

**SECRETARY OF DEFENSE
BIENNIAL REVIEW SERIES:
2013-2018 Review of
Defense Agencies and DoD Field Activities**



**Organizational Policy and Decision Support
Directorate of Administration and Organizational Policy
Office of the Chief Management Officer
Office of the Secretary of Defense**

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“I am biased toward performance. I am biased toward giving the taxpayer their money’s worth.”

Acting Secretary of Defense Patrick Shanahan
Pentagon Press Conference
January 29, 2019, Washington D.C.

"Efficiency for lethality is defined as reforming the Department's business processes, systems, and policies to gain increased effectiveness, higher performance, and reprioritized resources. Integrity and consistency of every measure is a cornerstone of our approach."

Acting Chief Management Officer Lisa Hershman
House Armed Services Committee Testimony
February 26, 2019, Washington D.C.

“Reform the Department for Greater Performance and Affordability – Reform is the means by which we free up time, money, and manpower to reinvest into our top priorities. Look for smarter, more effective ways to do business, and empower your teams to innovate and take prudent risk where necessary.”

Acting Secretary of Defense Mark T. Esper
Initial Message to the Department
June 24, 2019, Washington D.C.

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1. INTRODUCTION

Since 1986, Section 192(c) of Title 10, United States Code (U.S.C), has stated that “periodically, the Secretary of Defense (SecDef) shall review the services and supplies provided by each Defense Agency and DoD Field Activity.”

This statute establishes two purposes for the review, which are to ensure:

1. There is a continuing need for each such Defense Agency and DoD Field Activity; and
2. The provision of those services and supplies by each such Defense Agency and DoD Field Activity, rather than by the Military Departments, is a more effective, economical, or efficient manner of providing those services and supplies or of meeting the requirements for combat readiness of the Armed Forces.

This paper describes the myriad institutional processes through which DoD fulfills the Section 192(c) requirement on a near-continuous basis. Ongoing validation processes are rooted in all aspects of DoD’s oversight of the Defense Agencies and DoD Field Activities to confirm their services and supplies could not be more efficiently provided by the Military Services or other sources. These ongoing and stand-alone validation and review processes are detailed in Sections 2 and 3.

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019 modified Section 192(c) of Title 10, U.S.C. by adding a requirement that, not later than January 1, 2020, and not less frequently than every four years, the “Chief Management Officer of the Department of Defense shall conduct a review of the efficiency and effectiveness of each Defense Agency and Department of Defense Field Activity” and that “the Chief Management Officer shall submit to the Congressional Defense Committees a report that sets forth the results of the review.” Further, the NDAA for FY19 set forth new Chief Management Officer (CMO) responsibilities not addressed in this document, which is intended as a continuation and culmination of the series of Secretary of Defense Biennial Reviews of Defense Agencies and DoD Field Activities from 1987 through 2018.

1.1 Defense Agencies and DoD Field Activities Overview

“Defense Agency” and “DoD Field Activity” are terms found in Section 191 of Title 10, U.S.C., which states these organizations may be established by the SecDef in order to perform a supply or service activity, common to more than one Military Service, in a more effective, economical, or efficient manner than if performed within the services. Additionally, Section 192 of Title 10, U.S.C., establishes that each Defense Agency and DoD Field Activity is to be overseen by a Principal Staff Assistant (PSA) of the Office of the Secretary of Defense (OSD) on behalf of the SecDef.¹

¹ Section 192 also allows for the Chairman of the Joint Chiefs of Staff (CJCS) to oversee Defense Agencies and DoD Field Activities, but none presently fall under this arrangement.

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Defense Agencies and DoD Field Activities perform consolidated support and service functions on a Department-wide basis in areas such as logistics, health, information, physical security, intelligence, and security cooperation. There is little distinction between Defense Agencies and DoD Field Activities, though DoD Field Activities are typically smaller than Defense Agencies, often geographically centralized, and likely to be focused on consolidated support and service functions more limited in scope.

One clear distinction between the two is that only a Defense Agency may be designated as a Combat Support Agency (CSA), pursuant to Section 193 of Title 10, U.S.C., and DoD Directive (DoDD) 3000.06. CSA missions involve support for operating forces engaged in planning for or conducting military operations, including during conflict or in the conduct of other military activities related to countering threats to U.S. national security. Currently, eight Defense Agencies are designated as CSAs (Table 1). The support relationship between a CSA and a Combatant Command is similar to that of a designated Supporting Combatant Command, though not all functions of a CSA may support a Combatant Command.

DoD regularly monitors services and supplies provided by the Defense Agencies and DoD Field Activities to ensure they are not duplicative or better provided by other DoD entities, and do indeed warrant stand-alone organizations. DoD is committed to ongoing vetting and validation processes, which are integral to DoD fiscal management and oversight. The SecDef exercises his Section 191 authority to establish, reorganize, and/or disestablish Defense Agencies and DoD Field Activities in response to the demands and requirements of DoD.

Currently, there are 20 Defense Agencies (Table 1) and 8 DoD Field Activities (Table 2).

Table 1: 20 Defense Agencies			
Defense Advanced Research Projects Agency	DARPA	Defense POW/MIA Accounting Agency	DPAA
Defense Commissary Agency	DeCA	Defense Security Cooperation Agency	DSCA
Defense Contract Audit Agency	DCAA	Defense Security Service	DSS
Defense Contract Management Agency*	DCMA	Defense Threat Reduction Agency*	DTRA
Defense Finance and Accounting Service	DFAS	Missile Defense Agency	MDA
Defense Health Agency*	DHA	National Geospatial-Intelligence Agency*	NGA
Defense Information Systems Agency*	DISA	National Reconnaissance Office	NRO
Defense Intelligence Agency*	DIA	National Security Agency/Central Security Service*	NSA/CSS
Defense Legal Services Agency	DLSA	Pentagon Force Protection Agency	PFPA
Defense Logistics Agency*	DLA	Space Development Agency	SDA

* = Designated Combat Support Agencies

Table 2: 8 DoD Field Activities			
Defense Media Activity	DMA	DoD Education Activity	DoDEA
Defense Technical Information Center	DTIC	DoD Human Resources Activity	DoDHRA
Defense Technology Security Administration	DTSA	Office of Economic Adjustment	OEA
DoD Test Resource Management Center	TRMC	Washington Headquarters Services	WHS

1.2 History and Evolution of the Biennial Review Series

The periodic review of Defense Agencies and DoD Field Activities was first mandated by the Goldwater-Nichols DoD Reorganization Act of 1986 (“Goldwater-Nichols”). Since then, the Director of Administration and Management (DA&M), the Deputy Chief Management Officer (DCMO), and the CMO through the Director of Organizational Policy and Decision Support (OP&DS) have served successively as the lead OSD PSA responsible for reviewing and recording identified SecDef decisions, DoD deliberations, and DoD review efforts that fulfill Section 192(c) requirements. The review of Defense Agencies and DoD Field Activities attempts to capture the Department’s ongoing processes and efforts to manage change and continuously improve to meet the warfighter’s needs in a dynamic global security environment.

DA&M published the first five Defense Agency and DoD Field Activity reviews from 1987 to 1995. These early “Biennial Reviews,” which were conducted by formalized OSD Study Teams, applied standard organizational and management methods to identify findings and provide recommendations on the structure and composition of the Defense Agencies and DoD Field Activities. This included reviewing DoDDs; analyzing organizational questionnaires completed by the Defense Agencies and DoD Field Activities; summarizing their achievements and organizational changes since the previous Biennial Review; reviewing questionnaires completed by the “users” of Defense Agency and DoD Field Activity supplies and services; and, listing any audit reports relevant to the Biennial Review as completed by the Inspector General of the DoD (DoD IG).

In 1997, then-Deputy Secretary of Defense (DepSecDef) John White, in consultation with the DA&M, directed the Biennial Review include a formal survey of Defense Agency and DoD Field Activity organizational customers,² whose directors were required to submit survey results in writing. These responses were included verbatim in each report. Using a standardized survey and response pattern from 1997 to 2004, the Biennial Review provided DoD leadership with uniquely-derived, empirical information to support decision-making on Defense Agency and DoD Field Activity organization, missions, functions, and performance.

In 2006, then-DepSecDef Gordon England directed that future Biennial Reviews alternate between a senior management assessment and a comprehensive organizational customer survey in order to avoid “survey burnout,” reduce costs, and add additional perspectives and depth to the series of reviews. Accordingly, the 2005-2006 Biennial Review was shifted to a solicitation of senior management assessments focused on the concerns of the Secretaries of the Military Departments and Chairman of the Joint Chiefs of Staff (CJCS).

After conducting another organizational customer survey to support the 2007-2008 Biennial Review, the 2009-2010 Biennial Review was largely accomplished by capturing and recording Section 192(c) relevant outputs of a simultaneous “Efficiency Initiatives” Study directed by the SecDef, in order to move the “defense enterprise toward a more efficient, effective, and cost conscious way of doing business.”

² “Organizational customers” are above the retail level and able to provide an institutional perspective.

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The 2012 Biennial Review continued the trend of documenting Section 192(c) deliberations, decisions, and actions, with a particular emphasis on implementation progress of SecDef-directed efficiency initiatives. Like the 2009-2010 Biennial Review, the 2012 Biennial Review continued the more economical approach of supplanting an organizational customer survey component with capturing the outputs of DoD deliberations and reform initiatives. The review did return to the pre-2010 practice of listing Defense Agency and DoD Field Activity business lines and associated products and services, providing a Section 192(c) related questionnaire completed by the Secretaries of the Military Departments, the Directors of the Defense Agencies, and the Directors of the DoD Field Activities.

1.3 Overview for the 2013-2018 Review of Defense Agencies and DoD Field Activities

In 2014, the Assistant DCMO, David Tillotson, approved the suspension of activity for a 2014 Biennial Review based on a series of pending institutional reform and efficiency initiatives, most particularly, the DepSecDef directed Business Process and Systems Review (BPSR). The rationale was that the BPSR intended to include scrutiny of the Defense Agency and DoD Field Activity business lines, products, and services. It is important to note that, although production of a 2014 Biennial Review was suspended, OP&DS continued its ongoing review and collation of reforms, decisions, and deliberations applicable to Defense Agencies and DoD Field Activities. These are captured in this latest review.

While this document, based on its timeframe, is not a Biennial Review, it similarly documents ongoing processes from 2013-2018 by which DoD fulfills Section 192(c) requirements on a near-continuing basis through myriad ongoing organizational, management, and resourcing related activities.³

Coincident with implementing Section 921 of the NDAA for FY 2019, that amended Section 132a and Section 923 of the NDAA for FY 2019, that amended Section 192(c), the CMO, at the direction of the DepSecDef, is establishing a Fourth Estate Management Directorate in the Office of the CMO (OCMO) to complement the efforts of nine Reform Teams and Reform Management Groups (RMGs) and address Section 192(c) reporting requirements. For more information on RMGs, see Section 2.6.17 of this document.

Consequently, while OP&DS will continue to record notable Section 192(c) related deliberations and decisions regarding the Defense Agencies and DoD Field Activities, as well as other organizational management planning activities, the next version of this report will be markedly different, if one is completed at all.

³ Due to limited resources, OP&DS did not seek DepSecDef approval to separately solicit input from the Secretaries of the Military Departments, the CJCS, the Directors of the Defense Agencies and DoD Field Activities, or their customers.

2. DEFENSE AGENCY AND DOD FIELD ACTIVITY MANAGEMENT AND SECTION 192 FULFILMENT

The Biennial Review Series of Defense Agencies and DoD Field Activities is only one of many ways DoD has complied with Section 192(c). In practice, DoD fulfils Section 192(c) on a near-continuous basis through a series of ongoing processes including: administrative responsibilities and senior leader authorities; corporate governance; the Planning, Programming, Budget and Execution (PPBE) process; and DoD-driven reform initiatives. In the following Sections, this review of the Defense Agencies and DoD Field Activities describes these processes and activities, as well as how they guide and support SecDef fulfillment of Section 192(c) responsibilities.

2.1 Defense Agency and DoD Field Activity Chartering DoDDs

OP&DS, in coordination with the assigned OSD PSA, develops, revises, and maintains Chartering DoDDs of all Defense Agencies and DoD Field Activities in accordance with DoD Instruction (DoDI) 5025.01, “DoD Directives Program.” Chartering Directives require an update when there are shifts in organization, management, and oversight.

OP&DS tracks and incorporates Defense Agencies and DoD Field Activities changes with Section 192(c) relevance. For example, when DoDD 2000.19E, “Joint Improvised Explosive Device Defeat Organization (JIEMDO),” was cancelled, and its successor organization, Joint Improvised-Threat Defeat Agency (JIDA), transitioned into the DTRA, DoDD 5105.62, “Defense Threat Reduction Agency (DTRA),” was revised accordingly.⁴

At the time of this publication, all but 6 Defense Agency and DoD Field Activity Chartering Directives have been updated within the past 10 years. Currently, there are nine of these DoDDs in the process of being formally revised. Tables 3 and 4 contain Chartering Directives for the Defense Agencies and DoD Field Activities and their publication dates. Note that Defense Agencies and DoD Field Activities formerly belonging to the Under Secretary (USD) for Acquisition, Technology, and Logistics (AT&L) have been realigned under the USD for Acquisition and Sustainment (A&S) and the USD for Research and Engineering (R&E).

⁴ USD(AT&L) realigned JIDA under the Defense Threat Reduction Agency in compliance with the NDAA for FY16, which prohibited JIDA from standing up as a separate agency and directed the capabilities of JIDA to be transitioned to a Military Department or an existing defense agency. Pursuant to the NDAA for FY17, DTRA is now aligned under USD(A&S)

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Table 3: Chartering DoDDs – Defense Agencies			
Directive Title	DoDD	Cognizant OSD PSA	Date of Most Recent Update
Pentagon Force Protection Agency	5105.68	CMO	5/22/2019
Missile Defense Agency	5134.09	USD(R&E)	9/17/2009
Defense Advanced Research Projects Agency	5134.10		9/22/2017
Defense Logistics Agency	5105.22	USD(A&S)	6/29/2017
Defense Threat Reduction Agency*	5105.62		11/10/2015
Defense Contract Management Agency	5105.64		1/10/2013
Defense Security Cooperation Agency*	5105.65	USD(P)	10/26/2012
Defense POW/MIA Accounting Agency	5110.10		1/13/2017
Defense Contract Audit Agency*	5105.36	USD(C)/CFO	1/04/2010
Defense Finance and Accounting Service*	5118.05		4/20/2012
Defense Commissary Agency	5105.55	USD(P&R)	3/12/2008
Defense Health Agency*	5136.13		9/30/2013
Defense Intelligence Agency	5105.21	USD(I)	3/18/2008
National Geospatial-Intelligence Agency	5105.60		7/29/2009
National Security Agency/Central Security Service	5100.20		1/26/2010
National Reconnaissance Office	5105.23		10/29/2015
Defense Security Service	5105.42		3/31/2011
Defense Legal Services Agency*	5145.04		GC DoD
Defense Information Systems Agency	5105.19	CIO DoD	7/25/2006
Space Development Agency		USD(R&E)	under development

* = Directive currently in the revision process

Table 4: Table of Chartering DoDDs – DoD Field Activities			
Directive Title	DoDD	Cognizant OSD PSA	Date of Most Recent Update
Washington Headquarters Services*	5110.04	CMO	3/27/2013
DoD Test Resource Management Center	5105.71	USD(R&E)	3/08/2004
Defense Technical Information Center	5105.73		10/25/2017
Office of Economic Adjustment	3030.01	USD(A&S)	3/05/2006
Defense Technology Security Administration	5105.72	USD(P)	4/26/2016
DoD Education Activity*	1342.20	USD(P&R)	10/19/2007
DoD Human Resources Activity*	5100.87		4/6/2017
Defense Media Activity*	5105.74	ATSD(PA)	8/29/2017

* = Directive currently in the revision process

2.2 Senior Leader Authorities and Administrative Responsibilities

The SecDef and DepSecDef exercise their inherent authorities over DoD by delegating to their supporting senior advisors and commanders the responsibility to manage corporate processes addressing the full spectrum of Defense issues and activities, including Section 192(c) related actions. The SecDef and DepSecDef frequently make decisions that assign or reassign DoD-wide functions or responsibilities from one Secretary of a Military Department, Director of an existing Defense Agency, DoD Field Activity, or other DoD organization to another.

2.3 DoD Executive Agents

In fulfillment of Section 192(c) and other statutory responsibilities, the SecDef can determine whether the best execution of a DoD-wide common service or product should fall to a single DoD Component based on its inherent function. If that common service or product is not already organic to a single DoD Component, the SecDef may designate that the Head of a DoD Component (typically the Secretary of a Military Department) serve as a “DoD Executive Agent” (DoD EA), to be overseen by an OSD PSA, and provide the DoD EA the authority to act on behalf of the SecDef or DepSecDef. In such cases, the DoD EA policy, DoDD 5101.1, “DoD Executive Agent,” permits unique organizational and management arrangements when no other suitable arrangement exists, and special delegation of authorities and responsibilities is required, to best achieve Department objectives, support the warfighter, and enhance combat readiness. The SecDef or DepSecDef designate a DoD EA using one of the following four documents:

1. A DoDD in which the DoD EA designation and responsibilities are clearly delineated. These directive are identified by their “E” suffix.
2. A stand-alone Directive specific to the particular DoD EA housed within the DoDD 5101 issuance series. (There are currently 10 DoD EAs that use this approach.)
3. A Directive-Type Memorandum signed by the SecDef or DepSecDef and issued under the DoD Issuances Program that identifies the DoD EA designation.
4. A standard memorandum signed by the SecDef or DepSecDef.

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There are currently 79 recognized DoD EAs. The majority are assigned to the Military Departments, with a small number assigned to Combatant Commands (CCMDs) and organizations within OSD, including Defense Agencies and DoD Field Activities. For a complete breakdown of the number of DoD EA assignments by Component, see Table 5 below.

Table 5: DoD EAs	
DoD Component	Number of DoD EAs
Defense Logistics Agency	5
Defense Intelligence Agency	1
Defense Information Services Agency	1
Test Resource Management Center	1
Defense Security Cooperation Agency	1
Defense Threat Reduction Agency	1
Under Secretary of Defense for Personnel and Readiness	1
U.S. Transportation Command	1
Military Department	Number of DoD EAs
Army	38
Air Force	20
Navy	8
Marine Corps	1

Consistent with Section 192(c) compliance, the OSD PSAs periodically review whether a DoD EA should be established, updated, or cancelled. Table 6 breaks down significant changes to DoD EAs from 2013 to 2018. For a complete list of DoD EA changes, see Appendix 1.

Table 6: DoD EA Changes						
Action	2013	2014	2015	2016	2017	2018
Established	0	3	3	4	3	2
Updated	3	0	4	24	6	3
Canceled	4	8	5	3	1	1
Total Actions	7	11	12	31	10	6

The way in which the delegation of authorities and responsibilities from the SecDef or DepSecDef to a DoD EA fulfills Section 192(c) and other statutory responsibilities is illustrated in the example below:

Realignment of Health-related DoD EAs in into the Defense Health Agency

- **July 9, 2014:** Then-DepSecDef Ash Carter approved the cancellation of a DoD EA designation for responsibility over the Armed Forces Health Surveillance Center, the DoD Veterinary Services Activity, and the Military Vaccine Agency from the Secretary of the

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Army to the Director, DHA. Simultaneously, he cancelled other Military Health Services (MHS) DoD EA designations in coordination with the Assistant Secretary of Defense for Health Affairs (ASD(HA)).

- **August 21, 2015:** Pursuant to then-DepSecDef Robert Work guidance of July 9, 2014, the ASD(HA) cancelled the Secretary of the Army's DoD EA designation over the Armed Forces Medical Examiner System and realigned operations into DHA as a subordinate element. Similarly, on December 8, 2016, the ASD(HA) cancelled the Secretary of the Air Force's DoD EA designation over the DoD Medical Examination Review Board and realigned its operations into DHA.
- **February 4, 2016:** The Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury were similarly realigned from the Army DoD EA oversight to DHA.
- **Section 192(c) Relevance:** The decision on whether or not to subsume MHS related DoD EA functions in to DHA or retain them as products and services provided by the Military Departments, another Defense Agency, or a DoD Field Activity is explicitly Section 192(c) related activity.

2.4 DoD Corporate Governance

DoD's corporate governance framework enables the SecDef and DepSecDef to manage and oversee the assignment and execution of DoD-wide functions throughout the DoD Components, including the Military Departments, Defense Agencies and DoD Field Activities. The corporate governance structure is supported by committees, senior governance councils, supporting governance councils, steering groups, and working groups. Major components of the corporate governance structure are outlined below:

- **Corporate Leadership and Management:** The SecDef serves as the Department's Chief Executive Officer providing strategic direction and defining policy, program, and resource priorities. The DepSecDef serves as the Chief Operating Officer and oversees the Department's planning and resource allocation, internal management, and business processes consistent with the SecDef's direction. The CMO serves as the Performance Improvement Officer, pursuant to Section 1124 of Title 31, U.S.C.
- **Senior Governance Councils:** SecDef establishes, directs, and oversees Senior Governance Councils and decision-making bodies, and is the ultimate decision-making authority. DoDD 5105.79, "Senior Governance Councils," describes the bodies and their relationship to one another. Each administration implements DoD governance with its own tailored approach. The senior and supporting tiers of governance, are purposefully created to play integral parts in shaping strategic management processes. For example, the PPBE process utilizes the Senior Governance Councils to deliberate major budget decisions and advise the SecDef on cross-cutting issues including for Section 192(c) activities. Directors of Defense Agencies and DoD Field Activities often participate in Senior Governance

Councils, where deliberations and decisions can result in major changes to their organizations.

- Supporting Tier of Governance:** A functional tier of governance supports the corporate level, and is aligned with major functional activities across the Department. Within the Supporting Tier of Governance, recommendations and proposals to reform, reorganize, realign, or change the organization, management, and/or structure of the Department — often impacting Section 192(c)-relevant activities — are deliberated. Significant issues are elevated to a Senior Governance Council and then, if necessary, to the SecDef and DepSecDef. As of January 2019, there are 16 boards, councils, and committees involved with this functional tier, as displayed in Figure 1 below.

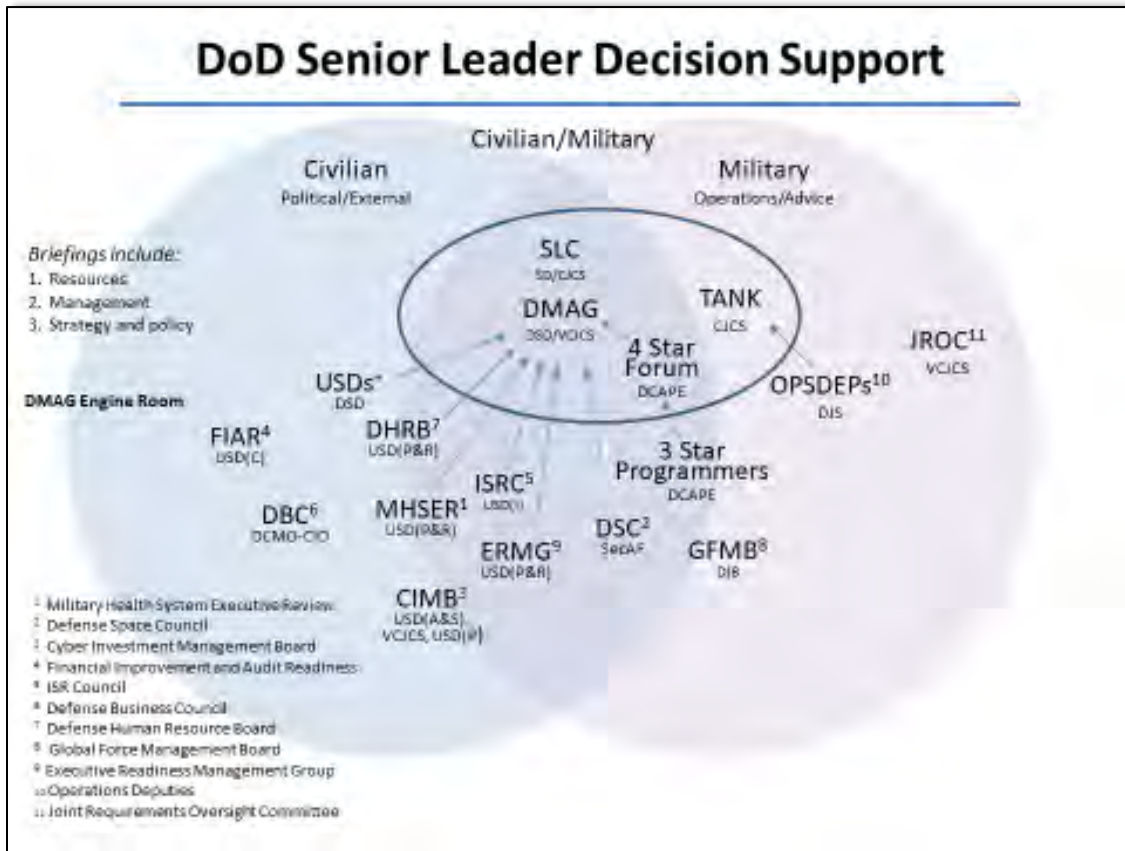


Figure 1. DoD Senior and Supporting Governance Bodies

2.5 Planning, Programming, Budget, and Execution Process

The PPBE process enables end-to-end DoD deliberations for linking investments to the National Security Strategy and the National Defense Strategy. The process is established by the SecDef within a framework of legislative requirements. It focuses on policies, assessments, resource allocations, and financial management to optimize current and future DoD investments. The process includes the preparation of the Defense budget for inclusion in the President’s Budget Request (PBR) to Congress for the legislative body’s approval. Upon the issuance of

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authorizations and appropriations from Congress, DoD carries out its functions accordingly with due diligence.

Throughout the PPBE process, the Department scrutinizes its force structure, weapons systems, and support infrastructure to ensure the budget directs the most efficient expenditure of resources. The Defense Agencies and DoD Field Activities and their associated services and supplies are examined in detail during the annual OSD program build and subsequent reviews prior to submission in the PBR. Each OSD PSA is responsible for its organization's budget including their assigned Defense Agencies and DoD Field Activities. OSD PSAs develop dedicated Budget Exhibits which expressly address each organization's unique nature and the efficiencies and adjustments required to ensure compliance and overall value.

2.6 DoD Reform Initiatives

“...reforming the business operations of the Department must not only be focused on financial savings, but also creating a sustainable, cultural impact. Through reform I aim to establish a culture of continuous improvement focused on results and accountability.”

Acting Chief Management Officer Lisa Hershman
House Armed Services Committee Testimony
February 26, 2019

DoD senior leaders consistently drive internal reviews and “reform initiatives” to ensure the Defense Agencies and DoD Field Activities, OSD, and other DoD Components are operating as efficiently as possible, and are effectively supporting the warfighter. Because these initiatives directly and indirectly address the Defense Agencies and DoD Field Activities, they meet Section 192(c) requirements for periodic review.

