meet military operational demands (USD(P))	2.1.3-1F1: By FY 2014, 100 percent of Army BCTs will have converted to a modular design and be available to meet military operational demands.	69%	99%	99%
2.1.4-1F1: Cumulative number of Army Multi-functional and Functional Support (MFF) brigades converted to a modular design and available to meet military operational demands (USD(P))	2.1.4-1F1: By FY 2013, the DoD will convert 229 Army MFF brigades to a modular design.	228	228	228
2.1.5-1F1: Cumulative number of ships in the fleet (USD(P))	2.1.5-1F1: By FY 2020, the DoD will increase the number of ships in the fleet to 295 for security operations.	287	288	286

Areas of Significant Improvement: The Combatant Commanders maintained a high state of readiness in order to execute Contingency Plans, leaving the nation prepared to effectively respond

to a wide-range of contingencies. Additionally, the Army made significant strides in "right-sizing" its force structure by converting 99 percent of Brigade Combat Teams (BCTs) to a modular design by the third quarter of FY 2013, a 30 percent increase from the prior fiscal year. The conversion of Army BCTs to a modular design provides the nation with a more flexible, versatile force more capable of meeting operational demands. The Army also achieved its stated target of converting 228 Multi-Functional and Functional Support (MFF) brigades to a modular design in the third quarter of FY 2013.

Areas of Challenges: While the Department met its target of being ready to execute 80 percent of Contingency Plans, the DoD fell short of its target regarding the Combatant Commanders' preparedness to execute 100 percent of Core or Theater Campaign Plan missions in both the second and third quarters of FY 2013. Constrained budgets and an environment of fiscal uncertainty under sequestration have created new challenges for the Department; maintaining 100 percent military readiness was a persistent challenge in FY 2013. Additionally, the Department did not meet its target of 288 ships in the fleet, falling short by two.

DoD STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT				
Strategic Objective 2.2-1F2A: *Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
2.2.1-1F2A: Number of formal DoD-led meetings with international partners to reaffirm U.S. commitments to extended deterrence. (USD(P))	2.2.1-1F2A: Beginning in FY 2011, the DoD will lead at least six formal meetings with international partners to reaffirm U.S. commitments to extended deterrence.	17	4	■ 4
2.2.2-1F2A: Passing percentage rate for Defense Nuclear Surety Inspections. (USD(P))	2.2.2-1F2A: Beginning in FY 2011, the DoD will maintain a passing rate of 100 percent for all regular Defense Nuclear Surety Inspections.	100%	100%	■ 100%

Areas of Significant Improvement: The Department has already engaged U.S. partners and allies at four formal meetings to reaffirm the U.S. commitment to extended deterrence, meeting its FY 2013 target one quarter early. Even with budget reductions on travel, our allies have not let up the demand for these meetings. Furthermore, the agendas for these meetings have significantly evolved and go much deeper into discussions on the strategic issues. The Department and Services continue to rigorously execute Defense Nuclear Surety Inspections (DNSI) to ensure DoD nuclear forces are meeting the standards required for a safe, secure and effective nuclear deterrent. The DNSI have achieved the desired goal of 100 percent first-time pass rate through the third quarter of FY 2013. This is a positive indication of sustained Services' excellence and senior-level leader focus on the nuclear enterprise.

Areas of Challenges: The Department's nuclear arsenal continues to be safe, secure and effective. However, long-term fiscal uncertainty and the types of cuts that are imposed by continuous

sequestration may place the health of the nuclear enterprise at greater risk. Sequestration in FY 2013 has inhibited the nuclear enterprise's ability to plan for long-term needs and its ability to continue making investments necessary to sustain our arsenal. This directly affects the readiness of our forces more broadly.

Mitigation Strategies: The Department continues to monitor, assess, improve, and report to the President and Congress on the safety, security, and effectiveness of the U.S. nuclear deterrent. These reports provide greater detail and fidelity on the sustainment and modernization of the nuclear deterrent.

DoD STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT				
Strategic Objective 2.3-1F3: *Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
2.3.1-1F3: Cumulative number of Aegis Ballistic Missile Defense (BMD)-(BMD)-capable ships (USD(P))	2.3.1-1F3: By FY 2017 the DoD will have 33 Aegis ships that are BMD-capable	25	26	■ 26
2.3.2-1F3: Cumulative number of Standard Missile - Model 3 (SM-3) Interceptors (all variants) delivered (USD(AT&L))	2.3.2-1F3: By FY 2017, the DoD will have delivered 394 SM-3 Interceptors (all variants) to counter aerial threats.	0	129	■ 132
2.3.3-1F3: Cumulative number of Army- Navy/Transportable Radar Surveillance – Model 2 (AN/TPY-2) delivered (USD(AT&L))	2.3.3-1F3: By FY 2017, the DoD will have delivered 12 AN/TPY-2 Radars to detect aerial threats.	0	7	■ 10

Areas of Significant Improvement: The Department met or exceeded all three of its performance measures in the third quarter of FY 2013. DoD is actively engaged in cooperative analysis activities with multiple international partners along with the North Atlantic Treaty Organization (NATO) to define threats, to identify capability needs and gaps, to identify potential partner contributions and to determine what will be required to ensure integration and coordination between countries. The Department also made significant progress with Israel to develop a cooperative production agreement for Iron Dome interceptors. This agreement identifies opportunities to leverage the U.S. defense industrial base to provide additional production capacity. The agreement is also examining a second line in the U.S. that would provide a secure second source of interceptors. Moreover, this agreement would set a positive precedent for other U.S.-Israeli cooperative programs such as the David's Sling Weapon System and the Arrow-3 interceptor, where the U.S. can pursue additional co-production opportunities.

Areas of Challenges: The Department faces three significant challenges to expanded international ballistic missile defense (BMD). They include shrinking global defense budgets, U.S. export control hurdles, and ensuring interoperability of systems between U.S. and international partners.

Mitigation Strategies: Continued cooperative analysis with Allies will ensure BMD planning that yields the most capable and cost effective solutions. As U.S. BMD systems continue to mature and transition to production, the Department is increasingly looking at Foreign Military Sales (FMS) as an option to provide proven capabilities to Allies in a timely fashion; and when possible, drive down the cost of procuring BMD systems through economies of scale. The Department also continues participation in a broad-based review of the U.S. export control system. Finally, the Department is focusing on an incremental approach where the first step will be to build independent international partner capacity with follow-on efforts to integrate these capabilities into international and regional architectures.

DoD STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT				
Strategic Objective 2.4-1X2: *Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
2.4.1-1X2: Cumulative number of Predator (MQ-1) and Reaper (MQ-9) intelligence, surveillance, and reconnaissance (ISR) orbits. (USD(I))	2.4.1-1X2: By FY 2014, the DoD will achieve and maintain 65 Predator (MQ-1) and Reaper (MQ-9) ISR orbits	57	60	61

Areas of Significant Improvement: The Department has exceeded its performance goal for Predator (MQ-1) and Reaper (MQ-9) orbits in the third quarter of FY 2013 and increased the number of orbits to 61 from 57 in FY 2012.

Areas of Challenges: The Air Force's FY15-FY19 POM has reduced funding for the orbits. As such, there will be significant challenges to meeting the Long-Term Performance Goals in the future.

Mitigation Strategies: OUSD(I) is working throughout the Department to determine how to support and achieve DoD's warfighting needs as we move forward under Sequestration.

STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES

Strategic Goal 3 focuses on enhancing the Department's capability to rapidly and effectively respond to a wide range of contingencies in defense of U.S. national interests. In support of this strategic goal, the nine performance measures assessed in this section focus on improving the responsiveness of consequence management forces, combating the proliferation of weapons of mass destruction, enhancing cyber capabilities, and working with international partners to enhance training effectiveness.

Strategic Goal 3 accounts for 15 percent of the Department's FY 2013 Annual Performance Plan measures (11 of 75). Seventy-three percent of these measures are on track to achieve FY 2013 goals and 36% of these measures have improved over prior year (FY 2012) performance levels.

The FY 2013 performance results for Strategic Goal 3 are presented in detail below by the following four strategic objectives:

DoD STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES				
Strategic Objective 3.1-1F2B: *Improve the responsiveness and flexibility of consequence management response forces.*				
Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
3.1.1-1F2B: Cumulative number of Homeland Response Forces (HRFs) trained, equipped, evaluated, and validated at a reduced response time of 6-12 hours (USD(P))	3.1.1-1F2B: By FY 2012, the DoD will have and maintain ten National Guard HRFs trained, equipped, evaluated, and validated at a reduced response time of 6-12 hours to a very significant or catastrophic event.	10	10	■ 10
3.1.2-1F2B: Cumulative number of Chemical, Biological, Radiological, Nuclear and High-Yield Explosives Enhanced Response Force Packages (CERFPs) trained, equipped, evaluated, and validated at a response time of 6-12 hours (USD(P))	3.1.2-1F2B: By FY 2012, the DoD will have and maintain 17 National Guard CERFPs trained, equipped, evaluated, and validated at a response time of 6-12 hours in order to backfill existing CERFPs that will convert to HRFs.	17	17	■ 17
3.1.3-1F2B: Number of Defense CBRNE Response Forces (DCRFs) trained, equipped, evaluated, and certified at a response time of 24-48 hours (USD(P))	3.1.3-1F2B: By FY 2012, the DoD will have one DCRF trained, equipped, evaluated, and certified at a response time of 24 – 48 hours.	1	1	■ 1
3.1.4-1F2B: Number of Command and Control (C2) CBRNE Response Elements (C2CREs) trained, equipped and evaluated, as well as certified or validated as applicable at a response time of 96 hours (USD(P))	3.1.4-1F2B: By FY 2012, the DoD will have and maintain two C2CREs trained, equipped and evaluated as well as certified or validated as applicable at a response time of 96 hours.	2	2	■ 2

Areas of Significant Improvement: The Department met all four performance measures in the third quarter of FY 2013 for Strategic Objective 3.1-1F2B. Beginning in FY 2013, detailed chemical, biological, radiological, and nuclear (CBRN) consequence management (CM) operational planning at the state and regional levels will, when completed, result in a better understanding of the anticipated needs of civil authorities on the National Guard and Federal military forces. In addition, this integrated, total force detailed planning will lead to gains in unity of effort, not only with civilian responders, but also between the CBRN CM military forces operating under state control and those operating concurrently and geographically proximate under Federal control. Additional refinements to CBRN CM response force employment procedures should also lead to more rapid employment to an incident site and more synchronized performance as incident response progresses over time.

Areas of Challenges: The reduction in overseas operations and presence has had a counterintuitive effect on the availability of the CBRN CM enterprise response forces alerted during dwell for domestic operations. Although more forces would be expected to be available for domestic CBRN CM as more forces return to their home bases in the continental United States (CONUS), initiatives to reduce stress on the force by reducing the number of "prepare to deploy on order (PTDO)" alerted forces has resulted in difficulties sourcing certain enterprise capabilities during FY 2013. In addition, future force structure decreases may further strain the ability of the Services to provide trained and ready CBRN CM forces at alert levels necessary to maximize life-saving during CBRN incident response.

Mitigation Strategies: The DoD will continue to explore ways to accommodate Service man-train-equip imperatives and top-line reductions and requirements to maintain capabilities to execute primary missions of the Department, including domestic CBRN CM response assisting civil authorities. Potential strategies include providing more explicit guidance to the Services to maintain CBRN CM capability during top-line reductions, refinement of joint sourcing processes to leverage geographically proximate enabling capabilities to potentially reduce the total number of PTDO CBRN CM forces, and further refinement of operating concepts that leverage and synchronize the total force (Active Component, Federal reserves, National Guard, Defense support agencies, DoD civilian workforce, etc.) to maximize CBRN CM response effectiveness.

DoD STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES				
Strategic Objective 3.2-1F2C: *Enhance capacity to locate, secure, or neutralize weapons of mass destruction, key materials, and related facilities.*				
Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
3.2.1-1F2C: Cumulative number of labs working with dangerous pathogens at risk for exploitation (USD(AT&L))	3.2.1-1F2C: By FY 2017, the DoD will have secured 66 labs working with dangerous pathogens that are considered at risk for exploitation.	44	44	■ 52

Areas of Significant Improvement: The Department exceeded its performance target for Strategic Objective 3.2-1F2C in the third quarter of FY 2013 and made improvements over targets identified for FY 2012. As a result, the Department is ahead of schedule in its efforts to improve security at labs working with dangerous pathogens at risk for exploitation.

Areas of Challenges: Labs working with dangerous pathogens will continue to be at risk of targeting or exploitation, and the Department must remain vigilant in order to ensure these facilities have effective security measures and procedures in place.

Mitigation Strategies: The effective execution of the Department's plan to secure labs working with dangerous pathogens is an effective mitigation strategy that will put in place security measures and procedures that will reduce the risk posed by targeting or exploitation.

DoD STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES				
Strategic Objective 3.3-1F2C: *Enhance U.S. capabilities to train, advise, and assist foreign security forces and their sustaining institutions to operate with or in lieu of U.S. forces.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
3.3.1-1F2C: Percentage of general purpose force (GPF) deployed to support Combatant Commander security force assistance requirements that have received focused SFA training. (USD(P&R))	3.3.1-1F2C: Beginning in FY 2013, 95 percent of GPF units/teams deployed to support Combatant Commander SFA requirements will have received focused SFA training.	0%	95%	100%
3.3.3-1F2C: Average number of countries with active Defense Institution Reform Initiative (DIRI) programs. (USD(P))	3.3.3-1F2C: By FY 2015, the DoD will expand its Defense Institution Reform Initiative (DIRI) program to include 30 countries.	N/A	20	15

Areas of Significant Improvement: The Department exceeded its performance goal for Strategic Objective 3.3.1-F2C. The Department annually requires 95 percent of General Purpose Forces (GPF) units/teams deployed to support Combatant Commander Special Forces Action (SFA) requirements to ensure they have received focused SFA training. For the second and third quarters, of FY 2013, this metric was exceeded and 100 percent of GPF units/teams deployed to support Combatant Commander SFA requirements received focused SFA training.

DIRI increased its level of programming in the Asia Pacific region in support of the Asia Pacific Rebalance with the start of an eighteen month exchange with the Indonesian Ministry of Defense. New partnerships with Guatemala and Yemen have also produced tangible gains in partner capacity in their defense sectors. Additionally, DoD improved planning and selection processes for DIRI program engagements through development of a new strategic decision framework and regular regional planning sessions with key DoD interagency stakeholders.

Areas of Challenges: It may be difficult to maintain the capabilities needed to provide focused SFA training in the face of ongoing budget uncertainty.