This Section summarizes select institutional reform, efficiency, and process initiatives that either specifically aligned with Defense Agency and DoD Field Activity services, or were large enough that even if not specifically focused on the Defense Agencies and DoD Field Activities led to Section 192(c) relevant results. These include stand-ups, mergers, separations, and eliminations of entire activities from 2013-2018. DoD reform, efficiency, and process initiatives can include those internally-directed (normally by SecDef) or externally-directed (normally by Congress). Many of the initiatives addressed in the following table and descriptions overlap. For example, consolidating the information technology (IT) system supporting the Pentagon has been a concept for several years. As such it was identified as an opportunity for savings during the Office of the DCMO (ODCMO) BPSR – and appropriately addressed during the “Review of the Total Cost of the Pentagon Reservation Operations” directed by then-DepSecDef Work on October 2, 2014.

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Table 7 contains a sample of major, historical defense reform initiatives in the post-Goldwater-Nichols era. More information regarding these initiatives can be obtained from the cognizant OSD PSA, associated DoD Component Head, or OP&DS.

Table 7: Historical DoD Reform Initiative or Study	Timeframe
The Goldwater-Nichols DoD Reorganization Act	1985
President’s Blue Ribbon Commission on Defense Management – Packard Commission	1986
Defense Management Review	1989
Clinger-Cohen Act of 1996 requiring establishment of performance measures on IT	1996
Defense Reform Initiative	1997-1998
Government Accountability Office (GAO): Improved Performance Measures to Enhance DoD initiatives	1999
CSIS Reports: Beyond Goldwater-Nichols Phase II, U.S. Government – Defense Reform for a New Strategic Era; and Phase IV, Invigorating Defense Governance ⁵	2005
Defense Business Board: Creating a Chief Management Officer in DoD	2006
Project on National Security Reform – Forging a New Shield	2008
Quadrennial Roles and Missions Review	2008, 2012
Overview of National Security Strategy – White House	2009
DoD Agency Financial Report for FY15	2015
Quadrennial Defense Reviews	2010
Revised Organizational Structure for the Office of the Secretary of Defense – Report to Congress	2010
Sustainable Defense Task Force, “Debt, Deficits, and Defense: A Way Forward”	2010
2011 Financial Improvement Audit Readiness Guidance (updated in March 2013)	2011
DoD Defense Efficiency Initiatives Directed by SecDef (“Gates Efficiencies”)	2010-2011

⁵ Both studies completed by the Center for Strategic and International Studies (CSIS).

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Table 8 below contains a sample of major defense reform initiatives from 2013-2018. Detailed summaries of these initiatives and notable ties to Section 192(c) follow Table 8. Further information can be obtained from the cognizant OSD PSA, associated DoD Component Head, or OP&DS.

Table 8: Recent DoD Reform Initiative or Study	Timeframe
Secretary of Defense Strategic Choices and Management Review and the 20% Headquarters Reductions	2013
OSD Organizational Review (“Donley Review”)	2013
Defense Security Enterprise Reform	2013
Business Process and Systems Review	2014
Comptroller Cost Framework Initiative	2014
Transforming DoD Core Business Processes	2014
Review of the Total Cost of the Pentagon Reservation Operations	2014
Defense Resale Optimization	2015
Force of the Future	2015
Major DoD Headquarters Activities Reduction	2015
Organizational Delaying	2015
Services Requirements Review Boards on OSD and Associated Defense Agencies and DoD Field Activities	2015
Fourth Estate Business Operations Improvements	2015
Review of the Organization and Responsibilities of the DoD (Revisiting Goldwater-Nichols)	2016
Office of Management and Budget Agency Reform Initiative	2017
Cross Functional Teams	2017
Business Reform Teams	2018

2.6.1 Strategic Choices Management Review (SCMR) and the 20% Headquarters Reductions (2013)

Then-SecDef Chuck Hagel directed DepSecDef and the CJCS to review aspects of the DoD budget and the choices that underlie defense strategy, posture, and investments. This led to then-SecDef Hagel’s direction to implement a 20% reduction in headquarters operating budgets.

Details: In March 2013, then-SecDef Hagel charged DoD to examine the choices that underlie defense strategy, posture, and investments, including all past assumptions and systems. Further, as both budgetary and strategic uncertainty affect DoD planning, he cautioned DoD to think and act ahead of this uncertainty, and not in reaction to it. Accordingly, he directed the DepSecDef, working with the CJCS, to conduct the SCMR, which was to be an iterative process, reporting back to DepSecDef at regular intervals with the aim to conclude by the summer of 2013.

Additionally, SecDef Hagel directed the Study define the major strategic choices and institutional challenges affecting the defense posture in the decade ahead to anticipate and adapt defense strategy and management under a range of future circumstances. The review was to consider the

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2012 Defense Strategic Guidance as the point of departure and consider the CJCS Risk Assessment. The results were to inform fiscal guidance for the FY15 budget and provide a foundation for the 2014 Quadrennial Defense Review. The Secretaries and Chiefs of Staff of the Military Departments, OSD Principals, and Combatant Commanders (CCDRs) were the primary participants. The main result of the SCMR, beyond affecting ongoing decision processes, was that then-SecDef Hagel directed a 20% reduction of headquarters operating budgets.

2.6.2 The OSD Organizational Review (“The Donley Review”) (2013)

This OSD Study completed by former Secretary of the Air Force (SECAF), the Honorable Michael Donley prompted the reduction of OSD PSAs from 16 to 14, while strengthening the DCMO. Then-SecDef Hagel signed a series of 11 memos and several follow-on initiatives to strengthen the organizational and business operations of OSD. These initiatives included elements that focused on the Defense Agencies and DoD Field Activities.

Details: Mr. Donley led a comprehensive OSD reform and efficiency initiative, building on the SCMR, to achieve a more effective and efficient organization for OSD. Outcomes included reduction of overhead throughout DoD, organizational streamlining that included the reduction of OSD from 16 OSD PSAs to 14, and strengthening of the DCMO. On December 4, 2013, then-SecDef Hagel signed a series of 11 memos documenting decisions intended to balance the competing needs to reduce headquarters with the need to reshape and better position OSD to meet dynamic and emerging Department-wide policy requirements. Additionally, he endorsed several recommendations for further work intended to strengthen the management and administration of OSD over time, including by promoting the assessment of OSD’s multiple staff elements as a single component.

In his recommendations, then-SecDef Hagel approved five follow-on initiatives:

1. Regularly assessing OSD by expanding the existing review of Defense Agencies and DoD Field Activities to include an OSD assessment.
2. Conducting independent, ongoing systematic review and analysis of OSD’s workload.
3. Refining OSD’s budget structure, categories, and program elements.
4. Updating policies, definitions, and categories for OSD contractor support.
5. Reviewing DoD databases and associated processes managed by OSD to identify where there are redundancies and how and where they can most optimally be managed.

2.6.3 Defense Security Enterprise (DSE) Reform (2013)

To more effectively address evolving threats and changes to the Federal security environment, then-DepSecDef Carter appointed the Under Secretary of Defense for Intelligence (USD(I)) to oversee the implementation of minimum standards for Insider Threat Programs. One of the outcomes was the creation of the National Background Investigations Bureau (NBIB), a new Government-wide service provider for background investigations.

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Details: Following incidents at Ft. Hood and the Washington Navy Yard, and damaging compromises of classified information, then-DepSecDef Carter directed multiple reviews. These focused on workplace violence and unauthorized disclosure of classified information and highlighted the need for changes to the DSE. In September 2013, then-DepSecDef Carter appointed the USD(I) as the senior DoD official responsible for overseeing DoD implementation of Federal policy and minimum standards for Insider Threat Programs.

USD(I), in consultation with the other OSD PSAs and with the DoD Component Heads, determined that the DSE was not effectively aligned to address evolving threats or keep pace with the changing Federal security environment. Additionally, the USD(I) observed that full authority and control of resources within DSE programs were misaligned, resulting in both increased vulnerability to emerging threats and inconsistent guidance and direction to key stakeholders.

USD(I) initiated a thorough review of the DSE including its processes, organizational alignments, functions and responsibilities, authorities, and relationships. In the fall of 2015, the Office of the USD(I) requested an ODCMO analysis of DSE processes in the form of a business process review. This was delayed pending the completion of a 90-day review by the Federal Suitability and Security Performance Accountability Council charged with recommending reforms following Office of Personnel Management (OPM) breaches of personal data.

On January 28, 2016, the Administration announced that it was establishing a new government-wide service provider for background investigations, the NBIB. The NBIB would concentrate on providing effective, efficient, and secure background investigations for the Federal Government, supported by a DoD developed and maintained IT system. The creation of the NBIB, and imperative to integrate DoD personnel security, underscored the need for DSE reform. Subsequently, the USD(I) requested that the DCMO resume its review of the DSE.

Additional, follow-on results of DSE reform include the USD(I) is being retitled as the Under Secretary of Defense for Intelligence and Security, the DSS will be renamed the Defense Counterintelligence and Security Agency, and several related functions are being realigned from WHS, DISA, and DoDHRA to DSS.

The DCMO business process review of the DSE analyzed the provision of products and services by the Military Departments, multiple Defense Agencies and DoD Field Activities with the intent to realign functionality between DoD Components. Resulting recommendations and direction for implementation focused on opportunities to enhance the effectiveness, economy, and efficiency of several Defense Agencies and DoD Field Activities. These deliberations and decisions are explicit Section 192(c) activities.

2.6.4 Business Process and Systems Review (BPSR) (2014)

In 2014, then, DepSecDef Robert Work initiated the BPSR to identify improvements and savings within the OSD component, including for the Defense Agencies and DoD Field Activities. Each comprehensive review was to highlight resources allocated to specific outcomes, identify obstacles to achieving those outcomes, and propose activities that could be improved or eliminated. The BPSRs varied by OSD PSA in the extent to which findings were ultimately reported, while each

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OSD PSA's effort did reveal unique opportunities for enhanced efficiencies within each Component. Some BPSRs prompted OSD PSAs and the DCMO to increase oversight of their DoD Components.

Details: In the summer of 2014, the DepSecDef Work initiated the BPSR to focus on the business, the people, and money by assessing "lines of business," and contributions to the DoD enterprise. The BPSR was to identify improvements and savings within the OSD Components and their associated Defense Agencies and DoD Field Activities. Additionally, the review assessed IT as an enabler for Defense business systems, measuring value to the enterprise.

While each major DoD staff element/agency had to conduct an examination of its own process and structure in the SecDef directed 20% headquarters reduction, the BPSRs were external reviews. DepSecDef charged the DCMO and the DoD CIO to co-lead this review of business processes and the supporting IT systems within the organizations of the OSD PSAs and their associated Defense Agencies and DoD Field Activities. The BPSRs were intended to clarify for OSD PSAs if their organizations were aligned to identified Departmental outcomes, identify resources allocated to achieving outcomes, identify obstacles to achieving those outcomes (e.g., resource shortfalls, policy/legislative issues, process obstacles), and identify activities that might be improved or eliminated. Moreover, changes within OSD and the Defense Agencies and DoD Field Activities were to be synchronized with the Military Departments to improve overall performance, work toward auditability and standardization, and strengthen business and IT systems and processes.

ODCMO, partnering with Office of the CIO, initiated a BPSR of each OSD Component and their respective Defense Agencies and DoD Field Activities, as well as the Office the DoD IG. In general, each review started with an independent, in-depth review of each organization's lines of business, organizational structure, and resource profile. Four reviews (DCMO, CIO, USD(P&R), and USD(C)/CFO) approached completeness, while all produced actionable content.

The BPSRs reinforced, and complemented then-SecDef Hagel's initiatives. Some BPSRs resulted in explicit Section 192(c) activity, while others provided useful material for policy oversight and for authority, direction, and control of Defense Agencies and DoD Field Activities.

2.6.5 Comptroller Cost Framework Initiative (2014)

This initiative aimed to unify cost accounting and allocation efforts across DoD and provide an enterprise-wide framework for cost reporting. Then-DepSecDef Work directed USD(C)/CFO and the DCMO to ensure current financial plans met expectations, including through the coordination and oversight of ongoing financial improvement and audit readiness (FIAR) efforts. The FIAR initiative increased clarity of Defense Agencies and DoD Field Activities costs, and enabled enhanced execution of Section 192(c) activity.

Details: In the summer of 2014, the Assistant DCMO and the Deputy CFO, in the Office of the USD(C), signed a Cost Management Charter. This initiative, in which the USD(C)/CFO led an Enabling Cost Management effort, addressed disparate cost management efforts across the Department and provided a framework for organizations to evaluate "costs" as a normal part of doing business. An implementation team was formed to design and develop an effective enterprise

framework for cost accounting and allocation, related to “lines of business,” that would enable management to make better resource decisions in both the planning and execution phases to meet changing mission requirements and to redirect resources to greatest need.

Subsequently, in September 2015, the DepSecDef assigned the USD(C)/CFO and DCMO to ensure current financial plans were realistic and cost-effective, and met key milestones. This responsibility applied to the DoD enterprise and included centralized oversight and coordination of other Defense organizations FIAR efforts and directed the Deputy CFO and DCMO teams to assume a more prominent role with all DoD. This FIAR initiative complemented the Cost Management initiative, gave greater clarity in the cost of Fourth Estate entities, and enabled enhanced execution of Section 192(c) activities.

2.6.6 Transforming DoD’s Core Business Processes for Revolutionary Change (2014)

The Defense Business Board (DBB) Task Group on core business processes transformation conducted a review of the Department’s business processes and plans for enterprise modernization. The task group returned recommendations for productivity gains in the following areas: contract spend optimization, labor optimization, IT modernization, and business process re-engineering. These recommendations identified \$125 billion in savings opportunities over the course of five years and informed ongoing reform initiatives.

Details: In October 2014, DepSecDef Robert Work tasked the DBB to “review and recommend changes to the Department’s current plans for enterprise modernization,”⁶ leveraging industry best practices to identify areas where the Department could improve productivity and achieve associated cost savings. Part of this undertaking included development of potential mitigation plans to address identified issues and strategies for the Department to best implement mitigation plans. The DBB Task Group was commissioned to provide recommendations on implementing a cost conscious culture similar to the private sector, delineating a roadmap for modernizing the OSD PSA organization, establishing a means to identify and quantify the economic value of modernization on productivity, creating an agile enterprise shared services organization, and utilizing the results of this Study to implement industry best practices. The six core business processes included in the Study were human resources management, health care management, financial flow management, supply chain and logistics, acquisition and procurement, and real property management.

The Task Group identified a number of critical success factors, including fundamental redesign of core business processes; committed and visible leadership; bold core business process transformation change plan; clear targets, objectives, and metrics; dynamic, two-way communication strategy with workforce and critical stakeholders; implementation of early retirement program; acceleration of existing efficiency projects; organizational restructuring that creates permanent efficiencies; and strategies to address identified obstacles. The DBB Task Group found that the greatest contributors to savings are early retirements and reducing services from contractors. Additionally, the Task Group predicted that adoption and implementation of

⁶ OSD011861-14, “Terms of Reference – ‘Transforming Department of Defense Core Business Processes for Revolutionary Change’” (October 15, 2014). <https://apps.dtic.mil/dtic/tr/fulltext/u2/a618526.pdf>

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their recommendations would achieve \$125 billion in savings over the course of five years. Their findings further proposed that cultural change must occur in support of innovative efforts in order to successfully affect change in the Department; strong leadership and clear governance are critical in implementing best practices in change management; and clear identification of the vision for change along with measurable outcomes and defined responsibility lead to better results.

These findings and recommendations provided insight into better management of the Department. As a result of the Study, the Department added two new business function areas (IT management and retail operations management), and took action on two additional areas for work suggested by the DBB (review of service contracts and IT efficiencies). Furthermore, the Department proposed \$7.9 billion in efficiencies in the FY17 budget, improved productivity through reduction in civilian personnel, and pressed further reductions to headquarters. This research broadened the Department's reform efforts to include cross-Component efforts to yield greater savings and better DoD-wide decisions on use of available resources.

2.6.7 Review of the Total Cost of the Pentagon Reservation Operations (2014)

This review focused on the cost of operations on the Pentagon Reservation, specifically as related to IT and other common services and support. As a result, DepSecDef approved the consolidation of the WHS Enterprise IT Systems Directorate and the U.S. Army Information Agency, and introduced the "Optimizing Occupancy in Leased Space and Department of Defense Facilities" initiative, clear examples of Section 192(c)-relevant actions.

Details: In October 2014, the DepSecDef directed the Acting DCMO and the Acting CIO to lead a review, in conjunction with the Office of the CJCS, to review of the cost of operations on the Pentagon Reservation. This efficiency initiative had two primary segments, IT and other common services and support operations. Consequently, the Acting CIO led an across-the-board review of how IT services were delivered at the Pentagon Reservation and examined and proposed opportunities to unify, reduce, and improve the delivery of these capabilities and. The Acting DCMO led the second phase of this review with the objective being to unify, improve, and reduce the costs of total operations to operate headquarters.

The Acting CIO and Acting DCMO collaborated with Pentagon Reservation tenants and service providers in the review to identify opportunities to achieve the integration, interoperability, and over-all cost reductions in the delivery of support functions and services in the performance of headquarters missions at the Pentagon Reservation. The IT review focused on consolidation of the IT service provided by the WHS Enterprise IT Systems Directorate and the U.S. Army IT Agency, which building on BPSR results, was subsequently approved by DepSecDef in May 2015.

Simultaneously, regarding other Pentagon operations, the Acting DCMO focused on analyzing and improving the utilization rates of government owned and leased space within the National Capital Region (NCR). On May 15, 2015, the DCMO memo, "Optimizing Occupancy in Leased Space and Department of Defense Facilities" detailed the implementation of an initiative to conduct a "personnel census" by category (military, civilians, and contractors) for leased and government spaces in the NCR. The review evaluated utilization rates and alternatives for space usage, and establish an official baseline DoD for further optimization.

These efforts to review redundant and costly common services and support operations identified opportunities to unify, streamline and improve the way that IT capabilities and Pentagon common services are delivered and reduce the costs of total operations to operate organizational headquarters. As such, they fulfilled SecDef Section 192(c) requirements regarding the provision of Military Department, Defense Agency, and DoD Field Activity goods and services in the NCR.

2.6.8 Defense Resale Optimization (2015)

This report from the Military Compensation and Retirement Commission (MCRMC) issued recommendations that led to the consolidation of DoD commissaries and exchanges. This directly fulfills requirements under Section 192(c) through efforts to optimize supplies and services provided by the Military Service Army Air Force Exchange Service (AAFES), Navy Exchange Service (NEXCOM), and Marine Corps Exchange Service (MCX), and DeCA.

Details: In January 2015, MCRMC issued its final report, which included a recommendation to “protect both access to and savings at DoD commissaries and exchanges by consolidating these activities into a single defense resale organization.” Subsequently, an ADCMO-led working group reviewed merits of the recommendation and explored options for implementation. The working groups met in collaboration with the Chief Executive Officers of DeCA, AAFES, NEXCOM, and MCX. On July 14, 2015, the working group proposed an action plan to the Deputy’s Management Action Group (DMAG) to empower Defense resale governance, align accounting and review accruals, move the DeCA to a non-appropriated funds business model, and extend services, among other ideas.

As a result of their recommendations, DepSecDef replaced the Cooperative Efforts Board in February 2016 with a Defense Resale Business Optimization Board (DRBOB) to find efficiencies, optimize the resale enterprise based on sound business cases, and garner savings wherever practicable, all while delivering patron benefits at levels equal to or better than currently provided. Consequently, the DCMO and DRBOB worked to develop a comprehensive optimization strategy and implementation of business process enhancements across the entire Defense resale system (to include both the Commissary and the military exchanges) to decrease the requirement for appropriated funds for support of the resale system by \$2.1 billion across the Future Years Defense Program (FYDP).

This careful analysis and optimization of the supplies and services provided by the Military Departments (AAFES, NEXCOM, MCX) and DeCA in order to achieve the most effective, economical, and efficient manner is a direct fulfillment of Section 192(c).

2.6.9 Force of the Future (2015)

This review focused on reforming human capital processes to attract, train, and retain the talent in the services and enhance the Department’s technological capabilities by strengthening the partnership between the Pentagon and private sector. This initiative established the DDS, the Defense Innovation Units-experimental (DIUx), the Strategic Capabilities Office (SCO), and the “New Beginnings” process to bolster DoD cyber and technological capabilities and performance.

Details: On the day after his role as SecDef in February 2015, then-SecDef Carter declared building the force of the future as one of his top priorities. The SecDef Force of the Future initiative, largely under the purview of the USD(P&R), focused on building DoD human capital through reforms to attract, train, and retain the most talented individuals available and forge them into an undefeatable team. It seeks to overcome challenges of competition with the commercial market place for talented, innovative and productive people to enhance the resiliency and diversity of our Military Services and the whole DoD team. Its concerted focuses additionally sought to build and rebuild bridges between the Pentagon, innovative private-sector, and technology communities – cross-cutting functional areas under the purview of other OSD PSAs, such as the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) regarding technology acquisition and the Under Secretary of Defense for Policy (USD(P)) for cyber matters.

Force of the Future spawned or gave additional emphasis to programs and organizations such as the DDS, the DIUx, SCO, and “New Beginnings” process, to bolster DoD cyber and other high technology capabilities and broader DoD performance. DDS, DIUx, and SCO, while not Defense Agencies or DoD Field Activities, synchronize and enhance existing DoD Components to enhance the effectiveness, economy, and efficiency of the provision their products and services. Therefore, the Force of the Future had significant Section 192(c) related impacts.

2.6.10 Major DoD Headquarters Activities (MHA) Reductions (2015)

Section 904 of the NDAA for FY14 required the SecDef to develop and submit a plan for streamlining MHA by “changing or reducing the size of staffs, eliminating tiers of management, cutting functions that provide little or no added value, and consolidating overlapping and duplicative programs and offices.” Similarly, Section 905 of the Carl Levin and Howard P. “Buck” McKeon NDAA for FY15 required SecDef to develop a plan for implementing a periodic review and analysis of the personnel requirements for MHA. Subsequently, the NDAA for FY16 capped the Department’s MHA by FY20 at 75% of FY16 levels.

Details: Sections 904 and 905 both required DoD to take a closer look at MHA, including an analysis of personnel requirements, reduction in tiers of management, and identification of obsolete or duplicative functions. During the summer of 2015, headquarters reform continued as a priority for DoD. The DCMO and DepSecDef implemented an initiative to control growth in MHA outside of the Military Departments. In his August 24, 2015, memorandum, Cost Reduction Targets for Major Headquarters, then-DepSecDef Work stated, “Defense Agencies and [DoD] Field Activities...will also have a 25% reduction target in funding for authorized civilian personnel as part of the overall reduction in funding.” He further explained that the savings from these reductions would, “fund higher priority requirements in support of the warfighter and address underfunded strategic needs.” These efforts followed then-SecDef Robert Gates’ initiative to streamline the overhead operations in the Defense Agencies, DoD Field Activities, OSD, and the CCMDs, as well as carry out then-SecDef Hagel’s initiative of a 20% reduction to headquarters.

The DCMO collaborated with DoD and OSD Component staffs to establish a comprehensive definition of MHAs to ensure uniform application across the Department. To accurately account for resources allocated to MHA and develop/implement reduction plans, DCMO worked with the

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Director of the Cost Assessment and Program Evaluation Office (DCAPE) and USD(C)/CFO to update DoD databases accordingly. The President signed the NDAA for FY16, which capped MHA by FY20 at 75% of FY16 levels (Section 346(b)) and directed a \$10 billion reduction of headquarters, administrative, and support activities (Section 346(a)).

While these are not explicitly Section 192(c)-related activities, such initiatives provide an impetus for adjustments to the Defense Agencies and DoD Field Activities, and the products and services they provide. This initiative is consistent with the greater focus on managing the Fourth Estate as a single entity.

2.6.11 Organizational Delaying (2015)

The DepSecDef Implementing Institutional Reform Opportunities effort in July 2015 sought to rationalize and delay the management structure of OSD and associated Defense Agencies and DoD Field Activities, and improve the outcomes of contracted services through standardized processes and governance structures. The Fourth Estate Manpower Tracking System (FMTS) is a database system that captures DoD Component organizational delaying plans. Components were assessed for manpower retention, restructure, reduction, or realignment. As a result of this initiative, substantial reductions and restrictions drove each Defense Agency and DoD Field Activity to re-evaluate their internal structure.

Details: Organizational delaying was directed in the DepSecDef Implementing Institutional Reform Opportunities effort in July 2015 to support the Department's goals to improve overall performance, strengthen business operations, and achieve cost savings that can be transferred to higher priority needs. The intent was to rationalize and delay the management structure of OSD and associated Defense Agencies and DoD Field Activities, and to improve the outcomes of contracted services through standardized processes and governance structures.

Further, DepSecDef directed the DCMO to lead the implementation of the effort to rationalize and delay the management structure of OSD and associated Defense Agencies and DoD Field Activities. The DCMO identified a core team of subject matter experts to work directly with the staff from these organizations by conducting a review of supervisory ratios and spans of control, creating standardized frameworks, and developing implementation plans for the to-be rationalized organization to comply with staff reduction requirements.

The delaying effort evolved into a tool to assist in the restructuring necessary to comply with MHA reductions. In that vein, targets were set for each OSD Component and 23 of the Defense Agencies and DoD Field Activities, with consideration given to adjustments for previous, accelerated, or disproportionate contract full-time-equivalent reductions.

In February 2016, DepSecDef directed that each affected OSD and DoD Component accurately reflect the “delayed” organization in the authoritative manpower system (i.e., FMTS) to ensure implementation of organizational delaying commitments made through the delaying process and meet the headquarters reduction targets established by Congress. Additionally, to ensure prompt compliance with this requirement, DepSecDef suspended all civilian hiring actions for OSD, Defense Agencies, and DoD Field Activities in March of 2016 until organizations

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successfully entered necessary information in FMST on retention, restructure, reduction, or realignment in accordance with delayering plans approved by the Senior Review Panel or the DepSecDef.

The resultant substantial reductions and restructuring drove each Defense Agency and DoD Field Activity to review the support they provide as necessary and more effectively, economically, or efficiently provided than if by a Military Department. Therefore, this initiative has direct applicability to Section 192(c) activity.

2.6.12 Services Requirements Review Boards (SRRBs) of the OSD and Associated Defense Agencies and DoD Field Activities (2015)

The SRRB process was established as a means to develop, analyze, review, and validate requirements for the acquisition of services across the Department to achieve cost effective solutions that meet minimum mission needs, as required by Section 2330 of Title 10, U.S.C., and outlined in DoDI 5000.74, "Defense Acquisition of Services."