Complex political environments and government transitions in partner nations, as well as travel and security restrictions, limited DIRI engagements with existing partners and prevented new program starts. Temporary hiring freezes at the Naval Postgraduate School, due to non-budgetary reasons, prevented recruitment of program manpower in FY 13, degrading program capacity.

Mitigation Strategies: In the present environment, there are minimal risks to providing SFA training to GPFs that require mitigation.

In FY 14, DoD plans to take three priority actions with regards to DIRI: (1) establish a larger pool of advisors and technical experts, cohesively trained and employed, to meet growing engagement demand; (2) work with DoD components for exceptions to hiring freezes to improve program capacity; and (3) work more closely with Combatant Commands and Security Officers to improve defense institutions building requirements generation.

DoD STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES

DoD Strategic Objective 3.4-1X1:
Expand capacity to succeed against adversary states armed with anti-access capabilities and/or nuclear weapons and improve capabilities to conduct effective operations in cyberspace and space.

****Agency Priority Goal 1: By September 30, 2013, the DoD will attain a passing score on a comprehensive cyber security inspection that assesses compliance with technical, operational, and physical security standards, on an overwhelming majority of inspected military cyberspace organizations resulting in improved hardening and cyber defense. (DoD CIO)***

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
3.4.1-1X1: Percent of DoD's nuclear command, control, and communications (NC3) cryptographic modernization plan completed. (DoD CIO)	3.4.1-1X1: By FY 2016, the DoD will have completed 100 percent of its NC3 cryptographic modernization action plan for the most critical 25 networks.	32%	44%	■ 44%
*3.4.2-1X1: Percent of inspected DoD military cyberspace organizations that attain a passing grade (score of XX percent or better) on a Command Cyber Readiness Inspection (CCRI). (DoD CIO) *Supports APG #1	3.4.2-1X1: By FY 2013, XX percent of inspected DoD military cyberspace organizations will attain a passing grade (score of XX percent or better) on a Command Cyber Readiness Inspection.	*Sensitive*	*Sensitive*	■ *On track, but details are sensitive*

Areas of Significant Improvement: The Department has met both performance measures for Strategic Objective 3.4-1X1 in the third quarter of FY 2013. The cryptographic modernization plan is 44 percent complete and "on track" towards achieving its goal of 100 percent implementation on

the 25 most critical networks by 2016. Additionally, DoD military cyberspace organizations are "on track" to meet performance measures relating to Command Cyber Readiness Inspections.

Areas of Challenges: The cyber threat is growing and becoming increasingly complex and will require constant vigilance and capability advancement to stay ahead of the threat.

Mitigation Strategies: The Department's plan to grow and enhance the cyber workforce and continue investing in advanced cyber technologies will serve as principle methods for DoD to continue to mitigate the cyber threat.

STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE

Strategic Goal 4 affirms that our men and women in uniform constitute the Department's most important resource. Performance measures for this strategic area remain focused on several key fronts, including:

- Recruiting and retention;
- Supporting military families;
- Managing the deployment tempo;
- Providing wounded warrior care; and
- Developing the total Defense workforce.

Strategic Goal 4 accounts for 31 percent of the Department's FY 2013 Annual Performance Plan measures (23 of 75). However, 13 percent of the results (3 of 23) for this Strategic Goal are not assessed until after the end of the fiscal year and thus are not included in this report. As of the third quarter, 75 percent of the measures (15 of 20 quarterly measures) have demonstrated progress towards achieving their annual targets, while 25 percent (5 of 20 quarterly measures) are at risk of not achieving their intended targets.

The FY 2013 performance results for Strategic Goal 4 are presented in detail below by the following four strategic objectives:

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE				
DoD Strategic Objective 4.1-2M: *Provide top-quality physical and psychological care to wounded warriors, while reducing growth in overall healthcare costs.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
4.1.1-2M: Average percent variance in Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase. (USD(P&R))	4.1.1-2M: 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 healthcare premium increase in the civilian sector.	-6.4%	0%	■ -2.1%

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE				
DoD Strategic Objective 4.1-2M: *Provide top-quality physical and psychological care to wounded warriors, while reducing growth in overall healthcare costs.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
4.1.2-2M: Percentage of Armed Forces who meet Individual Medical Readiness (IMR) requirements. (USD(P&R))	4.1.2-2M: By FY 2015, 85 percent of the Armed Forces will have an IMR that indicates readiness for deployment.	84%	82%	82%
4.1.3-2M: Percent of Service members who are processed through the Integrated Disability Evaluation System (IDES) within 295 days (Active) or 305 days (Reserve). (USD(P&R))	4.1.3-2M: By FY 2014, 80 percent of Service members will be processed through the IDES within 295 days (Active) or 305 days (Reserve) Components.	24%	60%	26%
*4.1.4-2M: Percent of wounded, ill, and injured (WII) Service members who are enrolled in a Service recovery coordination program and have an established and active recovery plan administered by a DoD trained Recovery Care Coordinator. (USD(P&R))	4.1.4-2M: By FY 2012, 100 percent of wounded, ill, and injured (WII), who are enrolled in a Service recovery coordination program, will have an established and active recovery plan administered by a DoD trained Recovery Care Coordinator.	68%	100%	100%
*4.1.5-2M: Percent of wounded, ill, and injured (WII) Service members who are assigned to a DoD trained Recovery Care Coordinator within 30 days of being enrolled in a Wounded Warrior Program. (USD(P&R))	4.1.5-2M: By FY 2012, 100 percent of wounded, ill, and injured (WII) Service members will be assigned to a DoD trained Recovery Care Coordinator within 30 days of being enrolled in a Wounded Warrior Program.	70%	100%	100%
*4.1.6-2M: Percentage of Psychological Health Programs that have been reviewed (USD(P&R))	4.1.6-2M: By September 30, 2013, 100 percent of Psychological Health programs will be reviewed for measures of effectiveness to identify programs producing superior results, those that are ineffective and those that need to establish measures.	0	85%	100%
*4.1.7-2M: Percentage of Armed Services that have transitioned to a more comprehensive post-deployment health assessment. (USD(P&R))	4.1.7-2M: By September 30, 2013, 100 percent of the five Armed Services will have transitioned to a more comprehensive post-deployment health assessment.	0	80%	100%

Areas of Significant Improvement: One of the first steps towards preserving our military force is to improve health care for wounded warriors and current Service members so that they are medically ready to deploy. Commanders use the Individual Medical Readiness (IMR) to evaluate whether Service members are free from health-related conditions which could limit their abilities to carry out their duties.

Thus far in FY 2013, the Department has shown a significant improvement in two performance measures regarding recovery coordination programs and assignment to Recovery Care Coordinators for Wounded, Ill, and Injured (WII) Service members. This year, the Department met its target of 100 percent of WII Service members who are enrolled in a Service recovery coordination program and have established an active recovery plan (compared to a 68 percent result in FY 2012). Additionally, those who are assigned to a DoD trained Recovery Care Coordinator within 30 days of being enrolled in a Wounded Warrior Program increased to 100 percent (compared to 70 percent in FY 2012).

In addition, the Department has two new performance measures for FY 2013 which exceeded their targets. By the third quarter of FY 2013, 100 percent of the Psychological Health Programs have been reviewed and all of the Armed Services have been transitioned to using the more comprehensive MHS post-deployment health assessment.

Areas of Challenges: The Department tracks the percent of Service members who are processed through the Integrated Disability Evaluation System (IDES). Conversion to IDES was 100 percent completed in September of FY 2011 and some progress has been made with IDES processing time. However, these programs still fall significantly short of achieving DoD performance targets. Performance has remained relatively steady between FY 2012 and FY 2013. Delays are primarily due to completion rates in transition, proposed rating, and benefits decision points.

Mitigation Strategies: Active Duty health care utilization continues at a high rate, in part, due to war-related care and to unnecessary utilization of high cost emergency and urgent health care. In order to more efficiently and effectively use resources and lower per capita costs, primarily by reducing hospitalizations and emergency care utilization, the MHS has implemented the Patient Centered Medical Home (PCMH) model of health care at its over 440 Military Treatment Facilities (MTFs) primary care clinics. PCMH primary care clinics include Warrior Transition Units, Soldier Centered Medical Homes and Marine Centered Medical Homes. The PCMH model of care is designed to improve the overall health of enrolled beneficiaries by addressing or preventing underlying causes of disease and supports a positive patient experience with high-quality, accessible, evidence-based, personalized and coordinated health care. The PCMH model of care strengthens the relationship between the beneficiary, primary care manager (PCM) and healthcare team, which includes disease and case management support as well as behavioral health specialists in order to more fully address the beneficiary's health care needs. The MHS also is implementing secure messaging capabilities, which will allow MTF beneficiaries to send emails to their PCM and health care team 24 hours a day to obtain advice outside of a regular office visit, request appointments and review medical test results. Finally, the MHS is implementing a 24-hour a day, seven-day a week Nurse Advice Line (NAL) to provide health advice and access to the most clinically appropriate level of health care to lower unnecessary emergency and urgent care utilization; the NAL will provide access to same-day PCMH clinic appointments for MTF-enrolled beneficiaries who require urgent care.

Additionally, the Department's staffing increases improved timeliness for the initial two phases of the IDES process. The 100-day Medical Evaluation Board (MEB) phase and the 120-day Physical Evaluation Board (PEB) phase timeliness targets were met in the third quarter of FY 2013 (now at 4 consecutive months for MEB and 7 months for PEB). The DoD provided personnel to assist operations at a VA site in Seattle to expedite IDES case processing and is increasing this support by 33 percent, which should improve performance in the fourth quarter of FY 2013. Additionally, since December 2012, the DoD has provided the VA 6,638 missing case file documents, enabling the VA to complete disability benefit determinations in a more timely manner. The DoD continues to focus on the process and resourcing to improve processing times and to closely monitor the Services' execution of the process.

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE				
DoD Strategic Objective 4.2-2P: *Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
4.2.1-2P: Percent variance in Active Component end strength. (USD(P&R))	4.2.1-2P: For each fiscal year, the DoD Active component end strength will not vary by more than three percent from the SECDEF/NDAA- prescribed end strength for that fiscal year.	-1.6%	< 3%	■ -0.07%
4.2.2-2P: Percent variance in Reserve Component end strength. (USD(P&R))	4.2.2-2P: For each fiscal year, the DoD Reserve component end strength will not vary by more than three percent from the SECDEF/NDAA-prescribed end strength for that fiscal year.	-0.08%	< 3%	■ -0.97%
4.2.3-2P: Percentage of the Department's Active Duty Army who meet the planning objectives for time deployed in support of combat operations versus time at home. (USD(P&R))	4.2.3-2P: By FY 2015, at least 95 percent of active duty Army personnel will meet the deployment to dwell objective of 1:2.	91%	83.8%	■ 96%
4.2.4-2P: Percentage of the Department's Active Duty Navy who meet the planning objectives for time deployed in support of combat operations versus time at home. (USD(P&R))	4.2.4-2P: By FY 2013, at least 95 percent of active duty Navy personnel will meet the deployment to dwell objective of 1:2.	95%	95%	■ 98%
4.2.5-2P: Percentage of the Department's Active Duty Marines who meet the planning objectives for time deployed in support of combat operations versus time at home. (USD(P&R))	4.2.5-2P: By FY 2015, at least 95 percent of active duty Marine personnel will meet the deployment to dwell objective of 1:2.	96%	95%	■ 99%

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE				
DoD Strategic Objective 4.2-2P: *Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
4.2.6-2P: Percentage of the Department's Active Duty Air Force who meet the planning objectives for time deployed in support of combat operations versus time at home. (USD(P&R))	4.2.6-2P: By FY 2013, at least 95 percent of active duty Air Force personnel will meet the deployment to dwell objective of 1:2.	98%	95%	99%
4.2.7-2P: Percent of Reserve Component (RC) Service members mobilized in the evaluation period that have dwell ratios greater than or equal to 1:5. (USD(P&R))	4.2.7-2P: Beginning in FY 2013, a minimum of 80 percent of the RC Service members undergoing mobilization will have a dwell ratio of 1:5 or greater.	72.7%	77%	72%
4.2.8-2P: Number of days for all external civilian hiring actions (end-to-end timeline). (USD(P&R))	4.2.8-2P: Beginning in FY 2013, the Department will maintain its timeline for all external (direct hire authority, expedited hire authority, and delegated examining) civilian hiring actions to 80 days or less.	83	80	98

Areas of Significant Improvement: People are our greatest asset, and the Department is committed to ensuring it has the right workforce mix, managing the deployment tempo with greater predictability and ensuring the long-term viability of the Reserve Component. At the end of the third quarter of FY 2013, the Department met its targets for 75 percent (or 6 of 8) of its performance measures related to Strategic Objective 4.2-2P. In particular, the percentage of Active Duty Service members who meet the planning objectives for time deployed in support of combat operations versus time at home has exceeded targets for FY 2013 and has shown improvement since the end of FY 2012. Additionally, the Department has maintained Active Duty and Reserve Component end strength within one percent of the end strength prescribed by the National Defense Authorization Act (NDAA) and the Secretary of Defense, far exceeding the FY 2013 goal of three percent end strength variance.

Areas of Challenges: There are several challenges associated with ensuring completeness and accuracy of reporting deployment to dwell ratios across Services, as well as ensuring common definitions are applied. Although the percentage of Reserve Component Service members met the deployment to dwell ratio (1:5) in FY 2012, the Department did not meet its target of 77 percent for the third quarter of FY 2013. It does not appear that the target will be met as this percentage has remained relatively stable between FY 2012 and FY 2013. High demand for low density personnel contributed to missing this measure. Additionally, Components have pools of personnel who volunteer to waive their dwell time and deploy. This drives the dwell-to-deploy (D2D) ratio down.

In addition, the Department continues to struggle with meeting its target of 80 days for external civilian hiring. In FY 2013, the length of time for civilian hiring increased each quarter and is currently at 98 days for the third quarter. Challenges with achieving the target may be attributed to Component hiring freezes, workforce furloughs and concerns over future funding cuts. The Department is also concerned that longer wait times for hiring and diminished recruiting capabilities could potentially cause the DoD to lose quality candidates. Mission critical occupations are being recruited in very limited instances but require lengthy approvals or waivers. There may also be delays associated with the Veterans Employment Opportunities Act (VEOA) eligibility verification process for transitioning military Service members. Average Time-To-Hire for VEOA appointments is approximately 145 percent higher than other types of appointments. To date, veteran hires represent approximately 40 percent of external hires for the DoD. Both of these factors warrant ongoing investigation and monitoring.