Details: SRRB requirements reviews focused on mission need, workforce analysis, strategic alignment, relationship to other requirements, prioritization, and market research. DepSecDef directed the DCMO to lead the implementation of a SRRB for OSD and associated Defense Agencies and DoD Field Activities, in accordance with policy, guidance, and instructions issued by USD(AT&L). To that end, the DCMO provided a plan for executing a flexible, standard governance and management framework for validating and prioritizing services requirements, and ensuring the effective management of the acquisition of services to meet cost, schedule, and performance objectives and conserve the Department's budget reserves.

Consequently, the DCMO established the SRRB process for reviewing and rationalizing service contracts across OSD, Defense Agencies, and DoD Field Activities. The SRRB process, which had already been successfully applied by the Military Departments, was administered for the Fourth Estate by the DCMO, in coordination with USD(AT&L), in accordance with guidance on service contracts promulgated by USD(AT&L) in January 2016. By 2021, DoD expected to realize a \$1.9 billion savings for direct appropriated entities in the Fourth Estate, with substantial additional savings in the working capital funded entities.

The SRRB process sought the most value for the lowest cost of contracted services. Objectives included:

- Elimination of partial or entire non-value-added services,
- Identification and elimination of redundant contracted capabilities,
- Re-competing new requirements that better align to mission and marketplace, and
- Strategic sourcing of services capabilities.

The potential to save 10% on contracted services internal to each DoD Component in the Fourth Estate, thereby making the provision of their products and services more economical, was Section 192(c)-relevant activity. Because the SRRB process was informed by current and accurate mission needs, cost analysis for anticipated quality levels, and market research, it required the Department

to take a distinct look at service requirements and potential outcomes. The implementation of the SRRB increased the visibility of services requirements among stakeholders, validated the requirements for a contract as awarded, prioritizing service requirements, and increased collaboration across stakeholders in the acquisition decision making process.

2.6.13 Fourth Estate Business Operations Improvements (2015)

The Fourth Estate Working Group was formed to provide cross-functional review, guidance, and leadership to efficiently manage and vet issues for Defense Agencies and DoD Field Activities business transformation efforts.

Details: Complementing the BPSRs, building on the recommendations of SECAF Donley review of OSD, and in conjunction with the 20% headquarters reductions, the DepSecDef directed in August 2015 that any functions not supporting our highest priority missions must be identified for potential restructuring, reduction in scope, or divestiture.

Further, as missions and priorities evolved and DoD developed and executed plans to restructure/realign, re-scope, and divest lower priority functions, it needed to establish a disciplined process to ensure that any adjustments to DoD funding for manpower or funding levels were advanced only for the highest priorities and are fully offset for headquarters elements of OSD, the Defense Agencies and DoD Field Activities, the Office of the DoD IG, and the National Guard Bureau. Therefore, DepSecDef directed that new requests for increased headquarters manpower or financial resources for the specified Fourth Estate entities be considered for only the most compelling requirements in extraordinary circumstances, and will be approved only by the SecDef or DepSecDef, subject to the identification of equal offsets.

Specific procedures include first consideration of internal resource neutral offsets. Failing that all increases to manpower and financial resources above authorized levels will require SecDef or DepSecDef approval, based on alignment with high priority DoD functions and core missions. OSD PSAs, for their OSD Component and Defense Agencies and DoD Field Activities, and the CJCS for the Joint DoD Components, advanced high priority resource requests above authorized levels, after affirming that all internal offsets have been exhausted, through the DCMO. The DCMO, working with the USD(C)/CFO and DCAPE, identified offsets, which with the approval of the SecDef or DepSecDef, were to be codified in resource management outcomes.

Concurrently, the DCMO developed a four-phased approach to enable DoD to reduce business operations costs resulting from IT modernization investments in the Fourth Estate by \$310.2 million for the FYDP 2017 – 2021. Starting in October 2015, the DCMO began executing the first three phases, designed to identify and validate anticipated net benefits resulting from current Fourth Estate investments to develop, modernize, or enhance business systems. These phases included data mining authoritative sources and collaborating with organizational requirements owners; analyzing and validating identified savings; and documenting those savings down to the Program Element. The final phase of this effort was to involve re-engineering the Problem Statement process to result in more disciplined implementation of Fourth Estate business systems improvements to achieve a better return on our future IT investments.

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To oversee this initiative, DCMO and CIO established the Fourth Estate Working Group, appended to the Defense Business Council (DBC), to provide cross-functional review, guidance, and leadership to efficiently and effectively manage and vet issues for Fourth Estate business transformation efforts. Specifically, this new governance body functioned to aid in the process to optimize and lower cost of DoD Fourth Estate business operations and assist with the implementation of opportunities to improve the DoD Fourth Estate business practices and management structure.

This holistic approach to improving the management of the Fourth Estate provided comprehensive policy, recurring processes, and an enhanced governance structure to review of this large segment of DoD that includes the Defense Agencies and DoD Field Activities. Therefore, this initiative inherently provided for an on-going, periodic review as required by Section 192(c).

2.6.14 Review of the Organization and Responsibility of the DoD (Revisiting Goldwater-Nichols) (2016)

Then-DepSecDef Work directed a review and made recommendations for updates or adjustments to organizational relationships and authorities, based on the Department's 30 years of experience operating under Goldwater-Nichols.

Details: As a part of his institutional reform agenda, then-DepSecDef Work directed the DCMO to lead a review of organizations and responsibilities of DoD. The objective of this review was to make recommendations for updates or adjustments to organizational relationships and authorities, based on the Department's 30 years of experience operating under Goldwater-Nichols. The DCMO and Director, Joint Staff J-7, in coordination with Military Departments, CCMDs, and OSD Components, led an effort to address five key issues:

1. Global command and control,
2. Strategic staff relationships,
3. Future of U.S. Cyber Command,
4. Acquisition enhancements, and
5. Joint duty qualifications.

2.6.15 Office of Management and Budget Agency Reform Initiative (2017)

In response to the Hiring Freeze Memorandum, the Reorganization Executive Order 13781, and the FY18 Budget Blueprint, the Office of Management and Budget (OMB) was directed to submit a comprehensive plan to reorganize Executive Branch departments and agencies and to align their initiatives with the Federal budget and performance Planning Process 7. This process is ongoing, and is organized into nine reform teams to address service contracts, IT/business systems, health care, logistics/supply chain, human resources, testing/evaluation, financial management, community services, and real property.

⁷ OMB Memorandum M-17-22, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce"

2.6.16 Cross-Functional Teams (2017)

Section 911 of the NDAA for FY17 required SecDef to formulate and issue an Organizational Strategy, in addition to establishing SecDef-empowered cross-functional teams (CFT) by September 30, 2017, to manage critical objectives and outputs of DoD. The intent of CFTs is to enable effective collaboration and decision making across organizational and functional boundaries in the Department. DoD conducted research into the effectiveness of CFTs and CFT-like teams in order to better inform the organizational strategy and other future collaborative efforts.

Details: CFTs are designed to look across end-to-end management activities at the Component Head-level and provide insight into areas where identified management, business, and operational processes can be improved. In 2017, DoD conducted two studies of CFTs, one by a contracted independent organization and one internal to the Department. By reviewing the experiences and outcomes of CFT-like groups, the two studies determined that SecDef-empowered CFTs should be reserved for highest-priority objectives with the greatest potential returns.

Section 911 of the NDAA for FY17 required SecDef to issue an organizational strategy identifying all critical objectives across multiple functional boundaries that would benefit from CFTs, improve management of intra-DoD relationships, and enhance DoD's ability to work effectively in the interagency arena. This organizational strategy serves as an organizational design focusing on the responsibilities, functions, and authorities of, and relationships between, the DoD Component Heads, CFT leads, and SecDef, while reflecting other strategic Departmental guidance (National Defense Strategy and the National Defense Business Operations Plan). As part of this effort, OCMO also developed tailored training for CFT members, supervisors, and OSD Presidentially-appointed, Senate-confirmed officials.

DoD established a CFT called "Personnel Vetting Transformation," to improve security vetting and expedite the implementation of Section 951 of the NDAA for FY17. Additionally, SecDef established the Close Combat Lethality Task Force in 2018, and DoD is currently working to establish the CFT for electronic warfare in accordance with Sections 918 and 1053 of the John S. McCain NDAA for FY19. These cross-functional entities will continue to review Department activities to identify areas of improvement and promote efficiencies across DoD functions.

2.6.17 DoD Reform Teams (2018)

The DoD Reform Teams were established in 2017 to implement efforts related to the Defense Reform Plan, and address high-level, cross-functional issues at the senior leader level. Guided by DepSecDef and with regular updates to SecDef, these teams have enabled broader implementation of collaborative and team-oriented practices in the Department.

The RMG, led by the DepSecDef, provides oversight, guidance, and decision-making to the DoD Reform Teams, while also monitoring progress towards achieving specified reform outcomes. The DoD Reform Teams provide regular, weekly updates to the RMG, which monitors the status of

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reform efforts. The SecDef receives regular updates from the CMO as well as a monthly report on the status of the RMG's reform activities.

Details: There are currently nine active Business Reform Teams:

1. Service Contracts
2. IT/Business Systems
3. Health Care
4. Logistics/Supply Chain
5. Human Resources
6. Testing and Evaluation
7. Financial Management
8. Community Services
9. Real Property

Business Reform Teams: The objective of these teams is to evaluate where redundant functions can be streamlined or eliminated to improve the efficiency of DoD operations. Representatives from the DoD Components make up these teams, which enables the members to communicate and collaborate about making functions and processes more efficient amongst their organizations. For example, the Human Resources (HR) Management Group consists of members from WHS, DLA, and DFAS. Currently, they are undergoing reviews about what types of HR services they provide, to whom they provide their services for, and if any of their services overlap with each other's. Business Reform Teams are another method of DoD Section 192(c) compliance.

Business Reform Teams include representatives from all Military Departments and affect OSD and Fourth Estate organizations. Each of the reform teams is directly accountable to the CMO and is tasked with identifying preliminary opportunities for reform in advance of the final organizational strategy required by Section 911 of the NDAA for FY17.

2.6.18 Other Miscellaneous Management Initiatives

Throughout the time period covered by this 2013-2018 Review, several other initiatives and ongoing processes have contributed to SecDef fulfillment of Section 192(c) responsibility to periodically review the Defense Agencies and DoD Field Activities. While not of the scope of those discussed above, these smaller and ongoing efforts similarly serve to enhance the efficiencies relevant to Section 192(c).

- **More Disciplined Use of Resources:** This annual USD(C)/CFO initiative solicits, assesses, and implements cost savings throughout DoD. Recent outcomes included better contract pricing for the Defense Healthcare Management System and a legislative change to allow the use of Defense Acquisition Workforce Development funds for up to three years.
- **Military Integrated Personnel and Pay Process:** This project is sponsored by USD(C)/CFO, Army, and CMO, consistent with Section 224 of the NDAA for FY16, to document critical future state re-engineered processes to leverage Integrated Personnel and Pay System Army (IPPS-A) IT capabilities, while maximizing U.S. Treasury services opportunities. This

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initiative leverages capabilities provided by an Army-DFAS-CMO re-engineered Personnel and Pay Process for Army and OSD Service Providers. When implemented, the IPPS-A processes will use fewer resources, provide a simplified financial reporting environment, and maintain better cash accountability while providing timely and accurate payroll services. IPPS-A is being launched incrementally in phases starting FY15 and going into the FY20s, with the rollout of the One Pay System expected in FY21.

- **Six Core DoD Business Processes:** In October 2014, then-DepSecDef Work asked the DBB to establish a Task Group to review and recommend changes to the Department's current plans for enterprise modernization. DoD spends about \$100 billion annually on core business processes (i.e., human resource management, healthcare management, financial management, acquisition and procurement, logistics and supply, and real property management) that support the DoD mission. The DepSecDef's goal was to modernize DoD business processes and supporting systems in order to reduce costs, maximize return on investment, and improve performance while ensuring we maintain system security. His intent was the application of commercial sector lessons learned, combined with modern, commercially-derived IT approaches, to enable DoD to save money and resources while improving mission performance. In February 2015, the Task Group returned recommendations for productivity gains in four areas:
 1. Contract Spend Optimization;
 2. Labor Optimization;
 3. IT Modernization; and
 4. Business Process Re-engineering.

2.7 Additional Management and Oversight Arrangements

Additional institutional management and oversight arrangements include:

- **External Advisory Committees:** The SecDef receives independent advice on a broad range of issues from several advisory committees established by the President, the SecDef, or Congress, each recognized and tracked in accordance with the Federal Advisory Committee Act (FACA). These advisory committees are a source of significant expertise otherwise not available to the Department. Frequently, one or more of these Committees undertakes a study of an issue that is either directly or indirectly related to the periodic review requirements of Section 192(c). For example, in 2013, the DBB produced a Study called *Applying Best Business Practices from Corporate Performance Management to DoD* which recommended “world class business practices that are applicable to the government which could be used by DoD leadership during critical times of change.”
- **Combat Support Agency Review Teams (CSARTs):** OSD PSAs engage with the CJCS on CSART assessments, which are conducted every two years. These CJCS-led reviews assess CSA inefficiencies and redundancies and provide recommendations on the eight Defense Agency CSAs. DoDD 3000.06, “Combat Support Agencies,” directs that OSD PSAs will be responsive to risk areas identified by the CJCS, verify that recommendations are consistent with strategic guidance, and direct programmatic adjustments where necessary. CJCS and

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DCMO are responsible to monitor PSA implementation of CSART recommendations. OSD PSA engagement in ongoing oversight bodies, periodic reporting, and CSART capability shortfalls resolution plays a part in their overall responsibility to assess and optimize Defense Agency and DoD Field Activities contributions, consistent with Section 192(c) compliance requirements.

2.8 Congressional Interest and Oversight in Defense Agency and DoD Field Activity Management

Congress exercises oversight responsibility in matters concerning the Defense Agencies and DoD Field Activities through laws, authorizations, and appropriations that direct DoD execution of its assigned functions and responsibilities. The Department's response to Congressional direction often has Section 192(c) impacts. Additionally, GAO, as Congress's audit institution, conducts assessments and generates reports which provide the Secretary information that assists in the execution of Section 192(c) duties. The process of producing and responding to these reports leads to regular internal DoD review and assessment, and drives corresponding functional and organizational changes, including across Defense Agencies and DoD Field Activities. GAO reports often include recommendations on streamlining key functions and reducing overlap within the Defense enterprise. An example of a recent GAO Report pertaining to the Defense Agencies and DoD Field Activities is "Enhancing Performance of the OSD and Defense Agencies and [DoD] Field Activities" (2018), to which DoD responded.

Separately, Goldwater-Nichols established that each Defense Agency and DoD Field Activity be overseen by an OSD PSA on behalf of the SecDef. Congressional interest and concerns are expressed in recurring requirements in the annual Defense Appropriation Bills, which prohibit using appropriated funds to establish a new Field Operating Agency. Exceptions on a case by case basis require SecDef or a Secretary of a Military Department to determine if a Field Operating Agency is necessary, and then certifies to Congress that the establishment of such an agency will reduce DoD the personnel or financial requirements.⁸ Additionally, during the period covered by this review, Congress has advanced legislation to enhance the management and oversight over the Defense Agencies and DoD Field Activities to include Public Law 113-291, which mandated the conversion of the DCMO to an Under Secretary of Defense for Business Management and Information. This was repealed by Public Law 114-328 and subsequently the DCMO was replaced by the CMO on February 1, 2018, pursuant to Public Law 115-91.

2016: Section 346(a) of the NDAA for FY16, directed that "the SecDef shall implement a plan to ensure that DoD achieves not less than \$10 billion in cost savings from the headquarters, administrative, and support activities of the Department during the period beginning with FY15 and ending with FY19." Such resource reductions carry with them an imperative to enhance the effectiveness, economy, and efficiency of the Defense Agencies and DoD Field Activities, and therefore, have Section 192(c) ramifications. Another example can be seen in Section 1532 of the

⁸ Section 8039 of the Department of Defense Appropriations Act, 2019, further states that this Section does not apply to "field operating agencies funded within the National Intelligence Program; an Army field operating agency established to eliminate, mitigate, or counter the effect of improvised explosive devices..., an Army field operating agency established to improve the effectiveness and efficiencies of biometric activities..., or an Air Force field operating agency established to administer the Air Force Mortuary Affairs Program..."

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NDAA for FY16, which directed SecDef to merge JIDA into either a Military Service or long standing Defense Agency.

2017: Section 901 of the NDAA for FY17 directed the elimination of USD(AT&L) and the establishment of USD(R&E) and USD(A&S). Consequently, DepSecDef Shanahan directed in his memorandum dated January 31, 2018, that USD(AT&L)'s Defense Agencies and DoD Field Activities be realigned as follows: Authority, direction, and control of DARPA, MDA, DTIC, and TRMC were transferred to the USD(R&E), and DCMA, DLA, DTRA, and OEA were transferred to the USD(A&S).

2018: Section 912 of the NDAA for FY18 amended Section 2222 of Title 10, U.S.C., providing for enhanced CMO activities in the area of Common Enterprise Data. Section 912 provides the CMO a more authoritative role in the management and oversight of data across DoD; specifically, the CMO was assigned the responsibility to submit a data analytics capability report to the Congressional Defense Committees for purposes of supporting enhanced oversight and management of the Defense Agencies and DoD Field Activities.

2018: Senate Report 115-25, accompanying the NDAA for FY18, directed the GAO to review the DoD management of the Defense Agencies and DoD Field Activities. The GAO Report (TAB B) evaluated the extent:

1. DoD has assessed the continuing need for each Defense Agency and DoD Field Activity (pursuant to Section 192(c) of Title 10, U.S. Code).
2. Any overlap or fragmentation among Defense Agencies and DoD Field Activities that provide human resource services has affected service delivery.
3. DoD has monitored and evaluated the results of its efficiency initiatives that affect the Defense Agencies and DoD Field Activities. OCMO is the primary action office and collateral action offices are the Military Departments, HR Reform Team, Defense Business Management, Analysis, and Optimization Directorate, Planning Performance and Assessment Directorate, WHS Human Resources Directorate, DLA, DISA, DCMA, DCAA, Joint Staff.

2018: Section 921 of the John S. McCain NDAA for FY19, amending Section 132a of Title 10, U.S.C., modified the authorities and responsibilities of the CMO in relation to minimizing duplication of efforts; maximizing efficiency and effectiveness; establishing metrics for performance for all DoD organizations and elements; and reviewing proposed Defense Agency and DoD Field Activity budget submissions for enterprise business operations. The CMO is required to submit in a report to SecDef, and, in turn, SecDef is required to submit a report to Congress each year detailing the proposed Defense Agency and DoD Field Activity budgets and whether or not they met the required level of efficiency.

Section 921 of John S. McCain NDAA for FY19 also requires CMO to develop an assessment of cost and expertise requirements and to develop guidance for Defense Agencies and DoD Field Activities to delineate spending on enterprise business operations and to develop a process to determine the adequacy of their budgets for such operations. In addition to that assessment, SecDef and the CMO are required to reform enterprise business operations through reductions,

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eliminations, or improvements across all DoD organizations for four covered activities, and to submit a report accordingly to the Congressional Defense Committees on the activities carried out by the CMO during the preceding five years, to include an estimate of any cost savings achieved as a result of such activities. The four covered activities are:

1. Civilian resources management,
2. Logistics management,
3. Services contracting, and
4. Real estate management.

Section 923 of the John S. McCain NDAA for FY19 amended Section 192(c) of Title 10, U.S.C., to require CMO to conduct a review, not later than January 1, 2020, and periodically (but not less frequently than every four years) thereafter, of the efficiency and effectiveness of each Defense Agency and DoD Field Activity, including the identification of any similar or duplicative activities to activities carried out by another organization or element within DoD, or one that is not being performed to an adequate level to meet DoD needs. It requires CMO to develop internal guidance that defines requirements for such reviews and provide clear direction for conducting and recording the results. Those results are required to be submitted by CMO in a Report to the Congressional Defense Committees. Section 923 also adds a new subsection that restricts SecDef from terminating a Defense Agency and DoD Field Activity until 30 days after the date on which the SecDef submits to the Congressional Defense Committees a Report with notice of intent to terminate the Defense Agency or DoD Field Activity, and recommendations for legislative action, as the SecDef considers appropriate, in connection with the termination of the Defense Agency or DoD Field Activity.

Section 927 requires an assessment and subsequent Report to Congress of CIO functions in connection with transition to enterprise-wide management of IT and computing. It directs the CIO and CMO to assess these functions with a view toward the rationalization of such functions across the Defense Agencies and DoD Field Activity in a manner consistent with the plans of the Department for a transition to enterprise-wide management of IT networks and computing.

Section 925 of the NDAA for FY18 directed the transfer of the DoD portion of the NBIB portfolio of background investigations to DSS as well as the transfer of the DoD Consolidated Adjudications Facility (CAF) from WHS to DSS. The phased background investigation transfer will use a risk management approach and be consistent with the transition from legacy technology operated by OPM to the new system, in an effort to increase processing speed and efficiency.

2018-2019: GAO review “Defense Business Operations: DoD Should Take Steps to Fully Institutionalize the CMO Position” was conducted from February 2018 to March 2019 to address three areas:

1. The CMO’s authority to direct the Military Departments on business reform issues.
2. The CMO’s oversight responsibilities of the Defense Agencies and DoD Field Activities.
3. Transfer of responsibilities from the CIO to the CMO.

Additionally, on February 9, 2019, the GAO provided, for DoD comment, a draft submission of a new area to be included in GAO's 2019 Fragmentation, Overlap and Duplication Report of April

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2019. The new area titled, “Defense Agency Human Resources Services” and addresses three areas:

1. Defense organizations that use more than one HR service provider pay overhead costs for each provider, resulting in unnecessary expenses and inefficiencies.
2. The 800 fragmented learning management IT systems, as reported by DoD officials, which store and record training records across the department and are costly to maintain.
3. The many DoD HR services which use inconsistent performance information regarding hiring and limit DoD’s ability to assess what changes, if any, could be made to improve hiring practices. (Specifically, DFAS, DLA, and WHS differed in how they measure and report performance data, such as time-to-hire measures, thus limiting customers’ ability to make informed choices about selecting a HR services provider.)

3. DEFENSE AGENCY AND DOD FIELD ACTIVITY DECISIONS AND DELIBERATIONS LISTED BY OSD PSA

The following Section 192(c) related deliberations and decisions were compiled from OP&DS organizational records. This Section does not contain a comprehensive list of all Defense Agency or DoD Field Activity outcomes. Rather, it contains representative deliberations and/or decisions for each Defense Agency and DoD Field Activity. Further details on each item can be found by contacting OP&DS, querying the specific DoD Component involved, or referring to the appropriate DoDD or other issuances.

3.1 Chief Management Officer (CMO)

The function of the CMO (formerly DCMO) is to better synchronize, integrate, and coordinate the business operations of the department and ensure optimal alignment in support of the warfighting mission. Further, the CMO delivers optimized Enterprise Business Operations to assure the success of the National Defense Strategy and pursuant to Section 132a(b)(3), the CMO exercises authority and oversight of one Defense Agency and one DoD Field Activity, detailed below.

3.1.1 Pentagon Force Protection Agency (PFPA)

- **Background:** PFPA provides force protection, security, and law enforcement to safeguard personnel, facilities, infrastructure, and other resources for the Pentagon Reservation and designated DoD-occupied facilities within the NCR.
- **2014:** On July 11, 2014, then-DepSecDef Work aligned PFPA under the newly formed DCMO. Additionally, in July 2014, the Director PFPA signed a Memorandum of Agreement (MOA) that promulgated the protection authorities and responsibilities of PFPA and Federal Protective Service with respect to the Pentagon Reservation and DoD facilities in the NCR that are not assigned to or operated by the Military Departments.
- **2014 and 2015:** August 13, 2014, then-DA&M Michael Rhodes approved a PFPA/WHS recommendation to establish a Pentagon Office of Emergency Management within PFPA by consolidating/integrating existing resources in PFPA and WHS that have been performing emergency management. Subsequently, on January 23, 2015, WHS and PFPA approved a Memorandum for the Record, which documented the transfer of roles/responsibilities/resources in the WHS Continuity of Operations/Facility Emergency Management Offices from WHS to PFPA.
- **2015:** On July 16, 2015, the DCMO, Peter Levine, issued a memorandum designating the Director, PFPA as the Emergency Manager for the Pentagon Reservation, with the authority to plan, coordinate, integrate, and synchronize emergency operations.
- **2016:** The Office of the USD(P) staffed an initiative to transfer policy and execution of the DoD High Risk Personnel (HRP) program to the DCMO. PFPA, who provides or coordinated HRP support to designated DoD Components, would likely operationalize this function if transferred to the DCMO. This transfer initiative was not successful, but

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subsequently, in 2017 and early 2019, the Office of the USD(P) proposed similarly unsuccessful variations on the same theme.

- **2017:** DoDD 5105.68, “Pentagon Force Protection Agency (PFPA),” was updated by incorporating Change 2 on May 22, 2019.
- **2017:** On September 15, 2016, then-DepSecDef Work appointed the DCMO as the Senior Official responsible for establishing an OSD Insider Threat Program to implement the National Insider Threat Policy and Minimum Standards. To fulfill that, on December 8, 2017, then-DCMO John Gibson tasked PFPA to lead the implementation of policies and standards necessary to assemble, integrate, review, assess, and respond to OSD Insider Threat concerns.
- **2018:** The GAO recommend that the DCMO revise DoDD 5105.68, “Pentagon Force Protection Agency (PFPA),” to direct the PFPA to comply with the provisions of DoDI 5505.18, “Investigation of Adult Sexual Assault in the Department of Defense, March 22, 2017, as amended.” Further, the GAO recommend that the Director, PFPA revise PFPA policies to align with the requirements set forth in DoDI 5505.18.
- **Section 192(c) Relevance:** Shifting the provision of services from another DoD organization and aligning activities and organizations to enhance effectiveness and efficiency are inherently Section 192(c) activities.

3.1.2 Washington Headquarters Services (WHS)

- **Background:** WHS is the essential administrative services provider for a wide range of centralized capabilities to DoD headquarters, OSD, offices in the NCR, and DoD Components. Services include management, operations, security, protection, safety, renovation, construction, and IT for DoD-wide programs and operations for several Federal facilities.
- **2013:** DoDD 5110.04, “Washington Headquarters Services (WHS),” was updated on March 27, 2013.
- **2014:** On July 11, 2014, then-DepSecDef Work aligned WHS under the newly formed DCMO.
- **2015:** On May 1, 2015, then-DepSecDef Work approved the consolidation of the IT operations by aligning the U.S. Army IT Agency, OSD Enterprise IT Service Division (EITSD) with the Joint IT Service Provider-Pentagon (later renamed the Joint Service Provider (JSP)), thereby moving EITSD from its previous WHS oversight.
- **2015:** On May 27, 2015, then-DA&M Rhodes directed that Program and Budget Office, ODCMO, functions transfer to the Financial Management Directorate, WHS, to better align and more efficiently conduct ODCMO budget planning and execution oversight.