Mitigation Strategies: The Department must continue to aggressively recruit and retain Service members of the requisite quality. Strategies and deployment schedules must be closely monitored and adjusted to meet both operational requirements and support our Service members during mobilization and deployments. Training, outreach, and collaboration are the key focus areas for continued success with expeditious and efficient civilian hiring. The DoD is committed to successful delivery of enhancements to key systems, increased reliability, and ease-of-use for job seekers and system administrators. Additionally, efforts are underway to identify and obtain appropriate hiring authorities and to remove barriers to efficient hiring of quality candidates. The Department is also re-writing the existing D2D ratio policy to apply more broadly than the policy which was applied to Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF).

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE				
DoD Strategic Objective 4.3-2R: *Better prepare and support families during the stress of multiple deployments.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
4.3.3-2R: Cumulative percent of Department of Defense Education Activity (DoDEA) schools that meet good or fair (first and second quarter of FY 2013) standards. (USD(P&R))	4.3.3-2R: By FY 2018, 100 percent of DoDEA schools will meet the OSD acceptable standard of good or fair (first and second quarters of FY 2013) standards.	38%	38%	■ 38%

Areas of Significant Improvement: The Department is committed to supporting military families and is working to ensure that 100 percent of DoD schools meet the OSD acceptable standards of good or fair by the close of FY 2018. Since embarking on these improvements, the Department has met or exceeded its targets and is on track to fulfill its FY 2014 target on time. Of the four performance measures that the Department tracks for Strategic Objective 4.3-2R, three measures are assessed annually.

Areas of Challenges: The uncertainty of the Services' end state with regards to force structure and basing locations makes it difficult to identify long range community needs upon which to base school requirements. Any reductions in military construction (MILCON) funding will delay progress and result in school facilities not meeting quality standards.

Mitigation Strategies: The DoDEA currently has 47 MILCON projects in design and 16 projects under construction to address concerns about those school facilities that do not meet quality standards. DoDEA will continue the implement a robust project coordination process with Services and Commands to best ensure schools are sized properly and located on enduring installations.

DoD STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE				
DoD Strategic Objective 4.4-2T: *Train the Total Defense Workforce with the right competencies.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
4.4.1-2T: Percent of acquisition positions filled with personnel meeting Levels II and III certification requirements. (USD(AT&L))	4.4.1-2T: Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Levels II and III certification requirements from the previous fiscal year.	70.1%	70.75%	72%
4.4.2-2T: Percentage of Defense Language Institute (DLI) Foreign Language Center students who achieve a 2/2/1+ Defense Language Proficiency Test (DLPT) score in reading, listening, and speaking modalities. (USD(P&R))	4.4.2-2T: Beginning in FY 2012, 80 percent of DLI Foreign Language Center students will achieve a 2/2/1+ score on the DLPT in the reading, listening, and speaking modalities, as measured by the Interagency Language Roundtable performance scale.	77%	80%	87%
4.4.3-2T: Percent of Military Departmental information assurance positions and contract requirements filled with personnel meeting certification requirements. (DoD CIO)	4.4.3-2T: By FY 2016, 95 percent of Military Departmental information assurance positions and contract requirements will be filled with personnel meeting certification requirements.	78%	85%	78%
4.4.4-2T: Percent of student enrollments to funded training seats at the HUMINT Training Joint Center of Excellence (HT-JCOE) for Military Source Operations (MSO), interrogation, and HUMINT-enabling training activities. (USD(I))	4.4.4-2T: By FY 2016, 100 percent of MSO interrogation and HUMINIT-enabling activities training seats at the HT-JCOE will be filled with validated enrollees.	0	61%	57%

Areas of Significant Improvement: As part of DoD's pledge to train the Total Defense Workforce, the Defense Language Institute's Foreign Language Center (DLIFLC) is committed to 80 percent of its students achieving a 2/2/1+ score on the Defense Language Proficiency Test (DLPT) in the reading, listening, and speaking modalities, as measured by the Interagency Language Roundtable performance scale. In FY 2012, the Defense Language Steering Committee (DLSC) established two standing working groups to improve the process for training language officials at the

Defense Language Institute's Foreign Language Center (DLIFLC). Between FY 2012 and FY 2013, the percentage of DLIFLC students who achieved exemplary scores on the DLPT in reading, listening, and speaking modalities increased from 77 percent at the end of FY 2012 to 87 percent in the third quarter of FY 2013. This represents a significant improvement in excess of the intended target of 80 percent.

Another objective is ensuring that acquisition workforce members meet position certification requirements. In this area, the Department has consistently met an increasing performance target for the percent of acquisition positions filled with Level II/III-certified personnel since FY 2011. Based on FY 2013 third quarter results, the Department has exceeded its FY 2013 target for DoD acquisition professionals, significantly improving its certification levels since 2009 from 61 percent to 72 percent.

Areas of Challenges: A key challenge to training the DoD workforce with the right competencies exists in the area of information assurance. In the past five quarters, the Department has consistently reported that 78 percent of information assurance positions and contract requirements were filled with personnel meeting certification requirements. Although this met DoD's 70 percent requirement in FY 2012, the Department does not appear to be on track to meet an 85 percent target for this fiscal year.

There is also one new performance measure in FY 2013 with regard to the percent of student enrollments in Human Intelligence (HUMINT)-enabling training activities which did not meet its intended targets each quarter in FY 2013. There have been no areas of significant improvement for this performance measure for the third quarter of FY 2013, and the performance for this measure may also be lower than the target for the fourth quarter as well due to sequestration. Impacts of sequestration and civilian furloughs have posed challenges to achieving the performance targets for FY 2013. As a result of sequestration, guidance was issued to the DoD Components that restricted travel and training to mission critical needs only; students that were projected to take training were not allowed to attend training. Additionally, civilian furloughs caused some courses to be cancelled due to a lack of participation by students and due to a lack of training cadre; both impacting the required instructor to student ratio.

Mitigation Strategies: There are no mitigation strategies that can be employed at the training execution or DoD Component level to counter the negative effects of sequestration given the guidance from the Secretary of Defense that is intended to preserve mission critical activities of the Department.

In particular, the acquisition workforce faces extensive losses of very experienced personnel based on large year groups of retirement eligible and near retirement eligible personnel. As part of mitigating this loss of experience, the resulting hiring of many entry level personnel into the workforce will put a heavy demand on training capacity and initiatives to ensure a sufficiently qualified future workforce and capacity. The DoD will also have to ensure that the mid-career workforce is qualified and prepared for key acquisition leadership positions. The DoD has used the

Defense Acquisition Workforce Development fund to increase training capacity and improve certification training. As part of improving professionalism and qualifications of the total acquisition workforce, under the Better Buying Power (BBP) 2.0 Initiatives, DoD is establishing higher standards for key leaders and establishing stronger qualification requirements for all acquisition career fields.

STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

Strategic Goal 5 is focused on reforming how the DoD does business by reforming its institutions and processes to better support the urgent needs of the warfighter. Consequently, this goal focuses on the following priority objectives to enhance future security and make the best use of taxpayer dollars:

- Reform what DoD buys;
- Reform how DoD buys;
- Improve logistics support; and
- Improve financial management.

Strategic Goal 5 accounts for 35 percent of the Department's FY 2013 performance measures (26 of 75). However, 23 percent of these measures (6 of 26) for this strategic goal are still pending year-end analysis. The Appendix highlights 13 of the 26 measures (or 50 percent) that demonstrate progress toward achieving annual performance measures. Only 11 of 26 results (or 42 percent) show improvement over prior year performance levels.

Performance results, by strategic objective area, are discussed in detail below.

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE				
DoD Strategic Objective 5.1-2A: *Increase use of renewable energy and reduce energy demand at DoD installations.*				
Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.1.1-2A: Average facilities sustainment rate. (USD(AT&L))	5.1.1-2A: Beginning in FY 2013, the DoD will fund facilities sustainment at a minimum of 90 percent of the Facilities Sustainment Model (FSM) requirement, with the exception of the Navy and Air Force which will fund sustainment at a minimum of 80 percent of their FSM requirement.	85%	60%	34%

Areas of Significant Improvement: There are four performance measures that track performance results governing DoD installations. However, 75 percent (3 of 4) of performance measures for this objective (focused on energy utilization and demolition activities) are not reported until after the end

of the fiscal year. Therefore, there are not significant improvements reported for the third quarter for FY 2012.

Areas of Challenges: The measure that was reported in the third quarter of FY 2013 is limited to facilities sustainment. Although this measure met its target last fiscal year, the Department is currently under-executing facilities sustainment and will be challenged to meet its annual goal of 85 percent by the end of the fourth quarter.

Mitigation Strategies: The Department continues to encourage DoD Components to prioritize funding first to sustain existing facilities before funding other program areas such as restoration and modernization or demolition. By doing this, the eventual recovery actions needed to restore or modernize facilities should be smaller. In particular, demolition of excess or obsolete facilities is an area that DoD can take additional risks and no mitigation is required at this time. The Components are still being urged to include demolition of facilities as much as possible when developing military construction projects.

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

DoD Strategic Objective 5.2-2C:
Protect critical DoD infrastructure and partner with other critical infrastructure owners in government and the private sector to increase mission assurance.

Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.2.1-2C: Percent of applicable Information Technology (IT) and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant. (DoD CIO)	5.2.1-2C: By FY 2015, 99 percent of applicable IT and NSS will be C&A-compliant.	91.1%	95%	93.8%
5.2.2-2C: Cumulative percent reduction in the number of DoD data centers. (DoD CIO)	5.2.2-2C: By FY 2015, the DoD will reduce its number of data centers by 45 percent (from 772 in FY 2010 to 428 in FY 2015) in order to increase data center storage utilization/capacity.	15%	26%	28%
5.2.3-2C: Cumulative percentage of DoD Non-secure Internet Protocol Router Network (NIPRNet) accounts with Public Key Infrastructure (PKI) cryptographic logon capability. (DoD CIO)	5.2.3-2C: By FY 2015, 95 percent of DoD NIPRNet accounts will have PKI cryptographic logon capability.	95%	95%	91%
5.2.4-2C: Cumulative percentage of DoD Secure Internet Protocol Router Network (SIPRNet) accounts with Public Key Infrastructure (PKI) cryptographic logon capability. (DoD CIO)	5.2.4-2C: By FY 2015, 95 percent of DoD SIPRNet accounts will have PKI cryptographic logon capability.	16.5%	75%	87.5%

Areas of Significant Improvement: In FY 2012, the Department did not achieve its target goal for reducing the number of DoD data centers and transitioning DoD Secret Internet Protocol Router Network (SIPRNet) accounts to Public Key Infrastructure (PKI) cryptographic login capability, but by the third quarter of FY 2013, both measures have significantly exceeded targets. The overall cumulative percent reduction in the number of data centers is 28 percent compared to 15 percent at the end of FY 2012. This is due in part to involvement of the DoD Chief Information Officer (CIO), who has closely monitored compliance rates on a monthly basis and military department CIOs, who have applied industry best practices to rationalize their applications and systems and convert them to virtualized environments. In addition, in FY 2012, the DoD Deputy CIO met with the Services' senior-level leaders and required them to submit updated improvement plans for issuance of SIPRNet PKI tokens, which may have contributed to the increase in performance for this measure (87.5 percent in the third quarter of FY 2013 versus 16.5 percent at the end of FY 2012).

Areas of Challenges: Less progress has been made in FY 2013 compared to FY 2012 with regard to certifying and accrediting DoD information technology (IT) and National Security systems (currently at 93.8 percent versus the goal of 95 percent). Another challenge is transitioning DoD Non-Classified Internet Protocol Router Network (NIPRNet) accounts to PKI cryptographic login capability.

Mitigation Strategies: Measures 5.2.1-2C and 5.2.3-2C did not meet their targets in the third quarter by 1.0 and 3.0 percentage points, respectively, and represent a cumulative snapshot toward a yearly target. However, both can be brought on track to meet requirements by the end of FY 2013.

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE				
DoD Strategic Objective 5.3-2E: *Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
*5.3.1-2E: Percentage of contract obligations that are competitively awarded. (USD(AT&L))	5.3.1-2E: Beginning in FY 2012, the DoD will increase, by one percent annually, the amount of contract obligations that are competitively awarded.	57.5%	58%	■ 55.8%
*5.3.2-2E: Average percent increase from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after. (USD(AT&L))	5.3.2-2E: Beginning in FY 2011, the DoD will not increase by more than five percent from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after.	6.61%	5%	■ 5.15%

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE				
DoD Strategic Objective 5.3-2E: *Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items.*				
Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.3.4-2E: Number of Major Automated Information System (MAIS) "significant" breaches (equal to or greater than 15 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages greater than six months). (DCMO)	5.3.4-2E: Beginning in FY 2011, the DoD will ensure that the number of MAIS "significant" breaches (equal to or greater than 15 percent of the APB total cost or with schedule slippages greater than six months) will not exceed one.	1	1	■ 1
5.3.5-2E: Number of Major Automated Information System (MAIS) "critical" breaches (equal to or greater than 25 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages of one year or more) (DCMO)	5.3.5-2E: By FY 2012, the DoD will ensure that the number of MAIS "critical" breaches (equal to or greater than 25 percent of the APB total cost or with schedule slippages greater than one year) will not exceed two.	0	2	■ 2
5.3.6-2E: Average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 (USD(AT&L))	5.3.6-2E: Beginning in FY 2012, the DoD will ensure that average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 does not exceed three percent.	-0.27%	3%	■ -1.64%
*5.3.7-2E: Number of Major Defense Acquisition Program (MDAP) breaches (equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost) for reasons other than approved changes in quantity. (USD(AT&L))	5.3.7-2E: Beginning in FY 2012, the DoD will not have any MDAP breaches (significant cost overruns) for reasons other than approved changes in quantity.	1	0	■ 0
5.3.9-2E: Cumulative percent of Major Defense Acquisition Programs certified, as required by the Weapon Systems Acquisition Reform Act of 2009 (USD(AT&L))	5.3.9-2E: By FY 2013, 100 percent of Major Defense Acquisition Programs will be certified, as required by the Weapon Systems Acquisition Reform Act of 2009	84%	92%	■ 88%

Areas of Significant Improvement: The Department tracks seven quarterly performance measures for Strategic Objective 5.3-2E regarding DoD's acquisition processes. Of these quarterly measures, 71 percent (5 of 7) demonstrate progress toward achieving their annual targets. Two measures have shown improvement since the last fiscal year and have already met their target as of the third quarter of FY 2013. The average rate of Major Defense Acquisition Program (MDAP) cost growth from the previous year (at -1.64 percent) was significantly below the annual FY 2012 goal of three percent.