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- **2016:** On February 10, 2016, then-DerSecDef Work directed the transfer of 4th Estate Sensitive Compartmented Information (SCI) adjudications from DIA to the DoD CAF.
- **2016:** March 17, 2016, the Director, JSP, indicated that all NCR and Raven Rock Mountain Complex (RRMC) computer assets were to be consolidated under the JSP, thereby removing RRMC IT systems support from WHS oversight.
- **2018:** Subsection 925(c) of the NDAA for FY18 directed the transfer of WHS and DoD CAF functions, personnel, and associated resources, as well as other organizations identified by the SecDef as necessary to achieve the statutory objectives from WHS to DSS.
- **2018:** Section 923 of the John S. McCain NDAA for FY19, Public Law 115-232, as amended, Section 192 of Title 10, U.S.C., which directs reviews of each Defense Agency and DoD Field Activity to be conducted no later than January 1, 2020, and periodically (at least every four years) thereafter. Pursuant to that, on October 10, 2018, the Acting CMO Hershman directed the Office of the CMO to conduct reviews of WHS and DLA using a standardized approach to assess and identify activities among them that are similar and/or duplicative.
- **Section 192(c) Relevance:** Consolidating DoD Component services into a DoD-wide function provided by one organization, integrating services, and deliberating shifting the source for products or services to another DoD Component or Federal Agency are Section 192(c) activities.

3.2 Under Secretary of Defense for Research and Engineering (USD(R&E))

USD(R&E) was established by the NDAA for FY18 as a result of the disestablishment of the legacy office USD(AT&L). USD(R&E) is responsible for research and engineering matters. In this capacity, USD(R&E) serves as the Chief Technology Officer for the Department, charged with the development and oversight of DoD technology strategy in concert with the Department's current and future requirements. As part of implementing the establishment of the USD(R&E), on January 31, 2018, DerSecDef Shanahan directed that SCO and DIUx realign under the USD(R&E) in OSD. In addition to the Defense Microelectronics Activity, a laboratory in California, the USD(R&E) exercises authority and oversight of two Defense Agencies and two DoD Field Activities, detailed below.

3.2.1 Defense Advanced Research Projects Agency (DARPA)

- **Background:** DARPA serves as the central research and development organization of DoD with a primary responsibility to maintain U.S. technological superiority over potential adversaries.

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- **2013:** A June 2013 MOA affirmed support to the SCO would be provided by DARPA, for administrative support, and Office of the Assistant Secretary of Defense for R&E for funding.
- **2016:** DoDD 5105.86, “Director, Strategic Capabilities Office (SCO),” November 14, 2016, codified the SCO Director as a PSA and a direct report to the DepSecDef, responsible for its own funding through direct engagement in the OSD program and budget process. The Charter redirected, from DARPA to WHS, “administrative and logistical support for the SCO, including human resources management, security clearance services, facilities management, manpower management, budget and financial management, and other directed support and services.” This ended the relationships and responsibilities as captured in the above mentioned June 2013 MOA.
- **2017:** DoDD 5134.10, “Defense Advanced Research Projects Agency (DARPA),” was updated by incorporating Change 1 on September 22, 2017.
- **2018:** DARPA was realigned under USD(R&E), following the disestablishment of USD(AT&L), as directed by the NDAA for FY17.
- **Section 192(c) Relevance:** The removal of an entire office, the SCO, from DARPA’s broad administrative and resource-based oversight, indicates Section 192(c) activity.

3.2.2 Defense Technical Information Agency (DTIC)

- **Background:** DTIC provides essential, technical research, development, testing and evaluation (RDT&E) information rapidly, accurately and reliably to support DoD customer needs. DTIC was subject to organizational reviews in 2016 and 2017 that led to some reductions in capabilities and delays in public facing information sharing services.
- **2016:** The DoD FY17 President's Budget Submission of the February 2016, “Defense-Wide Justification Book (Volume 5 of 5)” on RDT&E indicates that DTIC’s unique contributions were subject to close scrutiny as indicated in the proposed \$12.941 million reduction from the FY16 President’s Budget funding level, largely affecting initiatives to enhance public access to materials.
- **2017:** DoD Issuances and DoD Forms sites were migrated away from DTIC to Executive Services Directorate with WHS.
- **2017:** DoDD 5105.73, “Defense Technical Information Agency (DTIC),” was updated by incorporating Change 1 on October 25, 2017.
- **2018:** DTIC was realigned under USD(R&E) following the reorganization of USD(AT&L) as directed by the NDAA for FY17.

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- **2018:** On December 7, 2018, in the Programmatic Decisions for the FY20 Budget Request, the DCAPE directed the realignment of DTIC from the USD(R&E) to the CMO. DTIC was to provide a plan for the realignment to the CMO and USD(R&E), no later than March 29, 2019.
- **Section 192(c) Relevance:** The transition of functions out of DTIC and proposed budget cuts indicate Section 192(c) activity in determining that the functions did not have a continuing need to exist in DLA, and instead would be performed by WHS Executive Services Directorate, or be eliminated altogether.

3.2.3 Missile Defense Agency (MDA)

- **Background:** MDA's mission is to develop, test, and field an integrated, layered ballistic missile defense system (BMDS) to defend the United States, its deployed forces, allies, and friends against all ranges of enemy ballistic missiles in all phases of flight.
- **2015:** In a July 24, 2015 memorandum, entitled "Designation of Lead Military Service for Long Range Discrimination Radar Element of the Ballistic Missile Defense System," USD(AT&L) recommended to DepSecDef that the MDA and the U.S. Air Force amend a standing MDA and Air Force MOA to recognize the Air Force as the Lead Military Service for Long Range Discrimination Radar Element (of the BMDS), as recommended in the April 13, 2015 Missile Defense Executive Board.
- **2015:** The November 2015 GAO Report "Small Business: Action Needed to Determine Whether DOD's Comprehensive Subcontracting Plan Test Program Should Be Made Permanent" was coordinated with the MDA in reviewing the utility of institutionalizing the subject test plan.
- **2018:** MDA was realigned under USD(R&E), following the disestablishment of USD(AT&L), as directed by the NDAA for FY17.
- **2018:** A new DoDD was proposed naming MDA as the DoD EA for Hypersonic Defense. The Missile Defense Executive Board also recommended this approach.
- **Note:** DoDD 5134.09, "Missile Defense Agency (MDA)," was updated on September 17, 2009.
- **Section 192(c) Relevance:** Deliberations on the realignment of functional responsibility to ensure increased effectiveness, namely the oversight of the Long Range Discrimination Radar Element under the Air Force, and the deliberation on MDA as the DoD EA for Hypersonic Defense is indicative of Section 192(c) activity.

3.2.4 Test Resource Management Center (TRMC)

- **Background:** The TRMC mission is to ensure DoD Components have the right test and evaluation (T&E) infrastructure to accomplish the T&E mission, and that the DoD T&E community has the right set of capabilities to address future test requirements. TRMC provides test environments in support of the development, acquisition, fielding, and sustainment of defense systems.
- **2016:** On March 8, 2016, DepSecDef Work issued a memorandum establishing the Director, TRMC, under the direction of USD(AT&L), as the DoD EA for Cyber Test Ranges.
- **2017:** On October 17, 2016, the Director, TRMC issued a memorandum delineating TRMC and DoD Component, including the Military Departments, responsibilities for facilities not part of the Major Range and Test Facility Base.
- **2018:** TRMC was realigned under USD(R&E) following the disestablishment of USD(AT&L) as directed by the NDAA for FY17.
- **Note:** DoDD 5105.71, “Test Resource Management Center (TRMC),” was updated on March 8, 2004.
- **Section 192(c) Relevance:** The assignment of evolving test facilities under the oversight of the uniquely equipped TRMC is the result of Section 192(c) specific activity to properly align cutting edge facilities.

3.2.5 Space Development Agency (SDA)

- **Background:** The SDA will focus on accelerating the development and fielding of next-generation military space capabilities to ensure American technological and military advantage in space for national defense. The SDA will leverage government-commercial and allied international relationships and unify efforts across the Department. The SDA will transition to the U.S. Space Force (USSF) once approved by Congress.
- **2019:** On March 12, 2019, Acting SecDef Shanahan established SDA under the authority, direction, and control of the USD(R&E).
- **Section 192(c) Relevance:** The creation of a Defense Agency rather than having the function performed by a Military Department, or Departments, is a Section 192(c) specific activity.

3.3 Under Secretary of Defense for Acquisition and Sustainment (USD(A&S))

USD(A&S) was established by the NDAA for FY18 as a result of the disestablishment of the legacy office USD(AT&L). Acquisition reform is an ongoing challenge and involves stakeholders

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including OSD, the Secretaries of the Military Departments and their Service Chiefs, the CJCS, the Defense Agencies and DoD Field Activities, and Congress. USD(A&S) exercises authority and oversight of three Defense Agencies, one DoD Field Activity, and one Defense-wide activity, outlined below.

3.3.1 Defense Contract Management Agency (DCMA)

- **Background:** DCMA works directly with Defense DoD suppliers to help ensure that contracted DoD, Federal, and Allied Government supplies and services are efficiently effectively delivered. This includes adapting to changing global demand for services as indicated in the 2016 cessation of support in Afghanistan.
- **2013:** DoDD 5105.64, “Defense Contract Management Agency (DCMA),” was updated on January 10, 2013.
- **2016:** On January 8, 2016, DCMA ended 13 years of contingency contract, quality assurance and property administration services in Afghanistan. Contingency contract administration support authority was transitioned to the Army Expeditionary Contracting Command to effect a more agile, properly scoped approach for regional requirements.
- **2018:** DCMA was realigned under USD(A&S), following the disestablishment of USD(AT&L), as directed by the NDAA for FY17.
- **2018:** Pursuant to Sections 921, 923, and 925, of the NDAA for FY19, the CMO in collaboration with the USD(A&S) and Director, DCMA, are to conduct a review of the business process and services of DCMA.
- **Section 192(c) Relevance:** Following review and deliberation, DoD determined that the function did not have a continuing need to exist in DCMA, and would be more effectively provided by another DoD Component, namely the Army Expeditionary Contracting Command. This is Section 192(c) related activity.

3.3.2 Defense Logistics Agency (DLA)

- **Background:** DLA functions as an integral element of the military logistics system of DoD to provide effective and efficient worldwide logistics support to the Military Departments and the CCMDs under conditions of peace and war, as well as to other DoD Components and Federal Agencies, and, when authorized by law, State and local government organizations, foreign governments, and international organizations.
- **2014:** In October 2014, then-DerSecDef Work directed the Defense Travel System and Defense Information System for Security be transferred from DLA to DoDHRA Defense Manpower Data Center (DMDC).

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- **2015:** In 2015, a Study, focusing on DLA services, was conducted as a response to a Congressional requirement from the NDAA for FY15.
- **2017:** DoDD 5105.22, “Defense Logistics Agency (DLA),” was updated on June 29, 2017.
- **2018:** DLA was realigned under USD(A&S), following the reorganization of USD(AT&L), as directed by the NDAA for FY17.
- **2018:** DLA issued its “Strategic Plan for 2018–2026,” which outlined the organization’s lines of effort to achieve SecDef priorities.
- **2018:** On October 17, 2018, Acting CMO Hershman announced that she, in collaboration with the USD(A&S) and Director, DLA, initiated a review of the business process and services of DLA, pursuant to Sections 921, 923, and 924, of the NDAA for FY19. On April 24, 2019, Acting CMO Hershman transmitted the initial plan required by Section 921(b)(4) and initiated the DLA review in the first quarter of FY19.
- **2018:** On November 27, 2018, DepSecDef Shanahan temporarily delegated to the Director, DLA, select authorities with respect to the provision of civilian personnel services for U.S. Transportation Command.
- **Section 192(c) Relevance:** The transition of administrative functions out of DLA was the result of Section 192(c) type review and action, which determined that the function does not have a continuing need to exist in DLA, but rather can be more effectively provided by another DoD Component, namely DoDHRA/DMDC.

3.3.3 Defense Threat Reduction Agency (DTRA)

- **Background:** DTRA safeguards the United States and its allies from weapons of mass destruction (WMD) (e.g., chemical, biological, radiological, nuclear, and high yield explosives) by providing capabilities to reduce, eliminate, and counter threats and mitigate effects.
- **2015:** Following extensive emphasis on reform to the nuclear enterprise and its sustainment, DoDD 5105.62, “Defense Threat Reduction Agency (DTRA),” was updated by incorporating Change 1 on November 10, 2015. The update added emphasis and specificity on the nuclear unit inspections, and on training for units conducting inspections and responsible for the assembly, maintenance, and storage of nuclear weapons.
- **2016:** In response to NDAA for FY16 language directing JIDA be moved to a Military Service or existing Defense Agency, then-USD(AT&L) Frank Kendall directed notification to Congress that JIDA would be realigned under DTRA. The realignment was completed on September 30, 2016, when JIDA moved under DTRA and officially changed its name to the Joint Improvised-threat Defeat Organization (JIDO) to reflect the change from an independent agency to a subordinate organization.

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- **2018:** DTRA was realigned under USD(A&S), following the reorganization of USD(AT&L), as directed by the NDAA for FY17.
- **Section 192(c) Relevance:** Reorganization of JIDO under DTRA is specifically Section 192(c) activity, which took advantage of DTRA unique focus on threat reduction. The review and adjustment of core mission areas indicates Section 192(c) type activity through a review and tailoring of unique services provided by DTRA, in the form of enhanced training and inspections to enhance the well-being of the nuclear enterprise.

3.3.4 Joint Improvised Explosive Device Defeat Organization (JIEDDO)/Joint Improvised-threat Defeat Agency (JIDA)/Joint Improvised-threat Defeat Organization (JIDO)

- **Background:** JIEDDO, which was renamed JIDA in 2015 just prior to being integrated into DTRA, was responsible for enabling DoD actions to counter improvised threats with tactical responsiveness and anticipatory acquisition in support of CCDR efforts to prepare for, and adapt to, battlefield surprise in support of counter-terrorism, counter-insurgency and Counter-Improvised Explosive Devices (IEDs).
- **2015:** Following its stand-up in 2006, JIEDDO was established as a Defense Agency in 2015 when then-DepSecDef Work directed the change from a jointly manned activity to a Combat Support Agency. Accordingly, on April 23, 2015, then-USD(AT&L) Kendall formalized the new agency's title as JIDA.
- **2016:** In response to language in the NDAA for FY16, that directed JIDA be moved to a Military Service or existing Defense Agency, then-USD(AT&L) Kendall notified Congress that JIDA would be realigned under DTRA. This was completed on September 30, 2016, along with officially changing the name to JIDO to reflect the change from an independent agency to a subordinate organization.
- **Section 192(c) Relevance:** Reorganization of JIDO under DTRA is specifically Section 192(c) activity, which took advantage of the similar mission focus of DTRA.

3.3.5 Office of Economic Adjustment (OEA)

- **Background:** OEA, in cooperation with DoD Components, provides planning and implementation assistance to communities, regions, and States facing potential shifts in economic stability due to changes within the defense industry, including defense industry cutbacks, encroachment, personnel reductions or increases, and base closures, realignments, or expansions.
- **2013-2017:** Beyond the ongoing annual budget reviews, deliberations, and submissions, there were no relevant Section 192(c) changes to OEA functions, or associated products and services.

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- **Note:** DoDD 3030.01, “Office of Economic Adjustment (OEA),” was updated on March 5, 2006.
- **Section 192(c) Relevance:** Annual budget deliberation that aligns resources to ongoing changes in the status of bases is Section 192(c)-relevant activity.

3.4 Under Secretary of Defense for Policy (USD(P))

The mission of the Office of USD(P) is to consistently provide responsive, forward-thinking, and insightful policy advice and support to the SecDef, and DoD, in alignment with national security objectives. USD(P) exercises authority and oversight of two Defense Agencies and one DoD Field Activity, detailed below.

3.4.1 Defense POW/MIA Accounting Agency (DPAA)

- **Background:** DPAA was established in 2015, with the consolidation of the former Defense Prisoner of War (POW)/Missing Personnel Office, the Joint POW/Missing in Action (MIA) Accounting Command, and the Life Sciences Equipment Laboratory.
- **2015:** In accordance with the Carl Levin and Howard P. “Buck” McKeon NDAA for FY15, the SecDef established DPAA, effective January 16, 2015, to provide a single agency responsible for the recovery and accounting of missing service members from past conflicts. The new agency consolidated the former Defense POW/Missing Personnel Office, the Joint POW/MIA Accounting Command, and the Life Sciences Equipment Laboratory.
- **2017:** DoDD 5110.10, “Defense POW/MIA Accounting Agency (DPAA).” was updated on January 13, 2017.
- **Section 192(c) Relevance:** Establishment of the DPAA to streamline recovery and accounting of missing service members from past conflicts is indicative of Section 192(c) relevant activity where DoD determined that the missions of the Defense POW/Missing Personnel Office, the Joint POW/MIA Accounting Command, and the Life Sciences Equipment Laboratory would be better executed under the direction of a single streamlined office.

3.4.2 Defense Security Cooperation Agency (DSCA)

- **Background:** DSCA directs, administers, and provides DoD-wide guidance to the DoD Components and DoD representatives to U.S. missions abroad for the execution of DoD security assistance and security cooperation programs.
- **2015:** New steps were taken to clarify the decision authority for the Security Cooperation Enterprise Solution (SCES), a Tri-Service Oracle 12i system solution started in July 2008 by DSCA and the Business Transformation Agency to deliver Foreign Military Sales (FMS) case execution capabilities.

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- **2016:** The Director, DSCA was designated as the DoD EA for the DoD Regional Centers for Security Studies, in accordance with DoDD 5101.1, “DoD Executive Agent.” As the DoD EA for the DoD Regional Centers for Security Studies, the Director, DSCA, manages personnel, programming, budgeting and resources for the centers.
- **2017:** On February 3, 2017, then-DopSecDef Work delegated to the Director, DSCA, the authority to designate an Armed Forces element, Combatant Command, Defense Agency, Department of Defense Field Activity, or other element or organization of DoD, with coordination from the Head of the DoD Component concerned or, in the case of a Defense Agency or DoD Field Activity, the OSD PSA with authority, direction, and control of the Defense Agency or DoD Field Activity, to execute and administer security cooperation programs and activities if the Director determines that the designation will achieve maximum effectiveness, efficiency, and economy in the activities for which designated.
- **Note:** DoDD 5105.65, “Defense Security Cooperation Agency (DSCA),” was updated on October 26, 2012.
- **Section 192(c) Relevance:** Although the SCES initiative began prior to this 2013-2018 Review timeframe, recent changes to SCES is evidence that DoD deliberated and took steps to increase efficiency in deliverance of DSCA services and supplies in order to improve the way DoD executes FMS through DSCA.

3.4.3 Defense Technology Security Administration (DTSA)

- **Background:** DTSA’s mission is to identify and mitigate national security risks associated with the transfer of advanced technology and critical information in order to maintain the U.S. warfighter’s technological edge and support national security objectives.
- **2013:** DTSA developed a “Strategic Plan” in 2013 to pave the road for potential changes to enable DTSA to carry out its core functions more effectively. These core functions include, Licensing; International Information Security; International Engagement; Space Monitoring; Export Control Reform; Technology Security and Foreign Disclosure. In the Strategic Plan, DTSA addressed near-term concerns in the Agency’s ability to implement export control reforms directed by the Executive Branch, and asserts that organizational changes will be necessary to align DTSA and DoD with U.S. Government export control reforms and international technology transfer decisions.
- **2016:** DoDD 5105.72, “Defense Technology Security Administration (DTSA),” was updated on April 26, 2016.
- **Section 192(c) Relevance:** The internal review and assessment required to develop the DTSA’s Strategic plan is evidence the organization is making an effort to ensure the delivery of its services and supplies is more effective, economical, and efficient than if provided by a Military Service, as required by Section 192(c).

3.5 Under Secretary of Defense (Comptroller) (USD(C))/Chief Financial Officer (CFO), Department of Defense

The USD(C)/CFO is charged with management, development, and execution of the Defense budget and improving financial management across DoD to ensure taxpayer resources are managed wisely and efficiently. USD(C)/CFO exercises authority and oversight of two Defense Agencies, detailed below.

3.5.1 Defense Contracting Audit Agency (DCAA)

- **Background:** The Defense Contract Audit Agency (DCAA) provides audit and financial advisory services to DoD and other Federal entities responsible for acquisition and contract administration.
- **2013:** The U.S. Air Force worked with DCAA on their Short Range Attack Missile prime contracts and discovered the contractor, in a three year time-span, had illegally recouped clean-up cost by increasing the cost of its Air Force defense contracts and later filed a motion for indemnification. Air Force officials, assisted by DCAA, found this was in violation of the *Comprehensive Environmental Response, Compensation, and Liability Act of 1980*. The contractor withdrew the indemnification claim and was found liable for clean-up cost in its entirety.
- **Note:** DoDD 5105.36, “Defense Contracting Audit Agency (DCAA),” was updated on January 4, 2010.
- **Section 192(c) Relevance:** Rather than exhaust all efforts through the Air Force Audit Agency, the Air Force worked jointly with DCAA as the centralized expert to oversee the proceedings. DCAA continues to work with all Military Departments and other Defense Agencies, and DoD Field Activities, saving over \$12 billion dollars due to audit findings. This return on taxpayer investment in audit findings is in keeping with the efficiency related fulfillment of Section 192(c).

3.5.2 Defense Finance and Accounting Services (DFAS)

- **Background:** DFAS directs, approves, and performs finance and accounting activities for DoD, to include coordination and collaboration with all Defense Agencies, Military Departments, and CCMDs. It also includes the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, and DFAS-owned systems within DoD, while ensuring their proper relationship with other DoD functional areas such as budget, personnel, logistics, and acquisition.
- **2014 – 2015:** In October 2014, the Assistant Secretary of the Army for Financial Management and Comptroller (ASA(FM&C)) launched a pilot program called the Army Financial Management Optimization (AFMO) Campaign to shift DFAS functions to the Department of the Army, and adjust the roles, missions, and functions of Army financial

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management units in order to maximize efficiency, eliminate or mitigate capability gaps, and meet DoD-wide auditability requirements. AFMO deployed simplified and re-engineered IT systems (e.g., General Fund Enterprise Business System that replaced and absorbed legacy accounting and asset management systems that were no longer adequate.

- **2018:** Pursuant to Sections 921, 923, and 926, of the NDAA for FY19, the CMO in collaboration with the USD(C)/CFO and Director, DFAS, are to review of the business process and services of DFAS.
- **Note:** DoDD 5118.05, “Defense Finance and Accounting Services (DFAS),” was updated on April 20, 2012.
- **Section 192(c) Relevance:** The ASA(FM&C) focus to divest the roles and responsibilities of DFAS is transactional to similar financial management focused initiatives by other Military Departments, Services, Defense Agencies or DoD Field Activities to meet OSD and DoD-wide auditability requirements. This is directly relevant to Section 192(c) as it was found that some of the services and supplies provided by DFAS would be more effectively provided by a Military Department; the AFMO Campaign took steps to improve the manner in which DFAS and the Department of the Army provide services and supplies.

3.6 Under Secretary of Defense for Personnel and Readiness (USD(P&R))

The USD(P&R)) is the PSA and advisor to the SecDef and DepSecDef for Total Force Management as it relates to readiness; National Guard and Reserve Component affairs; health affairs; training; and personnel requirements and management, including equal opportunity, morale, welfare, recreation, and quality of life matters. The USD(P&R) exercises authority and oversight of two Defense Agencies and two DoD Field Activities, detailed below.

3.6.1 Defense Commissary Agency (DeCA)

- **Background:** DeCA provides an efficient and effective worldwide system of commissaries for the resale of groceries and related household items at reduced prices to members of the uniformed services, retired members, dependents, and other authorized patrons to enhance their quality of life and to support military readiness, recruitment, and retention.
- **2015:** The May 5, 2015, meeting of the DBC addressed Assistant DCMO-lead working group deliberations which considered: (1) Empowered governance with focused goals; (2) Aligning accounting and review accruals; (3) Moving DeCA to a non-appropriated funds business model; and (4) Extended services, among other ideas.
- **2016:** On February 5, 2016, then-DepSecDef Work approved the dissolution of the Cooperative Efforts Board and concurrent establishment of the DRBOB, which was established to find efficiencies, optimize resale entities, and garner savings while producing equal or improved benefits. This included seeing through the extension of the

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Military Star Exchange Credit Program to DeCA and the expansion of local sourcing contracts and practices worldwide, to ensure the DoD resale enterprise achieved proposed FY17 and FY18 offsets to DeCA.

- **2016:** On February 25, 2016, 15 Democratic Senators sent a letter to then-Secretary Carter, expressing their opposition regarding efforts to include authorization for the conversion of DeCA employees to non-appropriated fund employees in the NDAA for FY17.
- **2018:** On May 29, 2018, DepSecDef Shanahan issued a memorandum stating his support for a recommendation from the RMG to consolidate DeCA, AAFES, NEXCOM, and MCX (collectively the defense resale enterprise) in order to achieve an economy and efficiency sufficient for its survivability. The memorandum also established a DoD Reform Team to evaluate the feasibility of consolidation, perform financial due diligence, conduct a business case analysis, and begin planning for consolidation. Currently, DoD is evaluating consolidation options and the statutory authorities that would be required to implement consolidation.
- **Note:** DoDD 5105.55, “Defense Commissary Agency (DeCA),” was updated on March 12, 2008.
- **Section 192(c) Relevance:** DeCA process reviews, and the subsequent DRBOB Charter to enhance the provision of goods and services by a Defense Agency, while increasing its efficiency and economy, are specific fulfillments of Section 192(c). Additionally, actionable results from the RMG and CFT dedicated to consolidating the defense resale enterprise is evidence of ongoing evaluation of Section 192(C) activity.

3.6.2 Defense Health Agency (DHA)

- **Background:** The DHA is a joint, integrated CSA that enables the Army, Navy, and Air Force medical services to provide a medically ready force and ready medical force to CCMDs in both peacetime and wartime.
- **2013:** Inaugural DoDD 5136.13, “Defense Health Agency (DHA),” was issued on September 30, 2013. DHA stood-up on October 1, 2013 under the authority, direction, and control of the USD(P&R), through the ASD(HA). The newly formed agency assimilated responsibility for the following mission areas: TRICARE, Defense Health Program, MHS, and NCR Medical Treatment Facilities.
- **2013:** On June 23, 2013, then-DepSecDef Carter decided the Uniformed Services University for the Health Sciences would not report to DHA, but instead to ASD(HA).
- **2014:** In July 2014, DoD EA responsibilities for the Armed Forces Health Surveillance Center, DoD Veterinary Services Activity, Military Vaccine Agency, and Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury were transferred from the Secretary of the Army to DHA.

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- **2014 – 2015:** A February 26, 2014, GAO Study conducted with support from newly stood-up DHA staff, identified the need for more clear staffing requirements and cost estimates, and more complete performance measures, with which DoD concurred. While findings supported revised planning and resource determinations, a subsequent September 2015 GAO Study reiterated these same areas still needed attention.
- **2016:** Through a November 28, 2016 memorandum, with Military Department concurrence, the Official Performing the Duties of the USD(P&R), Peter Levine realigned the responsibility for the Hearing Center of Excellence from the Department of the Air Force to DHA.
- **2017:** On October 27, 2017, DepSecDef Shanahan provided a response to Senators McCain, Isakson, and Moran with specifics on the methodical plans and approaches for securely and effectively implementing Electronic Health Records (EHR) within the Veteran’s Administration and DoD by 2022.
- **2017:** Section 702 of the NDAA for FY17 directed the phased transition of the administration and management of Military Medical Treatment Facilities from the Military Services to DHA. Section 703 of the NDAA for FY17 directed an update to the Modernization Study to address the restructure or realignment of military medical treatment facilities. In response, then-DepSecDef Work issued a memorandum on January 17, 2017, directing additional reviews of military medical treatment facilities, development of a standardized methodology for military treatment facility resource allocation, and the start of development of a single accounting system supporting the MHS.
- **2017:** Several DHA billets directly supporting the Office of the ASD(HA) were realigned to USD(P&R) in response to the NDAA for FY17 direction to significantly transform MHS.
- **2018:** In response to the requirements in the NDAA for FY17, DepSecDef Shanahan directed a phased implementation of all medical treatment facilities (MTFs) to DHA. The first transfer was the Naval Hospital in Jacksonville, Florida, on September 13, 2018, with the rest of the MTFs to follow.
- **2018:** Section 711(b) of the NDAA for FY19 requires the SecDef to establish within the DHA, a subordinate organization referred to as DHA Research and Development, not later than September 30, 2022. This organization will be comprised of the Army Material Research and Material Command and other medical research organizations and activities that the SecDef considers appropriate.
- **Section 192(c) Relevance:** The deliberations and decisions throughout the establishment and first years of DHA operations, which aligned a broad set of non-military functions within a single, uniquely focused agency, are expressly Section 192(c) activities. DoD’s identification of overlapping functions within the MHS domain, transfer of responsibilities

from a Military Department in order to eliminate duplication, and compliance with Congressional direction to transfer the Military Services' MTFs to DHA are Section 192(c) activities.⁹

3.6.3 DoD Education Activity (DoDEA)

- **Background:** DoDEA provides an exemplary education by effectively and efficiently planning, directing, and overseeing the management, operation, and administration of the DoD Domestic Dependent Elementary and Secondary Schools and the DoD Dependents Schools, which provide instruction from preschool through grade 12 to eligible dependents of members of the Armed Forces, DoD appropriated fund and non-appropriated fund civilian employees, and non-DoD Government civilian employees.
- **2014:** On August 24, 2014, the Assistant Secretary of the Navy for Manpower and Reserve Affairs (ASN(M&RA)) issued a Study to consider options for realigning Defense Activity for Non-Traditional Educational Support (DANTES) from under the Navy EA for Education to one of three organizations, including DoDEA. On September 2, 2015, then-DepSecDef Work directed the transfer of the responsibility for DANTES to the Director DoDHRA. DANTES was formally disestablished as a Navy command on October 1, 2017.
- **2015:** On March 2, 2015, ASD(M&RA) assumed oversight of DoDEA and DeCA.
- **2018:** In accordance with DoDD 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008 and DoDD 1342.20, "Department of Defense Activity (DoDEA)," October 19, 2007, DoD Manual 1342.6-M, "Administrative and Logistic Responsibilities for DoD Education Activity Schools," was updated to reflect a change in policy regarding administrative and logistic responsibilities for the operation of DoDEA schools.
- **Note:** DoDD 1342.20, "Department of Defense Activity (DoDEA)," was updated on October 19, 2007.
- **Section 192(c) Relevance:** Changes to DoDEA functions and associated products and services are Section 192(c) activity.

3.6.4 DoD Human Resources Activity (DoDHRA)

- **Background:** DoDHRA supports policy development, develops products and services to promote and sustain a high-performing workforce, performs research and analysis, supports readiness and departmental re-engineering efforts, manages personnel data repositories, prepares future civilian leaders through developmental programs, supports recruiting and retention, and delivers both benefits and critical services to warfighters and their families. DoDHRA administers sexual assault prevention policies and programs,

⁹ <https://health.mil/News/Articles/2018/09/13/Naval-Hospital-Jacksonville-selected-as-first-Navy-facility-to-transition-to-DHA>

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assists in establishing and administering language capabilities policies, and oversees central management of commercial travel.

- **2014:** In a November 5, 2014 memorandum, then-Secretary of the Navy, Ray Mabus, requested that DepSecDef disestablish the Navy's EA responsibilities for the DANTES.
- **2015:** On September 2, 2015, then-DepSecDef Work directed DoDHRA to assume oversight and responsibility for DANTES. On December 30, 2015, the MOA between the Navy and DoDHRA on the transfer of DANTES was finalized confirming the plan to realize the transfer as of October 1, 2017.
- **2017:** On June 28, 2017, the Director, DoDHRA issued a memorandum confirming that, parallel with the mandatory transition of Real-Time Automated Personnel Identification System (RAPIDS) to Windows 10, DoDHRA would fund all RAPIDS hardware that had been funded in FY16 by the Military Services and the Defense Agencies and DoD Field Activities.
- **2017:** DoDD 5100.87, "DoD Human Resources Activity (DoDHRA)," was updated by incorporating Change 1 on April 6, 2017.
- **2019:** On January 28, 2019, the Official Performing the Duties of the DepSecDef, David Norquist, directed the transfer of those portions of the DMDC maintaining and developing the purpose-built IT systems supporting the Defense Vetting Enterprise from DoDHRA to DSS, pursuant to Section 925 of the NDAA for FY18.
- **Section 192(c) Relevance:** Deliberations on the realignment of unique, inherently non-military functions both into and out of DoDHRA are indicative of Section 192(c) activities. Additionally, the decision for DoDHRA, rather than a Military Service, to fund and manage RAPIDS equipment, maintenance, and sustainment is explicitly Section 192(c) activity.

3.7 Under Secretary of Defense for Intelligence (USD(I))

The Office of the USD(I) is the principal staff element of DoD regarding intelligence, counterintelligence, security, sensitive activities, and other intelligence-related matters. USD(I) exercises oversight of five Defense Agencies, detailed below.

3.7.1 Defense Intelligence Agency (DIA)

- **Background:** The mission of the DIA is to defend U.S. national security interests by providing warfighters, policymakers, and defense planners with all-source defense intelligence.
- **2015:** On July 28, 2015, in response to the compromise of personnel data managed by OPM, then-DepSecDef Work established an Information Review Task Force (IRTF) to

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conduct a comprehensive review and assessment of the vulnerabilities of DoD operations and personnel caused by the compromise of personnel data.

- **2016:** On February 10, 2016, then-DepSecDef Work directed the realignment of the responsibility and authority for Sensitive Compartmented Information (SCI) eligibility determinations for OSD, DoD Field Activities, and select Defense Agencies from the Director, DIA to the DCMO. This realignment of responsibility did not include the NGA, NRO, and NSA. The Directors of DIA, NGA, NRO, and NSA retained responsibility and authority for SCI determinations for their respective workforces, to include contractors. DCMO may further delegate this realigned authority, as deemed appropriate. This action streamlined processes and capitalized on benefits achieved from the 2012 DoD CAF consolidation.
- **2017:** In 2017, the House Permanent Select Committee on Intelligence proposed legislation for the Intelligence Act for FY18 that would transfer various functions out of DIA. IRTF and Watchlisting Branch to the Joint Staff, eliminate the Identity Intelligence Project Office (I2PO) and Counter Threat Finance analysis function of the DIA, transfer DIA functions of the Underground Facilities Analysis Center and National Intelligence University to the Office of the Director of National Intelligence (DNI). These provisions were not enacted.
- **2018:** In August 2018, the Director, DIA proposed transferring the National Center for Credibility Assessment from DIA to the Office of the DNI, National Counterintelligence and Security Center.
- **2017-2019:** In January 2018, pursuant to direction in the classified annex accompanying the Intelligence Authorization Act for FY17, the USD(I) submitted a Report to Congress on DIA's Roles and Missions. That Report identified "core" and "non-core" missions, roles, and tasks that could be eliminated or transferred to better enable DIA to focus on its critical military intelligence mission. On December 13, 2019, the House Permanent Select Committee on Intelligence provided its own Report on its review of DIA to the Director, DIA, DNI, and USD(I). Between the two Reports, approximately 16 functions or responsibilities were identified for transfer or termination. As of April 2019, OUSD(I) was planning for and coordinating the disposition of the 16. Examples of the DIA roles and missions identified included:
 1. Transfer of the I2PO.
 2. Elimination of the Annual Defense Human Intelligence Assessment Requirement.
 3. Transfer of three Academic Programs.
 4. Elimination of the IRTF.
 5. Elimination of the DoD Lead Component for Diplomatic Security.
- **Note:** DoDD 5105.21, "Defense Intelligence Agency (DIA)," was updated on March 18, 2008.

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- **Section 192(c) Relevance:** The realignment of the responsibility and authority for SCI eligibility determinations for OSD, DoD Field Activities, and select Defense Agencies from the Director, DIA, to the DCMO, and additional deliberations on the transfer or termination of functions, are in fulfillment of Section 192(c).

3.7.2 Defense Security Service (DSS)

- **Background:** DSS supports management and mitigation of risk to cleared industry and facilities for over 26 DoD Components and over 28 other U.S. Federal Agencies. In this capacity, DSS ensures the protection of U.S. and foreign classified IT and systems.
- **2014:** In order to better facilitate information sharing, collaboration, analysis, and Insider Threat risk mitigation across DoD, USD(I) directed DSS to establish the DoD Insider Threat Management Analysis Center (DITMAC). Before this, there was no central hub to understand and share information on Insider Threat risk.
- **2015:** DSS completed a BPSR Report, which evaluated DSS authorities, responsibilities, organizational structure, and services provided by the Agency.
- **2016:** In response to an overwhelming backlog of security clearance investigations, Section 973 of the NDAA for FY17 directed SecDef and Director, OPM to take actions that would move background investigations for DoD personnel performed by the NBIB, whose investigations are adjudicated by the DoD CAF, away from OPM and to DSS. The Section also directed SecDef and Director, OPM to develop a plan to transfer resources to DoD in proportion to the background and security investigative workload to be assumed by the Department.
- **2017:** On January 18, 2017, then-USD(I) Marcel Lettre issued a memorandum designating the Director, DSS as the Head of a Defense Intelligence Component, specifically the counterintelligence element of DSS.
- **2018:** Subsection 925(c) of the NDAA for FY18 directed the transfer of WHS and DoD CAF functions, personnel, and associated resources, as well as other organizations identified by the SecDef, as necessary to achieve the statutory objectives, from WHS to DSS. A November 16, 2018, SecDef Mattis memorandum officially delegated SecDef authorities to conduct security, suitability, fitness, and credentialing background investigations to the Director, DSS.
- **2018:** Subsection 925(a), (b), and (d) of the NDAA for FY18 directed the transfer of responsibility and resources for DoD background investigations from the OPM, NBIB, to DoD. Subsequently, on April 24, 2019, President Donald Trump directed the transfer of the remaining portion of background investigations for the Federal Government from OPM to DoD and the renaming of DSS as the Defense Counterintelligence and Security Agency.

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- **2019:** On January 28, 2019, the Official Performing the Duties of the DepSecDef, Norquist, directed the transfer of the DoD CAF to DSS, pursuant to Section 925 of the NDAA for FY18. Further, he directed the placement of the following DISA elements under the authority direction and control of the Director, DSS for purposes of organizing resources assigning tasks, designating objectives, and giving authoritative direction necessary to begin the transfer described in subsection 925(c): DISA’s National Background Investigation Services (NBIS)/Program Executive Office and subordinate elements; the Joint Service Provider personnel providing direct support to the DoD CAF; and those portions of the DMDC maintaining and developing the purpose-built IT systems supporting the Defense Vetting Enterprise from DoDHRA to DSS.
- **Note:** DoDD 5105.42, “Defense Security Service (DSS),” was updated by incorporating Change 1 on March 31, 2011.
- **Section 192(c) Relevance:** The stand-up of DITMAC, completion of the BPSR process, and response to Congressional direction is indicative of Section 192(c) activity. There is clear effort to ensure that provision of services and supplies by DSS is the most effective, economical, and efficient manner of providing those services and supplies. The 2019 transfer of the DoD CAF and select DISA functions to DSS, as well as renaming DSS as the Defense Counterintelligence and Security Agency, indicate Section 192(c) compliance.

3.7.3 National Geospatial-Intelligence Agency (NGA)

- **Background:** NGA supports U.S. national security objectives by providing timely, relevant, and accurate geospatial intelligence (GEOINT) to DoD, the Intelligence Community, and other U.S. Government Departments and Agencies. NGA conducts other intelligence-related activities essential for U.S. national security; provides GEOINT for safety of navigation information; prepares and distributes maps, charts, books, and geodetic products; designs, develops, operates, and maintains systems related to the processing and dissemination of GEOINT; and provides GEOINT in support of the combat objectives of the Armed Forces of the United States.
- **2015:** In order to meet changing customer needs and continually increasing level of traditional demands, NGA came up with a new “Commercial GEOINT Strategy.” The Strategy addressed increased customer demand for actionable GEOINT services and new opportunities for using geospatial big data analytics and unclassified and commercial sources to deliver greater background and context to enhance the focus of U.S. national security assets against hard problems and knowledge gaps.
- **Note:** DoDD 5105.60, “National Geospatial-Intelligence Agency (NGA),” was updated on July 29, 2009.
- **Section 192(c) Relevance:** Beyond the ongoing annual budget reviews, deliberations and submissions, there were no relevant Section 192(c) changes to NGA functions. However, the Commercial GEOINT Strategy provides a holistic plan of action to implement strategic

innovation to ensure NGA is delivering its services to customers in the most effective, economical, and efficient manner possible.

3.7.4 National Reconnaissance Office (NRO)

- **Background:** NRO is responsible for research and development, acquisition, launch, deployment, and operation of overhead reconnaissance systems and related data-processing facilities to collect intelligence and information to support national and DoD missions and other U.S. Government needs.
- **2015:** On August 11, 2014, the Director, NRO requested an authority to establish a permanent cadre of DoD civilian positions in the NRO. A March 6, 2015, SecDef Carter memorandum, “Request for Permanent Cadre in the National Reconnaissance Office,” approved this, and directed that some FY15 authorized positions held by the Air Force and the Navy to transfer to NRO. SecDef also delegated certain administrative, HR, and security authorities to the Director, NRO.
- **2015:** DoDD 5105.23, “National Reconnaissance Office (NRO),” was updated by incorporating Change 1 on October 29, 2015, and included SecDef’s newly delegated authorities to Director, NRO and staff changes.
- **2017:** The House of Representatives proposed language that would direct the U.S. Air Force to transfer certain weather missions from the Air Force to the NRO, but the provision was not included in the final NDAA for FY18.
- **2018 and 2019:** Pursuant to Section 1601(c) of the NDAA for FY18 and Presidential direction to establish a Space Force as the sixth branch of the Armed Forces, DepSecDef Shanahan provided a Report to the Congressional Defense Committees on August 9, 2018 and subsequently in April 2019, the Official Performing the Duties of the DepSecDef, Norquist, submitted a legislative proposal to Congress for the USSF. The planning for the USSF contemplated potentially placing the NRO in the USSF in the Department of the Air Force, but instead recommended the USSF strive to enhance partnership and cooperation with the NRO.

Section 192(c) Relevance: The transfer of positions from the Air Force and the Navy and the establishment of a permanent civilian cadre of DoD civilians, as well as planning for USSF interactions with Defense Agencies, are indicative of the oversight responsibilities outlined in Section 192(c).

3.7.5 National Security Agency (NSA)/Central Security Service (CSS)

- **Background:** The NSA/CSS provides Signals Intelligence (SIGINT) and Information Assurance (IA) guidance and assistance to the DoD Components, as well as national customers. The NSA is the U.S. Government lead for cryptology, and its mission encompasses both SIGINT and IA activities. The CSS conducts SIGINT collection, processing, analysis, production, and dissemination, and other cryptologic operations as

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assigned by the Director, NSA (DIRNSA) and Chief, CSS (CHCSS). The DIRNSA/CHCSS serves as the principal SIGINT and IA advisor to the SecDef and other senior DoD and U.S. Government officials.

- **2014:** Section 901 of the Carl Levin and Howard P. “Buck” McKeon NDAA for FY15 directed the transfer of authority, direction, and control of the Information Assurance Directorate (IAD) of the NSA to the CIO. This change was codified in Section 142(b)(1)(D) of Title 10, U.S.C.
- **2015-2018:** During a September 24, 2015 Congressional hearing, then-Director, NSA, Michael Rogers said that NSA is considering a reorganization to prepare for future threats and a changing security landscape. The reorganization, called “NSA 21,” reportedly has merged the NSA's electronic spying mission with its network-defense operation, along with other changes.
- **2016:** Early drafts of H.R. 5077, the draft Intelligence Authorization Act for FY17, would recommend reversing the change made regarding authority, direction, and control of the IAD of the NSA (returning authority, direction, and control back to the Director, NSA). At the time of publication, authority, direction, and control of IAD remains with the CIO.
- **Note:** DoDD 5100.20, “National Security Agency (NSA/Central Security Service (CSS),” was updated on January 26, 2010.
- **2018:** Section 1641 “Matters Pertaining to the Sharkseer Cybersecurity Program,” of the NDAA for FY19, directs SecDef to transfer the operations and maintenance of the Sharkseer cybersecurity program from the NSA to DISA, no later than March 1, 2019.
- **2018:** On May 4, 2018, President Trump established the United States Cyber Command (USCYBERCOM) as the 10th Unified Combatant Command and retained the Director, NSA dual-hatted as the Commander USCYBERCOM.
- **Section 192(c) Relevance:** The transfer of authority, direction, and control of the IAD from the Director, NSA, to the CIO, represents a deliberation and decision of Section 192(c) activity.

3.8 General Counsel of the Department of Defense (GC DoD)

The GC DoD is the chief legal officer of the Department, advising both SecDef and DepSecDef on all legal matters and services, and providing legal advice to OSD organizations and, as appropriate, other DoD components. GC DoD exercises authority and oversight of one Defense Agency, detailed below.

3.8.1 Defense Legal Systems Agency (DLSA)

- **Background:** DLSA provides legal advice, services, and support to the Defense Agencies, DoD Field Activities, and, as assigned, other organizational entities within DoD. DLSA administers the DoD Standards of Conduct Program; supports and assists the Assistant

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Secretary of Defense for Legislative Affairs (ASD(LA)) in developing the DoD Legislative Program; oversees DoD personnel security processes; and provides fair and impartial administrative procedures through the Defense Office of Hearings and Appeals.

- **2017:** On August 4, 2017, then-SecDef James Mattis established the senior career official position of Senior Deputy GC DoD, as a non-political appointee position to support the GC and Principal Deputy GC with oversight of the Office of the GC (OGC) and DLSA.
- **Note:** DoDD 5145.04, “Defense Legal Systems Agency (DLSA),” was updated on April 16, 2012.
- **Section 192(c) Relevance:** Beyond the recurring annual budget deliberations for DLSA, there were no specific Section 192(c) activities identified.

3.9 Chief Information Officer of the Department of Defense

The CIO is the PSA and senior advisor to the SecDef and DepSecDef for IT (including for national security systems and defense business systems), information resources management, and efficiencies. The CIO exercises authority, direction, and control of one Defense Agency, detailed below.

3.9.1 Defense Information Services Agency (DISA)

- **Background:** DISA, a CSA, provides, operates, and assures command and control, information sharing capabilities, and a globally accessible enterprise information infrastructure in direct support to joint warfighters, national-level leaders, and other mission and coalition partners across the full spectrum of operations.
- **2014:** Enacted on December 19, 2014, Section 901 of the NDAA for FY15 directed the establishment of an Under Secretary of Defense for Business Management and Information (USD(BMI)), repealed two years later. Section 901 would have dual hatted the USD(BMI) as the CIO DoD with authority, direction, and control over DISA.
- **2014:** On December 15, 2014, the CIO issued direction that it is no longer a requirement to use DISA for the acquisition of cloud computing services. Further, he directed that each DoD Component remains responsible for determining what data and missions are hosted by external cloud service providers.
- **2015:** CJCS conducted a DISA CSART assessment that identified areas for improvement and enhanced efficiency.
- **2015:** On May 1, 2015, then-DepSecDef Work approved the consolidation of the IT operations by aligning the U.S. Army IT Agency, OSD EITSD with the Joint IT Service Provider-Pentagon (later renamed JSP), thereby consolidating IT services in DISA JSP.

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- **2016:** The July 27, 2016 CIO memorandum provided CJCS with updates on actions taken in response to recommendations made in the 2015 DISA CSART assessment.
- **2016:** In a March 8, 2016, memorandum, the Vice Director of DISA identified a series of activities that DISA would eliminate or curtail based on inputs from the DoD budget process.
- **2017:** The April 11, 2017, CIO memorandum directed the stand-up of the DoD Component owned and operated Component Enterprise Data Centers. These Centers are able to more effectively support the data requirements of more isolated activities, than could DISA owned and operated centralized Core Data Centers.
- **2018:** In a May 29, 2018, memorandum DepSecDef Shanahan directed the transfer of Mission Partner Environment responsibilities from DISA to the Air Force. (SECAF was designated as the DoD EA for Mission Partner Environment capabilities in 2017).
- **2019:** On January 28, 2019, the Official Performing the Duties of the DepSecDef, Norquist, directed the transfer of the certain DISA elements to under the authority direction and control of the Director, DSS. These included DISA's National Background Investigation Services (NBIS)/Program Executive Office and subordinate elements and the Joint Service Provider personnel providing direct support to the DoD CAF.
- **Note:** DoDD 5105.19, "Defense Information Services Agency (DISA)," was updated on July 25, 2006.
- **Section 192(c) Relevance:** Direction to achieve efficiencies, eliminate programs, and realign processes and resources between agencies is consistent with Section 192(c) activities, specifically, the transfer of certain functions from DISA to the Air Force and DSS.

3.10 Assistant to the Secretary of Defense for Public Affairs (ATSD(PA))

ATSD(PA) is the PSA and advisor to SecDef and DepSecDef for public information, internal information, community relations, information training, and audiovisual matters in support of DoD activities. ATSD(PA) exercises authority and oversight of one DoD Field Activity, detailed below.

3.10.1 Defense Media Activity (DMA)

- **Background:** DMA provides a wide variety of information products to the entire DoD family (i.e., Active, Guard, Reserve, and retired Military Service members, dependents, DoD civilians, and contract employees) and external audiences through all available media, including motion and still imagery, print, radio, television, web and related emerging Internet, mobile, and other communication technologies.

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- **2013:** In November 2013, the *Defense Early Bird* daily news production was discontinued as obsolete given the extent of online materials available to readers, and the marginal return on investment in collection news stories each day for military/civilian readership.
- **2016:** The BPSR considered a reduction of \$12 million per year for DMA, for the purpose of discontinuing the publication of the *Stars and Stripes* newspaper. The cut was not supported.
- **2017:** On July 6, 2017, the ATSD(PA) announced a “Public Affairs Transformation Initiative” to strengthen the execution of the Public Affairs mission important mission. To that end he directed a comprehensive Public Affairs Transformation Initiative to review operating resources, processes, policies, and technology we use to conduct daily operations. The purpose of this initiative is to carefully examine our ability to ensure effective and efficient means of communication across the Department and to make changes where necessary. Related DoD PA reform initiatives included Technology, Communication, and Education.
- **2017:** DoDD 5105.74, “Defense Media Activity (DMA),” was updated by incorporating Change 1 on August 29, 2017.
- **2018:** In the spring of 2018, DMA introduced “Morning News of Note,” a news compendium much like the *Defense Early Bird* that was discontinued in late 2013.
- **Section 192(c) Relevance:** Internal review and BPSR assessment of a Defense Activity’s purpose and products are specifically Section 192(c) activities.

3.11 Other Fourth Estate Deliberations and Decisions

3.11.1 Defense Digital Service (DDS)

- **Background:** On his first day in office, then-SecDef Carter laid out his “Force of the Future Initiative.” As described in Section 3 above, this initiative subsequently included activities ranging from increasing the number of service members with experience in the commercial sector to streamlining the transition process and procedures between the Active and Reserve Components to the designation of a Chief Recruiting Officer.
- **2015 – 2016:** On November 18, 2015, then-SecDef Carter approved the establishment of DDS to increase DoD digital innovation by leveraging expertise in the private sector. DDS was established in the inner office of the SecDef, and on January 26, 2016, then-SecDef Carter announced the selection of the first Director, DDS reporting directly to DepSecDef. The mission of the DDS is to drive game-changing evolution in the way DoD builds and deploys technology and digital services. The DDS exists to apply best-in-class private sector practices, talent, and technology to transform the way software products are built and delivered within DoD.

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- **2017:** Inaugural DoDD 5105.87, “Director, Defense Digital Service (DDS),” was issued on January 5, 2017.
- **2017:** On July 3, 2017, then-SecDef Mattis issued a memorandum authorizing DDS members to be granted prompt access to leadership and team members, as well as to contracts, servers, development environments, production environments, technical artifacts, source code, vendors, and other related documentation necessary to complete their mission.
- **Section 192(c) Relevance:** The DDS’s function to enhance the effectiveness of recruiting and retaining of cyber personnel and the provision of cyber products and services, centrally, rather than assigning the function to a Military Department, or other DoD Component, is an explicit fulfillment of Section 192(c).

4. CONCLUSIONS, CURRENT, AND FUTURE REVIEWS

... [W]e're doing a more full integration of the Fourth Estate into the Department of Defense. And...shifting from service-led functions into more enterprise-led functions...in the areas of IT, HR, and finance.¹⁰

*Deputy Secretary of Defense Patrick Shanahan
December 21, 2017*

Section 921 of the John S. McCain NDAA for FY19 amended Section 132a of Title 10, U.S.C., to add new CMO responsibilities regarding the management and review of each Defense Agency and DoD Field Activity. Section 921 also directed associated reports to Congress.