Also, as of the third quarter of FY 2013, there were no MDAP cost breaches for reasons other than approved changes in quantity. Only one Major Automated Information System (MAIS) program had a "significant change" cost or schedule breach, and two MAIS programs had "critical change" breaches as of the end of the third quarter. The average MDAP cycle growth percentage time showed positive improvements over the previous year, although it did not meet the annual target of less than or equal to five percent. The percent of MDAPs certified, as required by the Weapon Systems Acquisition Reform Act (WSARA) of 2009, increased from 84 percent to 88 percent as of the end of the third quarter.

Three of the five areas assume changes to the acquisition policy will have positive effects on MDAP execution. These changes were directed by the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) in his "Implementation Directive for Better Buying Power (BBP) – Obtaining Greater Efficiency and Productivity in Defense Spending." Specifically, this directive requires the establishment of affordability goals and caps. Affordability goals will be established at the Materiel Development Decision (MDD) to inform requirements and design trades during early research and development; affordability caps will be established prior to Milestone B and serve as fixed cost requirements that are functionally equivalent to Key Performance Parameters (KPPs). The directive also requires a competition strategy for each Acquisition Category (ACAT) I program going through a milestone review. The third change to require certification of all MDAPs was statutorily-driven in the WSARA of 2009. Beginning in FY 2012, the Department successfully implemented the USD(AT&L) directed changes and continues to show progress in MDAP certifications. However, it will take some time before the effects of these changes on achieving longer-term acquisition outcomes can be assessed.

In addition, the number of Major Automated Information System (MAIS) "significant" and "critical" breaches met targets for both FY 2012 and FY 2013. The Department continues to develop indicators that will identify threats to the MAIS program lifecycle and it is likely this development will lead to a further reduction of risk to the MAIS program lifecycle.

Areas of Challenges: Two measures are at risk of not achieving their goals, but one of them (average percent increase from the Acquisition Program Baseline-approved cycle time for MDAPs starting in FY 2002 and after) shows improvement. The current rate of cycle time growth for the MDAPs being measured is 5.15 percent, which is an improvement over the 6.61 percent for FY 2012. Most of the programs in the portfolio show little or no cycle time growth; however, 7 of 32 programs with cycle time growth exceeding 10 percent skew the result. In order to lessen the impact of a few programs with radical growth in cycle time, the Department will start using the median for this measure in FY 2014.

While the Department continues to stress the importance of increased competition, the Department is not expected to meet its FY 2013 competition goal. The Department achieved a competitive contract obligation rate of 55.8 percent against the target of 58.0 percent for the first three quarters of FY 2013. The Department is taking steps to improve competition for its products and services in

the USD(AT&L) BBP 2.0 Initiatives, which emphasizes the importance of creating and maintaining competitive environments throughout the life cycle of the program. However, the Department continues to experience barriers to competition for procurement of legacy weapon systems' spares and upgrades and specialized equipment that need to be purchased from the original equipment manufacturer (OEM) or supplier. In most instances, these programs were initially procured using competitive procedures but now must rely on exceptions to competition for the follow on procurements because the programs have moved past the stage in their lifecycle where competition is economically viable. These contract actions, along with limited new starts, in the current budget environment have reduced competitive dollars obligated and the corresponding competition rate.

The Department will not complete the certifications of all MDAPs, as initially required by the WSARA of 2009, as the requirement to certify all MDAPs was rescinded, and this measure will be dropped for FY 2014.

Mitigation Strategies: To prevent cost breaches and cycle time growth for newer MDAP programs, the DoD has strengthened the front end of the acquisition process through new policy and procedural guidance.

Release of the request for proposal for the Engineering and Management Development (EMD) Phase is the critical decision point in a program. The program will either successfully lead to a fielded capability or encounter problems based on the soundness of the capability requirements, the affordability of the program, and the feasibility of the program execution plan put into motion at that point. To increase emphasis on the importance of this decision, the USD(AT&L) has issued policy guidance establishing a new decision point, the Pre-EMD review, designed to ensure a comprehensive and effective discussion of program business arrangements and readiness to proceed to EMD before EMD source selection and Milestone B.

Poor requirements definition at program inception and requirements instability can lead to significant program difficulty and complications downstream. To ensure a close and continuing partnership with the requirements community, the USD(AT&L) will issue policy introducing a requirements decision point (Capability Development Document (CDD) Validation) that will require Joint Requirements Oversight Council (JROC) approval (with USD(AT&L) coordination for affordability and technical feasibility) at an appropriate point between Milestone A and the Pre-EMD review.

"Should Cost" Management receives systematic emphasis throughout the program life-cycle. Should Cost is a management tool designed to proactively target cost reduction and drive productivity improvement into programs. It challenges program managers to identify and achieve savings below budgeted most likely costs. The objective is to seek out and eliminate low-value added or unnecessary elements of program cost, to motivate better cost performance wherever possible, and to reward those that succeed in achieving those goals.

As stated earlier, affordability and investment analysis has been institutionalized to drive program affordability and enforce affordability caps. Affordability analysis will examine competing Component fiscal demands for production and sustainment within a relevant portfolio of products to reveal the life-cycle cost and inventory implications of the proposed new products within the portfolio. However, when program schedules are stretched due to overall affordability constraints, program costs will likely increase.

The Department is also taking the following steps to help mitigate the challenges to competition:

- Identify and track the specific factors that affect the competition rate, such as foreign military sales, and consider this information when setting annual competition goals for Components.
- Develop guidance to enable Components to apply lessons learned from past procurements to increase competition for the same or similar good and services in follow on procurements.
- Implement Tools using Federal Procurement Data Systems and Product Service Code data to help identify opportunities to increase competition for goods and services.

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE				
DoD Strategic Objective 5.4-2L: *Provide more effective and efficient logistical support to forces abroad.*				
Key Performance Measures	Strategic Plan Long-Term Performance Goals	Annual Performance Goals/Results		
		FY 2012 Results	FY 2013 Q3 Goals	FY 2013 Q3 Results
5.4.2-2L: Army Customer Wait Time. (USD(AT&L))	5.4.2-2L: By FY 2013, the DoD will maintain the Army's average customer wait time at or below 15 days.	13.72	15	13 days
5.4.3-2L: Navy Customer Wait Time. (USD(AT&L))	5.4.3-2L: By FY 2012, the DoD will maintain the Navy's average customer wait time at or below 15 days.	12.57	15	16 days
5.4.4-2L: Air Force Customer Wait Time. (USD(AT&L))	5.4.4-2L: By FY 2012, the DoD will maintain the Air Force's average customer wait time at or below 7.5 days.	5.5	7.5	5.8 days

Areas of Significant Improvement: Two of the six logistics support measures (for excess on-hand and on-order secondary item inventory) are annual assessments and will be reported at the end of the fiscal year. In addition, the Army and the Air Force are on track to meet their performance targets for logistics and customer wait time for the end of FY 2013.

Areas of Challenges: The Navy customer wait time (CWT) and perfect order fulfillment reflect negative trends when compared to FY 2012 performance levels. The Navy attributes its declining CWT performance to two primary factors. First, the product mix of materiel continues to shift from predominantly aviation items to more requests for maritime items. Since orders for maritime items have longer customer wait times than aviation orders, the effect is longer overall average customer

wait times. Second, transitions from performance based logistics (PBL) contracts with back orders pending have increased the number of over-aged orders. The combination of these factors pushed the Navy above its CWT goal this quarter and the previous two quarters.