- Not later than March 31 of each year, beginning in FY20, SecDef shall submit to Congress a report that includes the proposed budgets and comments regarding the enterprise business operations of specified Defense Agencies or Department of Defense Field Activities.
- Not later than January 1, 2020, the CMO shall establish a consistent reporting framework to establish a baseline for the costs to perform all covered activities, and shall submit to Congress a report that, for each individual covered activity performed in fiscal year 2019, identifies certain cost, personnel, and systems data for the covered activities. Covered activities are those relating to civilian resources management, logistics management, services contracting, or real estate management.
- Not later than January 1, 2020, the CMO shall certify not less than 25 percent savings for covered activities in FY20 against obligations and expenditures in FY19. If the CMO determines that achievement of savings of 25 percent or more will create overall inefficiencies for the Department, notice and justification will be submitted to the congressional defense committees specifying a lesser percentage of savings that the CMO determines to be necessary to achieve efficiencies in the delivery of covered activities, by not later than October 1, 2019.
- Starting no later than January 1, 2020, and periodically (at least every five years) thereafter SecDef, through the CMO is to reform DoD enterprise business operations with respect to covered activities and submit a report on those activities starting January 1, 2025. An initial plan for this reform was submitted to Congress on April 24, 2019.

Additionally, Section 923 of the NDAA for FY19 amended Section 192(c) of Title 10, U.S.C., adding an additional requirement¹¹ for the Department to conduct, every four years, a review of the efficiency and effectiveness of each Defense Agency and DoD Field Activity. Each four-year review shall, to the maximum extent practicable, be conducted in coordination with other ongoing

¹⁰ Deputy Secretary of Defense Patrick M. Shanahan, Media Availability, December 21, 2017, <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1402941/off-camera-on-the-record-media-availability-with-deputy-secretary-shanahan/>.

¹¹ As of July 1, 2019, Section 192(c) has two separate paragraphs numbered 192(c)(1).

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efforts in connection with business enterprise reform. As part of each four-year review, the CMO must identify each activity of a Defense Agency or DoD Field Activity that is substantially similar to, or duplicative of, an activity carried out by another organization or element of DoD, or is not being performed to an adequate level to meet Department needs. Further, the CMO is to submit a report that sets forth the results of each four-year review of Defense Agencies and DoD Field Activities to the Congressional Defense Committees no later than 90 days after completion.

Prior to this amendment, there was no requirement that DoD develop and issue a written report as part of the directed periodic review. Nevertheless, since 1987 and through 2012, OP&DS regularly published reviews on the numerous ways DoD fulfills the statutory requirement for reviewing Defense Agencies and DoD Field Activities. This 2013-2018 iteration is currently planned as the final installment of this review series and continues to affirm the ongoing governance, resource allocation processes, and defense reform initiatives which serve to fully meet Section 192(c) requirements. In reviewing the array of ongoing activity, this paper draws some conclusions outlined in the sections below.

4.1 DoD Culture of Efficiency

During an off-camera press briefing, Acting SecDef Shanahan stated, “I am biased towards performance. I am biased towards giving the taxpayer their money's worth.”¹² Acting SecDef’s commitment to a culture of efficiency through reform builds upon a long history of senior leader interest in improving the institutional processes that routinely support Section 192(c) compliance.

Then-SecDef Mattis stated to the House Armed Services Committee that DoD “is transitioning to a culture of performance and affordability that operates at the speed of relevance.”¹³ His intent was to establish repeatable and enduring processes which leverage quality data to support informed decisions on an ongoing basis. Further, SecDef Mattis stated, “If current structures inhibit our pursuit of lethality, I expect Service Secretaries and Agency Heads to consolidate, eliminate, or restructure to achieve the mission.”¹⁴ Acting SecDef Shanahan continued to align with and promote these initiatives in his current Acting role.

4.2 Defense Spending Scrutiny

The Defense Agencies and DoD Field Activities are under constant budgetary review from the President, Congress, SecDef, and DoD senior and supporting governance processes for their cost effectiveness and value. The Defense Agencies and DoD Field Activities account for Defense spending of approximately 100 billion dollars in appropriations and influence billions more through working capital funds, fees for services, and management and audit activities. Accordingly, the Defense annual budget process seeks to justify DoD spending while streamlining and reducing spending wherever possible through the consolidation of DoD activities, functions, and facilities. The continuum of DoD reform initiatives, as outlined in Section 2.6, feed data and analysis into ongoing management and budget decision-making processes, through both formal reporting, as well as staff level engagements, in the conduct of the reviews. Collectively, these institutional efforts support the ongoing scrutiny of the value and necessity of supplies and services as provided by the Defense Agencies and DoD Field Activities.

4.3 Future Reviews of Defense Agencies and DoD Field Activities

On September 5, 2018, then-CMO Gibson established a “Fourth Estate Management Group to recommend business efficiency optimization and future-state targets through stakeholder engagement, metrics review, and baseline performance evaluation.” Subsequently, just prior to the time of this publication, the OCMO was undergoing a reorganization. As part of that reorganization, a new element called the Fourth Estate Management Office, as outlined in its Charter and in a CMO Memorandum dated October 17, 2018 (Appendix 3), will be “responsible for conducting Defense Agency and DoD Field Activity reviews that will be executed using a standardized approach to assess each Defense Agency and DoD Field Activity and identify activities among them that are similar and/or duplicative.” This process will inform the periodic

¹² Acting Secretary of Defense Patrick M. Shanahan, Pentagon briefing, January 29, 2017, <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1743317/off-camera-press-briefing-in-the-pentagon-briefing-room/>.

¹³ Secretary of Defense James N. Mattis; Statement to the House Armed Services Committee, February 6, 2018, <https://docs.house.gov/meetings/AS/AS00/20180206/106833/HHRG-115-AS00-Wstate-MattisJ-20180206.pdf>.

¹⁴ Ibid.

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efficiency and effectiveness review mandated by Sections 132a and 192(c) of Title 10, U.S.C. Additionally, the Directorate of Administration and Organizational Policy, through OP&DS, will continue to track and record related DoD organizational and reform initiatives to inform its activities.

To secure a future of beneficial Defense Agencies and DoD Field Activities reviews and to comply with the new Congressional reporting requirements, the CMO will continue to focus on collaborating with DepSecDef and OSD PSAs to scrutinize and ensure the effectiveness of all Defense Agencies and DoD Field Activities.

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APPENDIX 1

DoD Executive Agent Actions

- Consistent with Section 192(c) compliance, DoD continuously reviews whether a DoD EA assignment should be established, updated, or cancelled. This is most frequently accomplished through a memorandum signed by the SecDef or DepSecDef. The table below presents identified DoD EA actions from 2013 – 2018, and includes the enacting document, the responsible organization, and date of the action.

DoD Executive Actions, 2013-2018 (Initial, Updated, and Cancelled)				
Title	Action	Means	Assigned to	Date
Commercial Software Product Management of Core Enterprise Technology Agreements	Initial	DoDD 8470.01E	Navy	September 2018
Armed Services Blood Programming Office	Cancelled	ASD(HA) Memo	Army	August 2018
Mission Partner Environment Materiel Capabilities	Initial	DSD Memo	Air Force	May 2018
Cold War Certificate	Updated	SecArmy Memo	Army	April 2018
Defense Equal Opportunity Management Institute	Updated	USD(P&R) Memo	Air Force	February 2018
Enterprise-wide Mass Warning and Notification	Updated	CIO Memo	Army	February 2018
Enterprise-wide Mass Warning and Notification	Initial	DSD Memo	Army	September 2017
Defense Production Act Title III Program	Updated	DSD Memo	Air Force	September 2017
CREW Technology	Updated	SecArmy Memo	Army	September 2017
Defense Production Act Title III Program	Updated	DSD Memo	Air Force	July 2017
Unified Platform and Joint Cyber Command and Control	Initial	DSD Memo	Air Force	May 2017
Recovered Chemical Warfare Material Program	Updated	SecArmy Memo	Army	May 2017
Persian Gulf War Exposure Registry	Updated	SecArmy Memo	Army	August 2016
Management of Land-Based Water Resources in Support of Contingency Operations	Updated	SecArmy Memo	Army	January 2017
DoD Support to United Nations Missions	Updated	SecArmy Memo	Army	January 2017
Contract Linguist Program	Updated	SecArmy Memo	Army	January 2017
Biological Select Agent and Toxin (BSAT) Biosecurity Program	Initial	DSD Memo	Army	January 2017
Catch a Serial Offender Program Server and Searchable Database	Initial	DSD Memo	Navy	December 2016

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Chemical and Biological Defense Program	Updated	DoDD 5160.05E	Army	December 2016
Joint Improvised Explosive Device Defeat Organization	Cancelled	DSD Memo	Army	November 2016
Commanders' Emergency Response Program	Updated	SecArmy Memo	Army	August 2016
Western Hemisphere Institute for Security Cooperation	Updated	SecArmy Memo	Army	August 2016
Recruiting Facilities Program	Updated	SecArmy Memo	Army	August 2016
Persian Gulf War Registry	Updated	SecArmy Memo	Army	August 2016
Operation of the After Government Employment Advise Repository	Updated	SecArmy Memo	Army	August 2016
Multinational Force and Observers Sinai	Updated	SecArmy Memo	Army	August 2016
Military Assistance to Safety and Traffic	Updated	SecArmy Memo	Army	August 2016
Georgia-U.S. BioSurveillance and Research Center	Updated	SecArmy Memo	Army	August 2016
DoD Support to United Nations Missions	Updated	SecArmy Memo	Army	August 2016
DoD Passport and Passport Agent Services	Updated	SecArmy Memo	Army	August 2016
DoD Level III Corrections	Updated	SecArmy Memo	Army	August 2016
DoD Law of War Program	Updated	SecArmy Memo	Army	August 2016
Detainee Operations	Updated	SecArmy Memo	Army	August 2016
Combat Feeding Research and Engineering Program	Updated	SecArmy Memo	Army	August 2016
Defense Language Institute Foreign Language Center	Updated	SecArmy Memo	Army	August 2016
Cyber Training Ranges	Updated	SecArmy Memo	Army	August 2016
BSAT Biosecurity Program	Updated	SecArmy Memo	Army	August 2016
Unexploded Ordnance Center of Excellence	Updated	SecArmy Memo	Army	August 2016
DoD Support to Scouting Organizations and the American Red Cross	Updated	SecArmy Memo	Army	August 2016
Explosives Safety Management	Updated	SecArmy Memo	Army	August 2016
Military Postal Service	Updated	SecArmy Memo	Army	August 2016
Homeowners Assistance Program	Updated	SecArmy Memo	Army	August 2016
Recovered Chemical Warfare Material Program within the United States	Initial	DoDD 5101.17E	Army	May 2016
Cyber Test Ranges	Initial	DSD Memo	DoD TRMC	March 2016
Cyber Training Ranges	Initial	DSD Memo	Army	March 2016
Regional Centers for Security Studies	Updated	DoDD 5101.1	DSCA	July 2016
Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury	Cancelled	ASD(HA) Memo	Army	February 2016
Integration of Common Biometric Technologies throughout the DoD	Updated	DoDD 8521.01E	Army	January 2016
DoD Law of War Program	Updated	DoDD 2311.01E	Army	December 2015

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Secretary of Defense 2013-2018 Review of Defense Agencies and DoD Field Activities

DoD Medical Examination Review Board	Cancelled	ASD(HA) Memo	Air Force	December 2015
Contingency Fatality Operations	Cancelled	DoDD 1300.22	Army	October 2015
Space	Cancelled	DSD Memo	Air Force	September 2015
Anti-Tamper	Initial	DoDD 5200.47E	Air Force	September 2015
Defense Activity for Non-Traditional Education Support	Cancelled	DSD Memo	Navy	September 2015
Armed Forces Medical Examiner System and the National Museum of Health and Medicine	Cancelled	ASD(HA) Memo	Army	August 2015
BSAT Biosafety Program	Initial	DSD Memo	Army	July 2015
Military Working Dog Program	Updated	SD Memo	Air Force	January 2015
Defense Logistics Management Standards	Initial	DoDD 8190.01E	DLA	January 2015
Construction/Barrier Material	Updated	DoDD 5101.12E	DLA	January 2015
Defense Activity for Non-Traditional Education Support	Updated	SecNav Memo	Navy	November 2014
DoD Detainee Program (Administration)	Updated	DoDD 2310.10E	Army	August 2014
Joint Task Force National Capital Region Medical	Cancelled	DSD Memo	TMA	July 2014
Armed Forces Health Surveillance Center	Cancelled	DSD Memo	Army	July 2014
Military Vaccine Agency	Cancelled	DSD Memo	Army	July 2014
DoD Veterinary Public and Animal Health Services	Cancelled	DSD Memo	Army	July 2014
Military Immunization Program	Cancelled	DSD Memo	Army	July 2014
Anthrax Vaccination Immunization Program	Cancelled	DSD Memo	Army	July 2014
Immunization Program for Biological Warfare Defense	Cancelled	DSD Memo	Army	July 2014
Joint Medical Executive Skills Development Program	Cancelled	DSD Memo	Army	July 2014
Homeowners Assistance Program	Updated	DoDD 4165.50E	Army	February 2014
Defense HIV/AIDS Prevention Program	Updated	DoDD 6485.02E	Navy	December 2013
CREW Technology (Designation of Army as DoD EA)	Cancelled	OSD013857-13	Navy	December 2013
DoD Veterinary Public and Animal Health Services	Updated	DSD Memo	Army	October 2013
Armed Forces Health Surveillance Center	Updated	DSD Memo	Army	October 2013
Commemoration of the 60th Anniversary of the Korean War	Cancelled	Self-Canceling	Army	September 2013
Formerly Used Defense Sites Program	Cancelled	DoDI 4715.07	Army	May 2013
Personnel Recovery (less policy)	Cancelled	DoDD 3002.01	CJCS/JPra	April 2013

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Secretary of Defense 2013-2018 Review of Defense Agencies and DoD Field Activities

APPENDIX 2

DoD Reforms Memoranda

Tab Number	Official Signature	Subject	Date
1	Chuck Hagel SecDef	Strategic Choices and Management Review	March 15, 2013
2	Ashton Carter DepSecDef	20 Percent Headquarters Review	July 31, 2013
3	Ashton Carter DepSecDef	Terms of Reference for the 2013 OSD Organizational Review	August 26, 2013
4	Ashton Carter DepSecDef	Appointment of the DoD Senior Official Charged with Overseeing Insider Threat Efforts	September 25, 2013
5	Robert Work DepSecDef	Implementation Guidance for the Business Process and Systems Review	August 8, 2014
6	Robert Work DepSecDef	Authority to Direct Other Defense Organizations' Financial Improvement and Audit Readiness Efforts	October 25, 2015
7	Robert Work DepSecDef	Terms of Reference-"Transforming Department of Defense Core Business Processes for Revolutionary Change"	October 15, 2014
8	Robert Work DepSecDef	Review of the Total Costs of the Pentagon Reservation Operations	October 7, 2014
9	Robert Work DepSecDef	Defense Resale Business Optimization Board (DRBOB) Charter	February 5, 2016
10	Ashton Carter SecDef	Force of the Future: Maintaining our Competitive Edge in Human Capital	November 18, 2015
11	Robert Work DepSecDef	Cost Reduction Targets for Major Headquarters/ Policy Guidance for Controlling Growth in Major Headquarters (Outside of the Military Departments)	August 24, 2015
12	Robert Work DepSecDef	Hiring Suspension to Ensure Implementation of Organizational Delaying Commitments	February 23, 2016
13	Robert Work DepSecDef	Implementation of Institutional Reform Opportunities	July 24, 2015
14	Terry Halvorsen ADoD CIO David Tillotson III ADCMO	Fourth Estate Working Group Charter	February 9, 2015
15	Robert Work DepSecDef	Review of the Organization and Responsibilities of the DoD	January 4, 2016
16	Mick Mulvaney Dir, OPM	Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce	April 12, 2017
17	Robert Work DepSecDef	Designation of Lead Official for Development Of Plans Pursuant to Defense Reform	May 5, 2017
18	Patrick M. Shanahan DepSecDef	Appointment of Business Reform Leaders for the Department	--

Tab 1
Strategic Choices and Management
Review

Memorandum from Secretary of Defense Chuck Hagel
March 15, 2013: "Strategic Choices and Management
Review"



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

MAR 15 2013

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE
SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
CHIEFS OF THE MILITARY SERVICES
COMMANDERS OF THE COMBATANT COMMANDS
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

SUBJECT: Strategic Choices and Management Review

The Department of Defense must constantly examine the choices that underlie our defense strategy, posture, and investments, including all past assumptions and systems. This will be especially important in the period ahead, as both budgetary and strategic uncertainty affect our planning. We must think and act ahead of this uncertainty, and not in reaction to it.

Accordingly, I am directing the Deputy Secretary of Defense, working with the Chairman of the Joint Chiefs of Staff, to conduct a Strategic Choices and Management Review. This review will:

- Define, for my consideration, the major strategic choices and institutional challenges affecting the defense posture in the decade ahead that must be made to preserve and adapt defense strategy and management under a range of future circumstances.
- Consider the 2012 Defense Strategic Guidance as the point of departure and be informed by the Chairman's Risk Assessment. The results will frame my Fiscal Guidance for the FY 2015 budget and ultimately be the foundation for the statutorily required Quadrennial Defense Review due in February 2014.
- Be inclusive but confidential to allow for the free exchange of ideas. Service Secretaries and Chiefs, Office of Secretary of Defense Principals, and Combatant Commanders will serve as essential participants.

This will be an iterative process, reporting to me at regular intervals with the aim to conclude the process by May 31, 2013. I appreciate your efforts and support in this process. Thank you.



Clark Habel



OSD003024-13

Tab 2
20 Percent Headquarters Reductions

Memorandum from Deputy Secretary of Defense Ash Carter
July 31, 2013: "20% Headquarters Reductions"



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

JUL 31 2013

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARIES OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: 20% Headquarters Reductions

Secretary Hagel has directed a 20% cut in management headquarters spending throughout the Department of Defense (DoD). The cuts, which will take place regardless of the budget levels approved by Congress, are designed to streamline DoD's management through efficiencies and elimination of lower-priority activities. This memorandum defines the nature of these important reductions more specifically.

The headquarters cuts will apply to all higher headquarters staffs including Office of the Secretary of Defense Principal Staff Assistants (PSAs) and their associated Defense Agency staffs, Joint Staff, Service Secretary staffs, Service Chief staffs, Service 4-star major commands and Service component commands, lower level Service staffs (down to the appropriate level determined by the Service Secretaries and Chiefs), and Combatant Command staffs. Intelligence staffs will also be affected (primarily Military Intelligence Program-funded Intelligence Centers and, with the concurrence of the Director for National Intelligence, National Intelligence Program-funded centers).

Service Secretaries and Chiefs will decide the allocation of cuts among various organizations within their headquarters staffs. The Chairman of the Joint Chiefs will make the same allocation for the Joint Staff. Each PSA and Defense Agency should achieve a 20% reduction. If necessary, I will consider reallocations during program review.



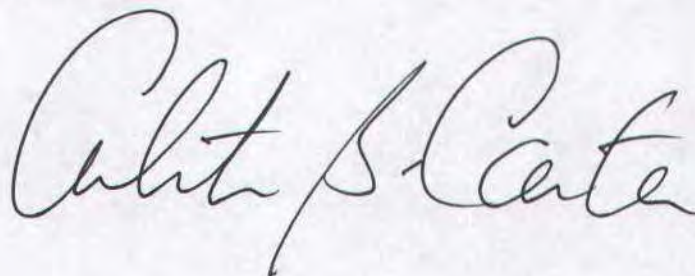
OSD008519-13

The 20% cut applies to the total headquarters budgets. Total headquarters budgets include government civilian personnel who work at headquarters and associated costs including contract services, facilities, information technology, and others that support headquarters functions. Budgets are those specified in the Future Years Defense Program supporting the President's budget for Fiscal Year (FY) 2014, extended to FY 2019 assuming growth for inflation. The 20% cut applies to budget dollars. However, organizations will strive for a goal of 20 percent reductions in authorized government civilian staff at their headquarters. Similarly, while military personnel are not part of headquarters budgets, organizations will strive for a goal of 20 percent reductions in military personnel billets on headquarters staffs. Finally, subordinate headquarters should not grow as a result of reductions in higher headquarters. I will be reviewing proposals to ensure that these various goals are met.

I recognize that the FY 2014 budget reflects past efficiency decisions, some of which affected headquarters. This 20% reduction represents an additional cut, which I know will be challenging. However, in this period of additional downward pressure on defense spending, we must continue to reduce our headquarters budgets and staffing. Components are encouraged to suggest changes in policies and workload that would help them accommodate these dollar and staff reductions.

Senior managers should ensure that cuts are made aggressively and as soon as possible, both to eliminate uncertainty for our employees and contractors and to maximize savings. Generally, cuts should be roughly proportional by year – with about one fifth of the cut in FY 2015, another fifth in FY 2016, and so on. Components are free to implement reductions more rapidly. To the extent feasible, some cuts should begin in FY 2014 in order to increase savings and reduce the cuts required in later years.

Reduction plans should be submitted along with the Program Objective Memorandum submissions, which are due on September 23.

A handwritten signature in black ink, reading "Robert B. Carter". The signature is written in a cursive, flowing style with a large initial "R".

Tab 3
OSD Organizational Review
(Donley Review)

Memorandum from Deputy Secretary of Defense Ash Carter
August 26, 2013: "Terms of Reference for the 2013
Organizational Review"



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

AUG 26 2013

MEMORANDUM FOR UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

Subject: Terms of Reference for the 2013 OSD Organizational Review

Consistent with the findings of the Strategic Choices and Management Review and my July 31, 2013, memorandum on 20 percent reductions in headquarters, Secretary Hagel and I have directed a small team to implement major efficiency recommendations in OSD. This team will undertake an organizational review of OSD. The review will assess and recommend specific adjustments to OSD's organizational structure and alignment in light of new fiscal realities and evolving security threats. The attached document provides guidance and promulgates Terms of Reference for conducting an organizational review of OSD.

Former Secretary of the Air Force Mike Donley will lead this review. I have asked him to consult with me at key junctures of the process over the coming weeks and to submit his findings and recommendations for Secretary Hagel's consideration by the end of September. Throughout this process, Secretary Hagel and I ask that you provide Secretary Donley and his staff with prompt responses and any support he needs to complete this important mission.

Attachment:
As stated

cc:
Chairman of the Joint Chiefs of Staff
Vice Chairman of the Joint Chiefs of Staff
Service Secretaries
Service Chiefs



OSD010077-13

Terms of Reference
2013 Office of the Secretary of Defense Organizational Review

I. Purpose

These terms of reference (TOR) provide guidance for the conduct of the 2013 Office of the Secretary of Defense (OSD) Organizational Review ('the Review'). The goal of the Review is to achieve a more effective and efficient organization for OSD while reducing the number of civilian, military, and contractor personnel supporting it in accordance with the Strategic Choices and Management Review (SCMR) efficiencies mandate. The Review will provide a vehicle for the Department of Defense's (DoD's) leadership to: (1) achieve a 20 percent reduction in OSD's headquarters budget over the Future Years Defense Program; and (2) reduce the number of direct reports to the Secretary of Defense by further consolidating functions within OSD, as well as eliminating positions.

II. Baseline

- The Review will focus on the offices of approximately 16 Principal Staff Assistants (PSAs) who report directly to the Secretary and Deputy Secretary of Defense.
- The Review will use the SCMR data and products as a point of departure and will draw upon targets identified in previous management reviews.

III. Timing

- The Review will conclude by September 27. Components will be asked to submit a plan for implementing their 20 percent reductions along with their Program Objective Memorandum and Alternate Program Objective Memorandum submissions on September 23.

IV. Areas of Focus

- *Implement OSD 20 Percent Reductions.* The Review will work with PSAs to develop concrete implementation plans for making 20 percent reductions while looking for ways to operate more efficiently overall.
- *Refine SCMR Consolidation Proposals.* The Review will refine the OSD consolidation options proposed by SCMR teams to improve functional alignment, eliminate redundancies, improve span of control, strengthen management functions, and eliminate unnecessary legacy functions. The Review will make additional recommendations as appropriate.

V. Process

- Secretary Donley will lead the Review, supported by a small team comprised of OSD personnel and a small number of outside experts.
- The Review team will solicit input from PSAs on SCMR proposals, plans for 20 percent budget reductions, organizational structures, functions, and management requirements. The team will also solicit the views of former DoD officials and outside experts familiar with OSD and the challenges of managing the DoD enterprise.

VI. Implementation

- The Review team will submit recommendations for efficiency adjustments, based on component proposals and expert suggestions, for the Secretary's consideration, along with corresponding implementation plans that describe metrics and tracking mechanisms to monitor the execution of each recommendation.
- The Review team will denote which recommendations would require legislative action. Further, the Review team will prepare for the Secretary's consideration a list of legislative changes – to include those that exceed the more narrow scope of this Review – that would better enable OSD to implement efficiencies adjustments and improve overall organizational performance.
- Following the Secretary's decisions, action will be assigned to specific offices and individuals to execute the recommendations by leveraging the implementation plans. The Secretary will set specific deadlines for completing this work. Designated offices will also be required to report regularly on progress to meet tracking metrics detailed in the implementation plans.
- The Director of Administration and Management will monitor overall execution and report monthly to the Deputy Secretary of Defense at regular meetings of the Deputy's Management Action Group, beginning in October 2013.
- At an appropriate time, the Deputy Secretary shall promulgate a follow-on implementation cell to carry on the implementation work of the Review team after its completion date.

Tab 4

Defense Security Enterprise Reform

Memorandum from Deputy Secretary of
Defense Ash Carter September 25, 2013:
"Appointment of the DoD Senior Official
Charged with Overseeing Insider Threat
Efforts"



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

SEP 25 2013

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE

SUBJECT: Appointment of the DoD Senior Official Charged with Overseeing Insider Threat Efforts

The damage to national security resulting from unauthorized disclosures of classified information demonstrates the urgent need to protect classified information and networks more effectively from malicious insiders. Implementation of an effective and comprehensive program to counter the threats posed by those who would compromise the trust placed in them to protect classified information and networks is vital to our ability to accomplish the Department's mission.

President Obama transmitted the *National Insider Threat Policy* and *Minimum Standards for Executive Branch Insider Threat Programs* on November 21, 2012, to provide direction and guidance to promote the development of effective insider threat initiatives to deter, detect, and mitigate actions by employees who may represent a threat to national security. These threats include violent acts, potential espionage, and other unauthorized disclosures of classified information.

The *National Insider Threat Policy* and *Minimum Standards for Executive Branch Insider Threat Programs* require executive departments and agencies to designate a senior official to be charged with overseeing the Department's implementation of the policy and minimum standards. You are hereby appointed as the DoD Senior Official for these purposes. I look forward to your updates on the Department's progress to comply with the President's guidance.

cc:

Secretaries of the Military Departments
Chairman of the Joint Chiefs of Staff
Under Secretaries of Defense
Deputy Chief Management Officer
Commanders of the Combatant Commands
Director, Cost Assessment and Program Evaluation
Director, Operational Test and Evaluation
General Counsel of the Department of Defense
Inspector General of the Department of Defense
Assistant Secretaries of Defense
Department of Defense Chief Information Officer
Assistants to the Secretary of Defense
Director, Administration and Management
Director, Net Assessment
Directors of the Defense Agencies
Directors of the DoD Field Activities



OSD011205-13

Tab 5
Business Process and Systems Review

Memorandum from Deputy Secretary of Defense Robert Work
August 8, 2014: "Implementation Guidance for the Business
Process and Systems Review"



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

AUG 08 2014

MEMORANDUM FOR UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Implementation Guidance for the Business Process and Systems Review

The Department is on track to implement the Secretary of Defense-directed action to reduce the cost of management headquarters by 20 percent over the next five years. However, that work has largely been in the context of each major staff element/agency conducting an examination of its own process and structure. In the face of continued challenges impacting the nation; the need for the Department to play a key role in meeting those challenges; the need for the Department to maintain readiness while modernizing capability; and limitations on the DoD budget topline, the Office of the Secretary of Defense (OSD) staff and associated Defense agencies as a whole should continue to scrutinize activities to identify ways to improve effectiveness and agility. Moreover, changes within OSD and the Defense agencies must be synchronized with the Military Departments to improve overall performance, move toward auditability and standardization, and strengthen business and IT systems and processes.

It is in this context that I have directed the Deputy Chief Management Officer (DCMO) and the DoD Chief Information Officer (CIO) to co-lead a review of business processes and the supporting information technology systems within the organizations of the Principal Staff Assistants (PSA) and their associated Defense agencies and DoD Field Activities. This review will provide the PSAs with information to help them to clarify whether their organizations are aimed at Departmental outcomes, identify resources allocated to outcomes, identify obstacles to achieving those outcomes (e.g., resource shortfalls, policy/legislative issues, process obstacles), and identify activities that might be improved or eliminated.

The process will begin with an introductory meeting between Business Process and System Review Team (BPSRT) and the PSA for the activity under review. The initial BPSR review will begin after Labor Day on September 2, 2014. The process will end with the PSA presenting a "State of the Portfolio" briefing to me and the Vice Chairman that includes a summary of the organization's priority activities, the resources allocated (and planned to be



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allocated) against those activities, a statement of the measureable objectives of those priorities, and a summary of how that organization measures progress toward those outcomes.

In order to standardize this process throughout OSD, I have instructed the BPSRT to create a web-based, sustainable tracking and measurement tool that will be used by all PSAs and the DCMO to record and report quarterly progress on their implementation plans with associated organizational changes and actual savings.

The DCMO and DoD CIO co-leads for this effort are Mr. Andrew Haeuptle, at andrew.s.haeuptle.civ@mail.mil or (571) 372-2861 and Ms. Betsy Freeman, at betsy.l.freeman.civ@mail.mil or (703) 614-2778.

PSAs shall provide a single point of contact to interface with the BPSRT no later than two weeks from the date of this memorandum via email to richard.w.palermo.ctr@mail.mil.

I appreciate your full support and cooperation in this effort.

A handwritten signature in black ink, appearing to read 'R. Palermo', with a large, stylized initial 'R'.

cc:
Secretaries of the Military Departments
Chairman of the Joint Chiefs of Staff

Tab 6
Comptroller Cost Framework Initiative

Memorandum from Deputy Secretary of Defense
Robert Work October 25, 2015: "Authority to Direct
Other Defense Organizations' Financial
Improvement and Audit Readiness Efforts"



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

OCT 25 2015

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM
EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Authority to Direct Other Defense Organizations' Financial Improvement and Audit
Readiness Efforts

The Department of Defense (DoD) must be ready to enter an audit of its consolidated financial statements and sustain annual financial statement audits starting in fiscal year 2018. For this reason, I have assigned responsibility to the Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)/CFO) and the Deputy Chief Management Officer (DCMO) to ensure current plans are realistic, cost-effective, and meet key milestones. Their responsibility applies to the DoD enterprise and includes centralized oversight and coordination of Other Defense Organizations' (ODO) financial improvement and audit readiness (FIAR) efforts.

To ensure audit success, I have asked the USD(C)/CFO and DCMO to have their teams assume a more prominent role with all entities funded with Treasury Index 97 defense funds. This includes the Medicare-Eligible Retiree Health Care Fund and ODOs. The ODOs are comprised of the defense agencies, field activities, offices, programs, commands, defense funds, and trust funds, and are subject to annual financial statement audits, either as distinct reporting entities or as part of the DoD consolidated audit.

I am also designating the Deputy Chief Financial Officer (DCFO), under the authority, direction, and control of the USD(C)/CFO, as the authority for directing, monitoring, and sustaining ODO FIAR priorities. He will work in collaboration with the Assistant DCMO and



OSD012146-15/CMD01500C-15

applicable Principal Staff Assistants. The ODO senior leaders will continue to be responsible for their organizational missions while ensuring audit priorities have appropriate attention. This includes but is not limited to:

- Implementation of internal controls over financial reporting;
- Addressing audit readiness impediments and establishing critical capabilities;
- Implementation of business process improvements and system modernizations; and
- Visibility of budget/resource requirements linked to audit preparation and support.

Dedicated support is required to adequately prepare and sustain auditability. The ODOs must assign sufficient resources to each priority established by the DCFO and the Assistant DCMO. I have asked them to provide me with regular ODO updates.

My point of contact is Mrs. Alaleh Jenkins, Director, Financial Improvement and Audit Readiness, Office of the USD(C), at 703-614-6524 or alaleh.a.jenkins.civ@mail.mil.

A handwritten signature in black ink, appearing to read "Alaleh Jenkins", is positioned in the lower right quadrant of the page.

Tab 7
**Transforming DoD Core Business Processes
for Revolutionary Change**

Memorandum from Deputy Secretary of Defense Robert Work
October 15, 2014: "Terms of Reference for Transforming
DoD Core Business Processes for Revolutionary Change"



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

OCT 15 2014

MEMORANDUM FOR CHAIRMAN, DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference – “Transforming Department of Defense Core Business Processes for Revolutionary Change”

The Department of Defense (DoD) spends about \$100B annually on core business processes (i.e., human resource management, healthcare management, financial management, acquisition and procurement, logistics and supply, and real property management) that support our mission. Private sector businesses, particularly large global corporations with business process challenges analogous to those of DoD, have experienced significant cost savings through the implementation of process redesigns and agile reference architectures. While DoD has improved its core processes and the supporting information technology (IT) hardware and software over the last decade, the Department still lags behind the commercial sector. The application of commercial sector lessons learned, combined with modern, commercially-derived IT approaches, may enable the Department to save money and resources while improving mission performance.

My goal is to modernize our business processes and supporting systems and create an agile enterprise shared services organization in order to reduce costs, maximize return on investment, and improve performance while ensuring we maintain system security. To ensure our efforts leverage best practices, I am establishing a Task Group under the Defense Business Board (DBB) to review and recommend changes to the Department’s current plans for enterprise modernization. The task group’s recommendations should be specific and actionable in order to enable the creation of an agile enterprise shared services organization. The Task Group should:

- Identify how private sector enterprises create a cost conscious culture and propose how DoD might do the same. Your analysis should include how private sector enterprises consolidate IT “utilities” to create efficient and agile organizational performance. Consider the use of third parties to evaluate and recommend ways to best reconfigure all or part of DoD’s supporting business processes and their associated IT. Consider ways a vendor analysis work product might be used to derive needed financial and transaction data for application to DoD.
- Consider a conceptual roadmap that will support a staged modernization of an OSD Principal Staff Assistant organization. Recommend how best to enable the construction and operation of the new technology “stack” to support redesigned business processes.
- Recommend an approach for the Department to establish a means (such as a cash flow model) to identify and quantify the economic value of modernization on a productivity basis. Propose how enterprise modernization can best be structured to bring innovation and agility to the “end user” community to gain additional efficiencies.



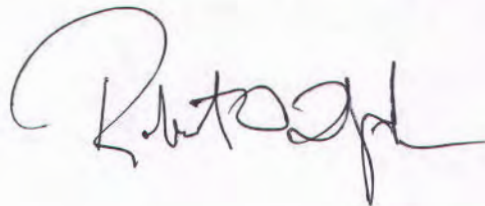
OSD011861-14

- Make recommendations to the DoD Enterprise Roadmap to address shared approaches to IT services and all of the above.
- Consider utilizing the results and analyses of previous studies relevant to this analysis.

The DBB will provide its findings and recommendations to the Secretary of Defense or the Deputy Secretary of Defense, informed by the Task Group's work, no later than its January 2015 quarterly meeting. The Offices of the Deputy Chief Management Officer; Chief Information Officer; and Under Secretary of Defense for Acquisition, Technology and Logistics will serve as DoD liaisons for this project and provide technical assistance as needed. The Joint Chiefs of Staff will also support, as required.

In accordance with DoD policy, Ms. Roxanne Decyk and Messrs. Kenny Klepper, Philip Odeen, and Emil Michael are appointed as members of the Task Group, pursuant to 5 U.S.C. § 3109, to serve as special and government employee members for the life of this study. Ms. Decyk is also designated as the chair of the Task Group. These four individuals are also currently appointed as members of the DBB.

As a subcommittee of the DBB, and pursuant to the Federal Advisory Committee Act of 1972, the Government in the Sunshine Act of 1976, and other appropriate federal statutes and regulations, this Task Group shall not work independently of the Board's charter and shall report its recommendations to the full DBB for public deliberation and approval. The Task Group does not have the authority to make decisions on behalf of the Board, nor can it report directly to any federal representative. The members of the Task Group are subject to 18 U.S.C § 208, which governs conflicts of interest.



cc:
Chairman of the Joint Chiefs of Staff
Under Secretary of Defense for Acquisition, Technology
and Logistics
Deputy Chief Management Officer
Department of Defense Chief Information Officer

Tab 8
**Review of the Total Cost of Pentagon
Reservation Operations**

Memorandum from Deputy Secretary of Defense Robert Work
October 7, 2014: "Review of the Total Costs of the Pentagon
Reservation Operations"



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

OCT 7 2014

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEFS OF THE MILITARY SERVICES
CHIEF OF THE NATIONAL GUARD BUREAU
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Review of the Total Costs of the Pentagon Reservation Operations

The Pentagon Reservation houses multiple diverse missions in support of the Secretary and Deputy Secretary of Defense, the Office of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff and the Joint Staff, and the Military Departments, along with other tenants of our Department of Defense (DoD) Headquarters. Within the Pentagon Reservation, there are a wide number of service-providing elements, operating in some cases in manners that may be duplicative or redundant and costly. The Department's responsibility is to structure its operations in such a way as to ensure that missions are accomplished in a manner that provides for the best and most rational application of declining support resources. This review will identify where these activities are occurring and will utilize fact-based, data-driven, alternatives for integrating such services with an aim to driving cost savings while maintaining appropriate standards of services. This review will be difficult, and will challenge many of our institutional interests, but it is essential that it be undertaken with the most focused aim of achieving significant savings that can off-set reductions in the most critical of our mission areas – preserving our war-fighter capability.

I am directing that the Acting Deputy Chief Management Officer (ADCMO) and the Acting DoD Chief Information Officer (CIO) lead this review, in conjunction with the Office of the Chairman of the Joint Chiefs, in two primary segments. Specifically, Information Technology (IT) is a large and costly aspect of our operations at the DoD Headquarters. I direct the Acting CIO to lead an across-the-board review of how IT services are delivered at the Pentagon Reservation and to examine and propose opportunities to unify, reduce, and improve the way that these capabilities and services are delivered here.



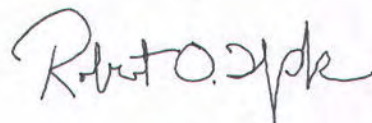
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As to all other common services and support operations at the Pentagon Reservation, I direct that the ADCMO lead this review with the objective to unify, improve, and reduce the costs of total operations to operate our DoD Headquarters.

The officials charged with this responsibility, and their representatives, will collaborate with all Pentagon Reservation tenant activities and service providers in the course of this review to identify opportunities to achieve the integration, interoperability, and over-all cost reductions in the delivery of support functions and services in the performance of our Headquarters missions at the Pentagon Reservation. All components are required to support this effort and to include data and functional expertise that may be important to the review and recommendations.

The ADCMO and the Acting CIO will provide me with regular updates on the status of this review. I would like to have the final report on this review not later than March 1, 2015, and intend to drive resulting program changes and cost reductions into the next Program Budget review to ensure that such changes and cost savings are re-invested into our warfighting capability. Please ensure your full and complete support for this effort.

A handwritten signature in black ink, appearing to read "Robert O. York". The signature is written in a cursive style with a large initial "R".

Tab 9

Defense Resale Optimization

Memorandum Deputy Secretary of Defense Robert Work
February 5, 2016: "Defense Resale Business Optimization
Board Charter"



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

FEB 05 2016

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEFS OF THE MILITARY SERVICES
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Defense Resale Business Optimization Board (DRBOB) Charter

The Deputy Chief Management Officer (DCMO), in collaboration with the Chief Executive Officers (CEOs) of the Defense Commissary Agency (DeCA), Army Air Force Exchange Service (AAFES), Navy Exchange Service Command (NEXCOM), and Marine Corps Exchange (MCX), proposed an action plan to the Deputy's Management Action Group (DMAG) on July 14, 2015, in response to the Military Compensation and Retirement Modernization Commission's (MCRMC) recommendations. In accordance with this proposal, which was approved by the DMAG, the existing independent board of the CEOs, the Cooperative Efforts Board, is hereby disestablished, and shall be replaced by the DRBOB, which is empowered to find efficiencies, optimize the resale enterprise based on sound business cases, and garner savings wherever practicable, all while delivering patron benefits at levels equal to or better than currently provided. The charter articulating the roles and responsibilities of the DRBOB is attached. The boards of directors for the commissary and exchange systems retain their current roles, responsibilities and authorities.

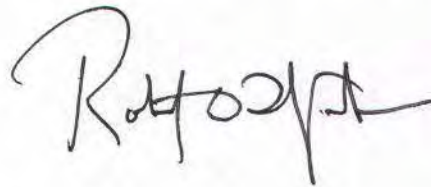
My initial tasking to the DRBOB is to establish a baseline of benefits that will be foundational to business cases moving forward, to define a price comparison methodology across target markets, and to migrate to common cost accounting practices and chart of accounts. In parallel, the new board will plan and execute programs including, but not limited to, extension of the Military Star/Exchange Credit Program to DeCA and expansion of local sourcing contracts and practices worldwide, which will ensure the Defense resale enterprise achieves the proposed Fiscal Year 2017/2018 offsets.



OSD000076-16/CMD000151-16

The DRBOB is also tasked to assess the relevant recommendations of the MCRMC report and the report issued by the Boston Consulting Group on the military resale system, and develop business case analyses and implementation plans, as appropriate. The DRBOB shall have the objective of developing a package of recommendations, with associated business case analyses, that will result in savings of not less than \$1.9 billion over the Future Years Defense Program, without any reduction in level of benefits or quality of service, by no later than one year from the date on which the charter is issued.

The DRBOB, working with the DCMO, will report to me quarterly on its progress toward the development of the required package of recommendations, and on the implementation of recommendations that have been approved. I appreciate your support for this effort as a part of the Department's continuing work to make resources available for strategic mission priorities.

A handwritten signature in black ink, appearing to read "R. Cooper". The signature is stylized and written in a cursive-like font.

Attachment:
As stated

Tab 10
Force of the Future

Memorandum from Secretary of Defense Ash Carter
November 18, 2015: "Force of the Future:
Maintaining Our Competitive Edge in Human
Capital"



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

NOV 18 2015

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
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ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR OF NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Force of the Future: Maintaining our Competitive Edge in Human Capital

The Force of Today is widely acknowledged as the best in the world, reflecting the ideals of a high-quality, all-volunteer force; the thorough integration of active and reserve components and supporting government civilians; the strength of seamless, multi-domain Joint operations; a focus on force care and wellness, with a priority on wounded warrior care; and sustained operational excellence as demonstrated in the wars in Iraq and Afghanistan these past 14 years. Accordingly, in this ever changing environment, one of my top priorities is to ensure the Force of the Future remains as great as the Force of Today, especially in terms of our most important competitive edge—*our people*. One important way to do this is to update and adapt the Department's active and reserve military and civilian personnel systems to account for new conditions affecting workforce markets, generational change, and innovative new practices in people and talent management, while retaining the professionalism, rigor, and tradition required for an institution charged with defending our Nation's interests. By making these changes now, we will ensure that the Department's future military and civilian members remain the very best in the world.

With this in mind, I directed Brad Carson, Acting Under Secretary of Defense for Personnel & Readiness, to examine the Department's civilian and military personnel practices and to identify creative and modern ways to upgrade our systems and processes. I tasked him to explore ways to increase the Department's *permeability* to new people and ideas, between its own internal components and with the private sector; improve our ability to attract new talent, recognizing that the *recruitment* of successive generations will likely require new approaches; improve *retention* incentives in a tightening labor market, and adapt current practices to attract current and future generations that may take a more transient approach to professional advancement; and modernize



our *talent management* systems and processes to reflect best practices and new technology opportunities.

To meet my intent, Brad has led an ambitious and trenchant effort over the past five months, which included meeting with Department, government, and private sector experts. Brad and his team exceeded my expectations, providing a package of bold proposals that could change Departmental personnel policies and procedures in unprecedented ways. Several of these proposals expand on what the Services are already doing to modernize their personnel practices, but others are new and complex, and require additional study to ensure they are implemented in a deliberate and durable manner.

I therefore directed the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff to lead a Force of the Future Implementation Group to examine each individual proposal through several different lenses. For example, I asked them to assess a proposal's impact on warfighting readiness and the development of Joint operational excellence, and to identify its projected costs. I also charged them to ensure that the combination of any recommended proposals maintain a tightly knit Total Joint Force. Finally, I directed them to work as quickly as possible, with a goal of completing their review no later than December 15, 2015.

The first meeting of the Implementation Group was on October 9, 2015. The Group has met twice a week since then, working through the nearly 80 proposals and sub-proposals developed by A/USD(P&R), in close coordination with the three Military Departments and four Services. Based on their recommendations, I have approved the following initiatives designed to improve the Department's permeability to new people and ideas:

- An expansion of the corporate fellows program to increase the number of service members with experience in the commercial sector;
- Enhancements to current internship programs;
- The establishment of the Defense Digital Services to increase the Department's digital innovation by leveraging expertise in the private sector;
- The establishment of a task force to streamline the transition process and procedures between the Active and Reserve Components;
- Develop a process to better collect civilian skills extant in the Reserve Components;
- Request Congress to remove pilot restrictions associated with the Services' Career Intermission Program
- The designation of a Chief Recruiting Officer; and
- The establishment of an Entrepreneur-In-Residence Program

These efforts compliment many initiatives that I have already instituted and are well underway, such as pursuing a deeper partnership with the innovative technology sector through the stand-up of the Defense Innovation Unit-Experimental; establishing a new relationship with In-Q-Tel to tap into and leverage the vibrant venture capital community; revamping the Department's conference policy to ensure our people are receiving the newest and most innovative information in their fields; supporting Lean-In Circles across the Department to stimulate new ideas for women in service; and establishing an information exchange with the World Economic Forum.

I have also approved a variety of initiatives that continue to improve the Department's overall retention and talent management by:

- Conducting a comprehensive study for the purposes of better aligning basic and special pays with the principles of talent management
- Implementing the blended retirement system as soon as the FY16 National Defense Authorization Act is passed
- Piloting a transparent, talent-based assignment matching system;
- Establishing Military Department Centers of Excellence to improve the assignment processes through better talent-based assignment matching
- Implementing an exit survey in the Transition Assistance Programs to better understand retention trends
- Conducting semiannual briefings to senior leaders on the race and gender profiles of the Services
- Establishing doctoral-level degrees in Strategy or similar PhD programs at National Defense University and Service War Colleges or postgraduate schools
- Supporting increased use of telework, hoteling, and co-working; and create prototype "innovation lab" collaboration spaces

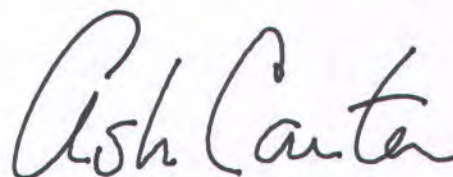
Similarly, I have approved the following studies that will further assist us in improving our recruitment processes and practices for the military and civilian workforces with the aim of making identified changes in 2016:

- Study on replacing certain billets in the generating forces with Reserve component full-time support personnel
- Study demographic and familial concentrations in military recruiting
- Study on the impact of rewarding military recruiters

These first initiatives are just the beginning of a broad-based effort to maintain our competitive edge in our military and civilian forces. As for the remainder of the proposals not yet approved, I will announce new initiatives as they are ready for execution. In the meantime, as the Department's primary oversight organization for personnel issues affecting the military and civilian workforce, modernizing the Office of the Under Secretary of Defense for Personnel and Readiness to match the expectations of the current and future workforces is an important and necessary first step. I am therefore authorizing Brad Carson to pursue a significant resource neutral organizational change to Personnel and Readiness that is focused on supporting this effort over time.

The Chairman and I will meet periodically with the Implementation Group, the Services, and civilian leadership to ensure we achieve the intent of this important initiative. This important work will better position the Department to continue to attract and retain the best possible Force of the Future.

cc:
Deputy Secretary of Defense



Tab 11
Major DoD Headquarters Activities Reduction

Memorandum from Deputy Secretary of Defense Robert Work
August 24, 2015: "Cost Reduction Targets for Major
Headquarters"

Memorandum from Deputy Secretary of Defense Robert Work
August 24, 2015: "Policy Guidance for Controlling Growth in
Major Headquarters (Outside of the
Military Departments)"



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

AUG 24 2015

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
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ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Cost Reduction Targets for Major Headquarters

As a part of our effort to achieve efficiencies in all aspects of the Department's programs and operations, we continue to scrutinize Major Department of Defense (DoD) Headquarters Activities.

For this reason, the Deputy Chief Management Officer (DCMO) has been working with your staffs to establish a comprehensive definition of Major DoD Headquarters Activities and ensure it is uniformly applied to Headquarters elements throughout the Department. I understand that this new definition has now been agreed upon, and the framework describing the Major Headquarters is attached. Accordingly, the DCMO will update the DoD Instruction defining Major Headquarters and will work with Director, Cost Assessment and Program Evaluation (DCAPE), and Comptroller on updating databases so that we can account for resources allocated to those activities.

We anticipate Congress will require a 25 percent reduction in the funding of DoD Headquarters in lieu of the 20 percent requirement previously established by the Department. Even if Congress fails to act, the Department needs the savings that will be achieved through this reduction to fund higher priority requirements in support of the warfighter and to address underfunded strategic needs.

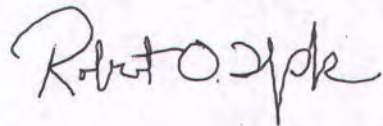


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Accordingly, I am directing a 25 percent reduction across all appropriations funding for Major DoD Headquarters Activities across the Military Departments, Office of the Secretary of Defense (OSD) Staff, the Joint Staff, Defense Agencies and Field Activities, and the Combatant Commands without regard to action by Congress. These reductions will cover the period from Fiscal Year (FY) 2017 to FY 2020, with a credit granted for Headquarters cost reductions taken pursuant to the 20 percent reduction previously directed by then Secretary Hagel.

OSD staff and the Defense Agencies and Field Activities, which took the majority of their previous reduction target in support contractor costs, will also have a 25 percent reduction target in funding for authorized civilian personnel as part of the overall reduction in funding (with the same credit for reductions previously taken). Relief from this target may be granted based on evidence that an office or component took additional personnel reductions prior to the imposition of the 20 percent reduction requirement. Relief may also be granted if an office or component reduced contractor costs by 1.5 times the cost of any excess retained authorized positions resulting from a reduction of less than 25 percent, or in exceptional circumstances.

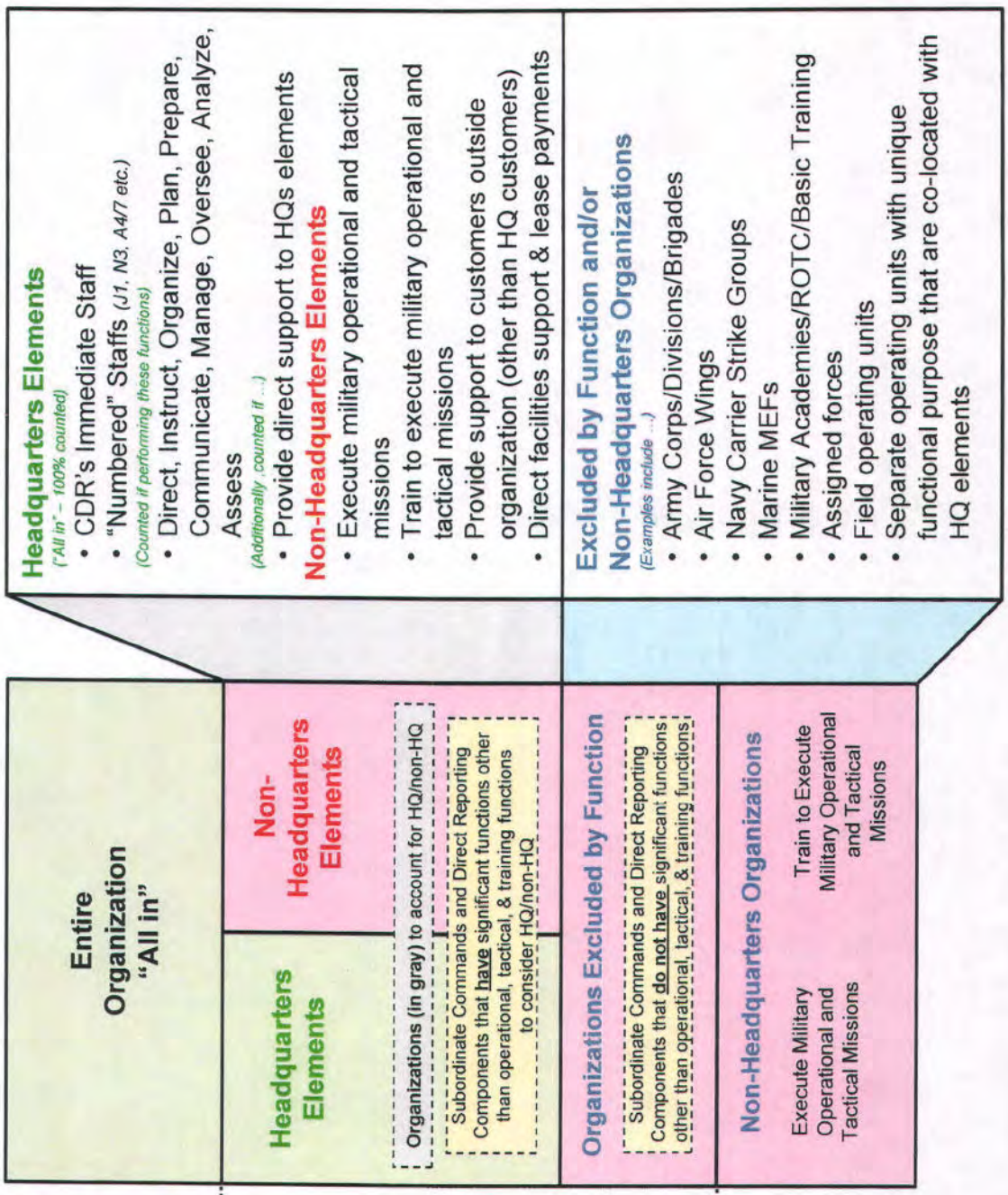
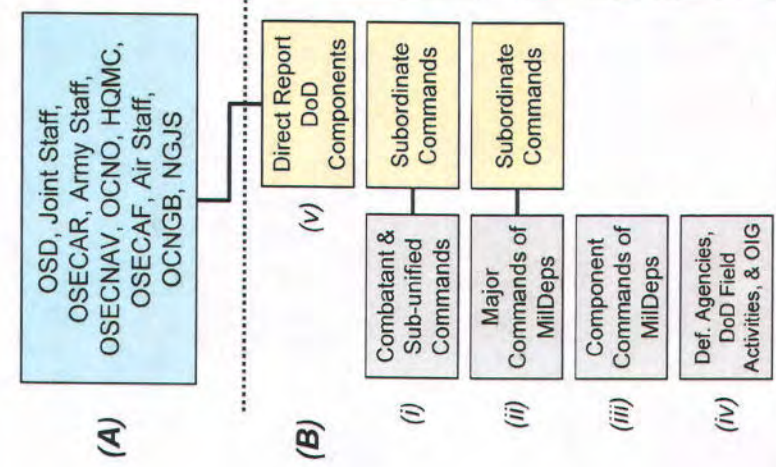
The DCMO, working with DCAPE and Comptroller, will track the development and implementation of the reduction plans. I appreciate your support in this action as part of the Department's continuing work to make resources available for strategic mission priorities.