Mitigation Strategies: The Navy is closely monitoring its customer wait time measure and will likely re-evaluate its CWT goal in light of budgetary uncertainties and the changing mix of items being ordered and management decisions. All measures associated with logistics support will continue to be monitored for compliance with desired execution.

DoD STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE				
DoD Strategic Objective 5.5-2U/2V: *Improve financial management and increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts.*				
Key Performance Measures	**Strategic Plan Long-Term Performance Goals**	**Annual Performance Goals/Results**		
		FY 2012 Results	**FY 2013 Q3 Goals**	**FY 2013 Q3 Results**
5.5.1-2U: Percent of DoD's general funds, Funds Balance with Treasury, validated as audit-ready. (USD(C/CFO))	5.5.1-2U: By FY 2014, 100 percent of DoD's general funds, Funds Balance with Treasury, will be validated as audit-ready	9%	9%	9%
5.5.2-2U: Percent of DoD's general fund Statement of Budgetary Resources for material Components validated as audit-ready. (USD(C/CFO))	5.5.2-2U: By FY 2014, 100 percent of DoD's general fund Statement of Budgetary Resources for material Components will be validated as audit-ready.	14%	14%	19%
5.5.3-2U: Percent of DoD mission critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) validated for existence and completeness. (USD(C/CFO))	5.5.3-2U: By FY 2017, 100 percent of DoD mission-critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) will be validated as audit-ready for existence and completeness.	41%	41%	50%
*5.5.4-2U: Percent of DoD's Statement of Budgetary Resources for Appropriations Received validated as audit-ready. (USD(C/CFO))	5.5.4-2U: By FY 2013 the DoD will improve its audit-readiness on the Statement of Budgetary Resources for Appropriations Received to 100 percent.	88%	88%	100%

Areas of Significant Improvement: The Department tracks four key performance indicators (measures) to assess its progress with regard to achieving audit readiness of the processes and systems supporting the Schedule of Budgetary Activity (SBA) by the end of 2014 and audit readiness of all DoD financial statements by 2017. All of the measures are focused on improving the processes, internal controls, financial systems, and supporting documentation that must be relied upon before the DoD financial statements can be audited. The table above indicates that the Department is on track to meet all four audit readiness goals for the third quarter of FY 2013.

Areas of Challenges: The Department will be challenged in meeting two of the four audit readiness goals for FY 2013. The challenge for both the DoD's Schedule of Budgetary Activity (SBA) and the

DoD's Fund Balance with Treasury is primarily due to date slippages within the Navy assessable units, resulting from longer discovery and corrective action implementation.

The DoD Components continue to face significant challenges with business and financial legacy systems because most of them do not record all of the financial activities at the detailed transaction level and are not interfaced with key financial systems. In addition, supporting documentation for financial transactions is either not complete or not readily available. Therefore, manual interfaces and workarounds between systems are required to provide the entire transaction cycle from origination to financial reporting.

Mitigation Strategies: In addition to system modernization efforts to include the Enterprise Resource Planning system deployments, each Component's audit readiness efforts are being monitored and feedback is regularly provided on their financial improvement plans. Corrective action plans are in the process of being executed for identified deficiencies. Additionally, end-to-end views and memorandums of understanding are being documented to capture the processes in their entirety to include the reportable entity, as well as the service providers' roles and responsibilities.

The Navy's FBwT, Military Pay, and Reimbursable Work Orders assessable units and the Air Force's Civilian Pay and Funds Distribution to Base assessable units are being validated. Corrective action plans will be written and implemented when the validation results become available.

Appendix C: FY 2013 DoD Performance Measures not assessed in Organizational Assessment

A third quarter assessment could not be conducted for 15 performance measures included in the Annual Performance Plan. The results for 12 measures are collected at the end of the fiscal year. One measure was dropped due to results that were too small for statistical assessment, and two additional quarterly measures were not available for this report.

FY 2013 Measures			Frequency of Measurement	Results Reported
1.	1.1.2-OCO:	Average annual military strength in Afghanistan	Annual	January 2014
2.	1.1.3-OCO:	Average annual military strength providing theater support	Annual	January 2014
3.	3.5.1-2D:	Percent of completing demonstration programs transitioning each year	Annual	January 2014
4.	4.3.1-2R:	Percent of worldwide government-owned Family Housing inventory at good or fair (Q1-Q2) condition	Annual	January 2014
5.	4.3.2-2R:	Percent of the worldwide inventory for government-owned permanent party Unaccompanied Housing at good or fair (Q1-Q2) condition	Annual	January 2014
6.	4.3.4-2R:	Cumulative number of military spouses who have obtained employment through the Military Spouse Employment Partnership (MSEP)	Annual	January 2014
7.	5.1.2-2A:	Cumulative average percent reduction in building energy intensity	Annual	January 2014
8.	5.1.3-2A:	Percent of renewable energy produced or procured based on DoD's annual electric energy usage	Annual	January 2014
9.	5.1.4-2A:	Million square feet (MSF) of excess or obsolete facilities eliminated	Annual	January 2014
10.	5.3.8-2E:	Percent of Small Business prime contract obligation goal met annually	Annual	January 2014
11.	5.4.5-2L:	Percent of excess on-hand secondary item inventory	Annual	January 2014
12.	5.4.6-2L:	Percent of excess on-order secondary item inventory	Annual	January 2014
13.	5.4.1-2L:	Perfect Order Fulfillment percentage for Defense Logistics Agency (DLA)-stocked items	Quarterly	Unavailable at time of report
14.	3.3.2-1F2C:	Average number of trained or deployed civilian expeditionary ministerial-level advisors	Quarterly	Unavailable at time of report
15.	5.3.3-2E	Percent of enterprise level Information Technology (IT) software and hardware deployed as business services within 18 months of capability business cases approval (DCMO)	Quarterly	Deleted in FY13 APP Update

Appendix D: FY 2013 DoD Organizational Assessment Guidance

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

NOV 30 2012

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: FY 2013 DoD Organizational Assessment Guidance

This memorandum has been prepared pursuant to title 5, U.S.C., section 4312 and Office of Personnel Management (OPM) implementing instructions. This guidance requires performance evaluations for DoD's Senior Executive Service (SES) members and Senior Level/Scientific and Technical (SL/ST) professionals be based on both individual and organizational performance. OPM instructions further require that each Agency describe how it communicated performance goals to rating/reviewing officials and senior-level members. This memorandum and attachment comply by providing a summary of DoD-wide performance goal priorities for FY 2013.

The basis for this guidance is the Department's Annual Performance Plan, included in the DoD's FY 2013 President's Budget request. These DoD-wide performance goal priorities align to the strategic goals and objectives in the Department's Strategic Plan and the 2010 Quadrennial Defense Review Report.

Principal Staff Assistants and DoD Component Heads should align their respective strategic plans, performance plans, and SES and SL/ST individual performance plans for FY 2013 to the attached DoD-wide performance goal priorities. The attached goals should be included, in conjunction with other DoD-wide and Component-specific performance goals, in the relevant individual plans for members of the SES and SL/ST communities.

Changes to FY 2013 performance goals will be issued, as necessary, based on final Congressional action on the DoD's FY 2013 budget request.

Ashton B. Carter

Attachment:
As stated

OSD014441-12

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