A handwritten signature in black ink, appearing to read "Robert O. Hyde". The signature is written in a cursive, flowing style.

Attachment:
As stated



Major DoD Headquarters Activities Framework



Elements included

Elements excluded



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

AUG 24 2015

MEMORANDUM FOR CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
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ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Policy Guidance for Controlling Growth in Major Headquarters (Outside of the
Military Departments)

As all continuously look for efficiencies in this challenging fiscal environment, we must strive to apply existing manpower and financial resources in the most effective manner possible, consistent with the Secretary's priorities and DoD core missions. Any functions not supporting our highest priority missions must be identified for potential restructuring, reduction in scope, or divestiture.

We have already programmed manpower and funding reductions as part of the 20% headquarters reduction. Going forward, we need to vigilantly monitor and manage to authorized levels. This is our new baseline. As missions and priorities evolve and we develop and execute plans to restructure/realign, re-scope, and divest lower priority functions, we need to establish a disciplined process to ensure that any adjustments to DoD funding for manpower or funding levels are advanced only for the highest priorities and are fully offset for headquarters elements of OSD, the Defense Agencies and DoD Field Activities (DA/FAs), the Office of the Inspector General of the Department of Defense (OIG DoD), and the National Guard Bureau (NGB). This process would not apply to non-headquarters funding, such as funding for military health care through the Defense Health Program or funding for science and technology through the Assistant Secretary of Defense for Research and Engineering.



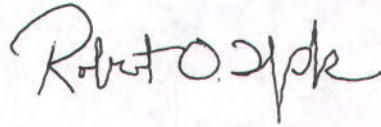
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Effective immediately, any new requests for increased headquarters manpower or financial resources for OSD, DA/FAs, the OIG DoD, and the NGB will be considered for only the most compelling requirements in extraordinary circumstances, and will be approved only by the Secretary or me, subject to the identification of equal offsets, in accordance with the following procedures:

1. Before resource requests above authorized levels can be acted upon, all Components shall first consider internal resource neutral offsets. Resource neutral realignments in OSD and the DA/FAs will remain at the discretion of the PSAs or DA/FA Component Head. For OIG DoD, resource neutral realignments remain at the discretion of the IG DoD. For NGB, resource neutral realignments remain at the discretion of the Chief, NGB.
2. If internal resource neutral offsets cannot be identified, all increases to manpower and financial resources above authorized levels will require approval by the Secretary or me, based on alignment with high priority functions and core missions of the Department.
3. The PSAs will affirm and advance high priority resource requests above authorized levels, for either the PSA's Office or the DA/FAs under their authority, direction, and control. These requests shall be accompanied by a PSA determination that all internal offsets have been exhausted. For the OIG DoD, the IG would make these determinations. For the NGB, the Chief, NGB, would make these determinations.
4. Resource requests above authorized levels shall be routed by the PSAs, the IG DoD, and the Chief, NGB, to the Deputy Chief Management Officer (DCMO), who will work with the Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)/CFO) and the Director of Cost Assessment and Program Evaluation (DCAPE) to coordinate the requests with appropriate offices to identify offsets.
5. An offset package recommended by the DCMO, and coordinated with the USD(C)/CFO and DCAPE, shall be final once approved by the Secretary or me.
6. Each final resource package, including enhancements and offsets, will be codified in an appropriate Resource Management Decision and included in the next available budget update, even if changes to staff have already been implemented.

The Chairman of the Joint Chiefs of Staff (CJCS) will continue to manage and oversee allocation of permanent manpower and financial resources in the Joint Staff, Chairman Controlled Activities, and the Headquarters of the Combatant Commands, using existing Joint Staff procedures for assessing and adjudicating Component requests that are resource neutral. Requests for resources above authorized levels that cannot be offset from within available resources will be advanced for approval by the Secretary or me. Upon such approval, the resource package shall be forwarded to the DCMO, USD(C)/CFO, and DCAPE to identify offsets with OSD, DA/FAs, or the Military Departments, through the existing Issue Team process. Further, I request the Director of the Joint Staff, on behalf of the CJCS, collaborate with the DCMO and the DCAPE to provide visibility on the joint Component resources described above, through the Future Year Defense Program Data Warehouse, which together with OSD, the DA/FAs, the OIG DoD, and the NGB, will comprise an integrated profile that reflects priorities and can inform resource trade-offs.

This approach should afford full transparency and responsible stewardship on the allocation and use of major headquarters manpower and financial resources.

A handwritten signature in black ink, appearing to read "Robert O. Hyde". The signature is written in a cursive, slightly slanted style.

cc:
Secretaries of the Military Departments

Tab 12

Organizational Delaying

Memorandum from Deputy Secretary of Defense Robert Work February 23, 2016: "Hiring Suspension to Ensure Implementation of Organizational Delaying Commitments"



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

FEB 23 2016

MEMORANDUM FOR UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM
EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Hiring Suspension to Ensure Implementation of Organizational Delaying
Commitments

On July 24, 2015, I directed the Deputy Chief Management Officer (DCMO) to lead an effort to rationalize and delay the management structure of the Office of the Secretary of Defense (OSD) and associated Defense Agencies and DoD Field Activities. The DCMO's delaying review is scheduled to be completed by March 20, 2016.

In order to ensure implementation of organizational delaying commitments made through the delaying process and meet the headquarters reduction targets established by Congress, we must avoid hiring into positions that an organization has committed to eliminate as a result of delaying. For this reason, we have required, as a part of delaying, that the definitive "to be" organizations established pursuant to the delaying process be accurately reflected in our authoritative manpower system, the Fourth Estate Manpower Tracking System (FMTS).

To ensure prompt compliance with this requirement, I am suspending all civilian hiring actions for OSD, Defense Agencies and Field Activities, effective March 20, 2016. This hiring suspension will be lifted for an OSD component, or for a Defense Agency or Field Activity, when: (1) Major DoD Headquarters Activity (MHA) positions of that component, or Defense Agency or Field Activity, regardless of funding source, and all non-MHA appropriated fund positions are coded in FMTS; and (2) such positions are appropriately identified in FMTS for retention, restructure, reduction, or realignment in accordance with delaying plans approved by the Senior Review Panel or by me.



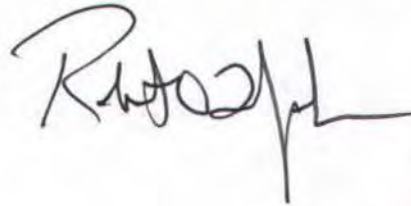
OSD001558-16/CMD002268-16



Once the delayering plans are codified in FMTS, components may begin hiring actions for unencumbered or vacant positions aligned with their approved prospective organizational structure for MHA entities and those funded by direct appropriation. Non-MHA positions funded by revolving funds must be updated in FMTS not later than June 30, 2016, in accordance with the relevant approved delayering plans.

Limited exceptions for mission-critical requirements that cannot be delayed or deferred may be submitted by the Principal Staff Assistant (PSA) to the DCMO. In the event that the DCMO does not approve an exception, the PSA may appeal that decision to me. PSAs and Agency/Activity Directors are reminded that, consistent with statutory considerations and DoD policies, contracted support may not be increased (whether under existing contracts or new contracts) to mitigate the impact of the hiring suspension or the impact of restructuring, reduction, or realignment.

Business rules for the hiring suspension are attached. The DCMO will keep me informed on the progress of the codification of delayering plans in FMTS and the impact of the hiring suspension.

A handwritten signature in black ink, appearing to be "R. H. [unclear]", written in a cursive style.

Attachment:
As stated

Hiring Suspension Guidance and Business Rules

Effective March 20, 2016, civilian hiring actions are suspended across the Office of the Secretary of Defense, Defense Agencies, and Field Activities. This hiring suspension will remain in effect until an organization has:

- Presented its delayering plan to the Senior Review Panel, and received approval from the Senior Review Panel or by the Deputy Secretary of Defense;
- Updated its designated major DoD headquarters activities (MHA) authorizations in the Fourth Estate Manpower System (FMTS) in accordance with its approved delayering plan; and
- Updated FMTS for all non-MHA positions funded by direct appropriation.

Impacted Positions:

- All vacant, full- and part-time, temporary and permanent civilian positions with no tentative offer presented as of March 19, 2016.

Exempted Actions:

- Tentative offers presented to a selected individual prior to March 20, 2016, will be processed without requiring an exception request.
- Pending Priority Placement Program (PPP) hiring actions requiring resolution.
 - If/when PPP clears, hiring is suspended.
 - If a PPP is a match, the assignment will take effect.

Exception Requests:

- In limited instances, Principal Staff Assistants may request an exception for hiring actions affecting a specific position based on a mission-critical requirement that cannot be delayed or deferred. Such requests:
 - Must be submitted to the Deputy Chief Management Officer (DCMO) for approval.
 - Must include the specific reason, function of the position, direct impact to mission if the position remains vacant, and any barriers to redistributing the workload.
 - If the DCMO does not grant the requested exception, the PSA may appeal the decision to the Deputy Secretary of Defense.

Point of Contact: Direct questions regarding the hiring suspension to your Human Resources office.

Tab 13

Services Requirements Review Boards on OSD and associated Defense Agencies and DoD Field Activities

Memorandum from Deputy Secretary of Defense Robert Work
July 24, 2015: "Implementation of Institutional Reform
Opportunities"



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

JUL 24 2015

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEFS OF THE MILITARY SERVICES
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
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ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Implementation of Institutional Reform Opportunities

The Department continues to seek opportunities to improve the efficiency and reduce the cost of management headquarters. The following two institutional reform opportunities will support the Department's goals to improve overall performance, strengthen business operations, and achieve cost savings that can be transferred to higher priority needs:

- Rationalizing and delayering the management structure of the Office of the Secretary of Defense and associated Defense Agencies and DoD Field Activities, and
- Improving the outcomes of contracted services through standardized processes and governance structures.

I am directing the Deputy Chief Management Officer (DCMO) to lead the implementation of the effort to rationalize and delayer the management structure of the Office of the Secretary of Defense and associated Defense Agencies and DoD Field Activities. The DCMO will identify a core team of subject matter experts that will work directly with the staff from these organizations to conduct a review of supervisory ratios and spans of control; create standardized frameworks; and develop implementation plans for the to-be rationalized organization in compliance with staff reduction requirements. These plans will be reviewed by a joint panel and I will serve as the final adjudicator, if required.



I am also directing the DCMO to lead the implementation of Service Requirements Review Boards for the Office of the Secretary of Defense and associated Defense Agencies and Field Activities, in accordance with policy, guidance, and instructions issued by the Under Secretary of Defense for Acquisition, Technology, and Logistics. The DCMO will provide a plan for executing a flexible, standard governance and management framework for validating and prioritizing services requirements, and ensuring the effective management of the acquisition of services to meet cost, schedule, and performance objectives and conserve the Department's budget reserves.

DCMO will provide periodic updates to me on the status of these actions. The implementation of these opportunities may challenge many institutional interests, but it is essential that we undertake these efforts to achieve greater effectiveness and cost savings, and to better preserve our warfighting capabilities. I expect and appreciate your full support, leadership, and personal engagement as the Department implements these management improvements.

Robert O. York

Tab 14
Fourth Estate Business Operations
Improvements

Charter Signed by Acting DoD CIO and
ADCMO 2015: "Fourth Estate Working Group
Charter"

4th Estate Working Group Charter

1. **Establishment.** The DoD 4th Estate¹ Working Group (4EWG) is chartered as the principal governance body supporting the Department of Defense (DoD) Deputy Chief Management Officer (DCMO) and the Defense Business Council (DBC) regarding management of Business Mission Area (BMA) objectives, requirements, priorities, and Information Technology (IT) investments for Defense organizations exclusive of the Military Departments.
2. **Purpose.** The 4EWG provides cross-functional review, guidance, and leadership to efficiently and effectively manage and vet issues for DoD 4th Estate business transformation efforts and provide DoD 4th Estate BMA oversight.
3. **Functions.** The 4EWG shall:
 - 3.1. Aid in the process to optimize and lower cost of DoD 4th Estate business operations and assist with the implementation of opportunities to improve the DoD 4th Estate business practices and management structure.
 - 3.2. Prioritize execution of investments in functional and cross-functional transformation initiatives, capability development and sustainment, and optimization of business use of IT infrastructure and services.
 - 3.2.1. Analyze and review Organizational Execution Plans and changes (Out-of-cycle Requests) by functional area that are submitted via the DoD DCMO serving as the 4th Estate Chief Management Officer.
 - 3.2.2. Identify opportunities for reuse and elimination of redundancies and overlap within the 4th Estate IT portfolio.
 - 3.2.3. Provide investment recommendations to the DoD 4th Estate Pre-Certification Authorities and DCMO which are acted on in accordance with Title 10 U.S.C. § 2222.
 - 3.3. Provide Data Governance recommendations regarding the information as derived from business processes and practices to include access control and privileges within the 4th Estate.
 - 3.4. The 4EWG, in support of ODCMO and DoD Chief Information Officer, ensures compliance with public law and, DoD directives guiding Defense Business Systems IT investment management and operation.
 - 3.5. Review Requirement Validation packages (Problem Statements) regarding Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel, Facilities, and Policy solutions that will be submitted to the Investment Review Board chair for approval.
4. **Organization and Membership.**
 - 4.1. Chair: Office of the DCMO, Director, Management, Policy, and Analysis Directorate.
 - 4.2. Members – Senior Executive Service level or the designee on their behalf.
 - 4.2.1. Under Secretary of Defense for Acquisition, Technology, and Logistics.
 - 4.2.1.1. Assistant Secretary of Defense (Logistics and Materiel Readiness).

¹ 4th Estate refers to the other Defense organizations exclusive of the Military Departments

4th Estate Working Group Charter

- 4.2.1.2. Assistant Secretary of Defense for Energy, Installations, and Environment.
 - 4.2.1.3. Director, Acquisition Resources and Analysis.
 - 4.2.1.4. Director, Defense Procurement and Acquisition Policy.
 - 4.2.2. Under Secretary of Defense for Policy.
 - 4.2.3. Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD.
 - 4.2.3.1. Deputy Chief Financial Officer.
 - 4.2.3.2. Deputy Comptroller for Program and Budget.
 - 4.2.4. Under Secretary of Defense for Personnel and Readiness (3 Core Members).
 - 4.2.5. Under Secretary of Defense for Intelligence.
 - 4.2.6. Director, Cost Assessment and Program Evaluation.
 - 4.2.7. DoD Chief Information Officer.
 - 4.2.8. Director, Joint Staff.
 - 4.3. The DCMO Management and Requirements Analysis Division will provide Executive Secretary services.
5. **Meetings.** The 4EWG will meet at least monthly and on an as-needed basis to support the DCMO and the DBC schedule. The working group will also use Sharepoint portals and the DoD Correspondence and Task Management System to facilitate reviews and virtual meetings.
6. **Attendance.** The principal member plus one (additional as may be required to support reviews with prior notification of the secretary).
7. **Roles and Responsibilities.**
- 7.1. Chair – Convene and lead meetings. Forward recommendations by the chair to the DCMO in support of the processes of the DBC.
 - 7.2. Members – Participate in reviews and meetings as required to support the identified group functions. Identify and propose additional topics to support the 4EWG purpose.
8. **Additional Working Groups.** Ad hoc working groups may be established at the discretion of the chair to support chartered project work or functional portfolio analysis.
9. **Effective Date.** This charter becomes effective upon signature and remains in effect until replaced, superceded, or rescinded.

Terry A. Halvorsen
Acting Department of Defense Chief
Information Officer

David Tillotson III
Assistant Deputy Chief Management

Tab 15
**Review of the Organization and
Responsibilities of the DoD (Revisiting
Goldwater-Nichols)**

Memorandum from Deputy Secretary of Defense Robert Work
January 4, 2016: Review of the Organization and
Responsibilities of the DoD"



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

JAN 04 2016

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Review of the Organization and Responsibilities of the DoD

As a part of his institutional reform agenda, the Secretary directed the Deputy Chief Management Officer (DCMO) to lead a review of organizations and responsibilities of the DoD. The objective of this review is to make recommendations for updates or adjustments to organizational relationships and authorities, based on the Department's 30 years of experience operating under the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

To this end, I have asked the DCMO and Joint Staff/J7, in coordination with Military Departments, Service Headquarters, Combatant Commands, and Office of the Secretary of Defense (OSD) components, to lead an effort to answer the following key questions:

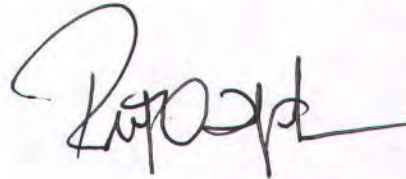
- Does the Department have the optimal organization including command and control relationships to meet current and future security challenges which will most often be transregional, multi-domain, and multi-functional? This review should consider the structure, staffing, authorities, and responsibilities of OSD, the Joint Staff, the combatant commands, and subordinate military commands and task forces to ensure that they are optimally aligned to perform their national security missions in an effective and efficient manner.
- Are OSD and the Joint Staff optimally organized and aligned to meet their respective requirements? Are there modifications that would improve effectiveness – recognizing that any modifications must preserve civilian control over the military, and the ability of the Chairman and the other Chiefs to provide independent military advice to the Secretary of Defense, the National Security Council, and the President?
- What is the right command and control construct to meet our current and future security challenges across the range of military operations? Review and propose changes to the Unified Command Plan to properly address geographical and functional considerations. The question of whether the Department should stand up a Cyber Command as a full combatant command (vice sub-unified command) should be a key part of this review.
- What steps, if any, should the Department take to simplify the acquisition reporting chain, streamline the workflow of the acquisition decision-making process, improve the transparency of this process, and reduce excessive or redundant oversight burdens on program managers?



- Do current law and policy governing joint duty qualifications provide the right human capital development to meet our joint warfighting requirements? Are there adjustments that can be made to balance the often competing demands of joint professional development and other specialized expertise or other career development considerations?

DCMO and Joint Staff/J7 will provide their findings to me and the Vice Chairman no later than March 1, 2016, and will offer in-progress reviews as warranted. They will establish working groups to address each of the key questions listed above. I ask that you support these working groups by providing appropriate representatives to them.

Finally, as part of the Secretary's initiative, we must reexamine the structure of the military staffs and the service secretariats to ensure optimal performance. This study must also be mindful of preserving civilian control over the military and the ability of the service chiefs to deliver military advice to the service secretaries. I request that each of the military departments establish a review process and assign a task lead. Please provide the names of your respective leads to the Joint Staff/J7 and DCMO. Your team leads will keep the Joint Staff/J7 and DCMO up to date on progress.



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DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
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DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

Tab 16
Office of Management and Budget (OMB)
Agency Reform Initiative

Memorandum from Director, OMB, Mick Mulvaney
April 12, 2017: " M-17-22: Comprehensive Plan for Reforming
the Federal Government and Reducing the Federal Civilian
Workforce"



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

April 12, 2017

M-17-22

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Mick Mulvaney
Director

SUBJECT: Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce

I. Purpose and Scope

Despite growing citizen dissatisfaction with the cost and performance of the Federal government, Washington often crafts costly solutions in search of a problem. Too often the focus has been on creating new programs instead of eliminating or reforming programs which are no longer operating effectively. The result has been too many overlapping and outdated programs, rules, and processes, and too many Federal employees stuck in a system that is not working for the American people. Through the actions described below, President Trump aims to make government lean, accountable, and more efficient.

To begin addressing this challenge, on January 23, 2017, the President issued a Memorandum (Hiring Freeze PM) imposing a Federal "[Hiring Freeze](#)." This ensured immediate action was taken to halt the growth of the Federal workforce until a "long-term plan to reduce the size of the Federal Government's workforce" is put in place. On March 16, 2017, the President submitted his [Budget Blueprint](#) to Congress proposing to eliminate funding for programs that are unnecessary, outdated, or not working. Additionally, on March 13, 2017, the President issued an [Executive Order \(Reorganization EO\)](#) directing the Office of Management and Budget (OMB) to submit a comprehensive plan to reorganize Executive Branch departments and agencies.

This memorandum provides agencies guidance on fulfilling the requirements of the Hiring Freeze PM and the Reorganization EO while aligning those initiatives with the Federal budget and performance planning processes. It requires all agencies to:

- Begin taking immediate actions to achieve near-term workforce reductions and cost savings, including planning for funding levels in the President's Fiscal Year (FY) 2018 Budget Blueprint;
- Develop a plan to maximize employee performance by June 30, 2017; and
- Submit an Agency Reform Plan to OMB in September 2017 as part of the agency's FY 2019 Budget submission to OMB that includes long-term workforce reductions. An initial, high-level draft of the Agency Reform Plan is due to OMB by June 30, 2017.

This memorandum also outlines the steps that OMB will take to formulate a comprehensive Government-wide Reform Plan for publication in the President's FY 2019 Budget, including both legislative proposals and administrative actions. This plan will rely on three primary sources of input: Agency Reform Plans, OMB-coordinated crosscutting proposals, and public input.

When implemented, these reform efforts should accomplish the following objectives:

- Create a lean, accountable, more efficient government that works for the American people;
- Focus the Federal government on effectively and efficiently delivering those programs that are the highest needs to citizens and where there is a unique Federal role rather than assuming current programs are optimally designed or even needed;
- Align the Federal workforce to meet the needs of today and the future rather than the requirements of the past; and
- Strengthen agencies by removing barriers that hinder front-line employees from delivering results.

Moreover, this guidance fulfills the requirement in the Hiring Freeze PM for OMB to prepare a long-term plan to reduce the size of the Federal workforce. As a result, the government-wide hiring freeze is lifted upon issuance of this guidance. In place of the hiring freeze, agencies should adhere to the principles, requirements, and actions laid out in this memorandum to inform workforce planning and personnel actions.

II. Overview & Process

This memorandum focuses primarily on providing guidance that agencies need to develop their Agency Reform Plans. OMB, in coordination with other offices within the Executive Office of the President, will separately manage the development of key crosscutting proposals and solicit input from the public. For planning purposes, this memorandum also provides agencies guidance on aligning actions to develop the Government-wide Reform Plan with the development of the President's FY 2019 Budget and the performance planning requirements of the Government Performance and Results Act (GPRA) Modernization Act of 2010. In developing the Government-wide Reform Plan, the Administration will also work with key stakeholders, including Congress, to develop proposals and ultimately implementation.

Key actions and deliverables are outlined below and Figure 1 provides a graphic of the timeline for these initiatives. A more detailed timeline and other resources are available to Executive branch agencies at <https://go.max.gov/omb/govreform>.

1. **Immediate Actions.** All agencies¹, in consultation with OMB, will identify and begin taking actions, including developing:
 - a. A plan to maximize employee performance (see section III.D for more detail); and
 - b. An Agency Reform Plan (see section III for more detail).

¹ For purposes of this guidance, "agency" is defined by section 551(1) of title 5, United States Code, consistent with the definition in the Reorganization EO. All agencies, boards, and commissions must submit Agency Reform Plans in September 2017, unless OMB has granted an exception. Limited exceptions will be granted on a case-by-case basis. OMB will meet in July with CFO Act agencies and a limited number of other agencies.

2. **Planning Aligned with the President's FY 2018 Budget.** The President's FY 2018 Budget request to Congress will propose decreasing or eliminating funding for many programs across the Federal government, and in some cases redefining agency missions. The President's FY 2018 Budget should drive agencies' planning for workforce reductions and inform their Agency Reform Plans, consistent with final 2017 appropriations and current applicable legal requirements. OMB and the Office of Personnel Management (OPM) will work with agencies to facilitate reductions in the size of their workforce and monitor progress.
3. **OMB/Agency Reform Plan Meetings.** By June 30, 2017, agencies will provide OMB:
 - a. A high-level draft of their Agency Reform Plan that includes the Areas the agency is developing for their reforms;
 - b. Progress on near-term workforce reduction actions; and
 - c. A plan to maximize employee performance.

In July 2017, in lieu of the FedStat and Strategic Reviews that normally occur during the summer, OMB will meet with Chief Financial Officers (CFO) Act agencies (list of agencies available [on the MAX site](#)) and a limited number of other agencies to discuss these items. These discussions will serve as a forum for OMB to provide feedback, which agencies can incorporate into their draft Agency Reform Plans due in September to OMB. During these meetings, agencies and OMB will also identify actions that can be implemented immediately.

To frame the discussion, agencies should provide a high-level draft strategic plan (i.e., draft strategic goals and objectives areas). Agencies should consult with OMB Resource Management Offices (RMOs) on the necessary level of detail to appropriately frame the Reform Plan meetings, and agencies may discuss with OMB an alternate submission timeline of the draft strategic plan where needed (additional detail available [on the MAX site](#)). Following the release of this memorandum, OMB may also provide agency-specific guidance on areas agencies should be prepared to discuss in July. OMB will also coordinate [public input](#) as required by the Reorganization EO and share the public feedback with agencies as appropriate for their consideration.

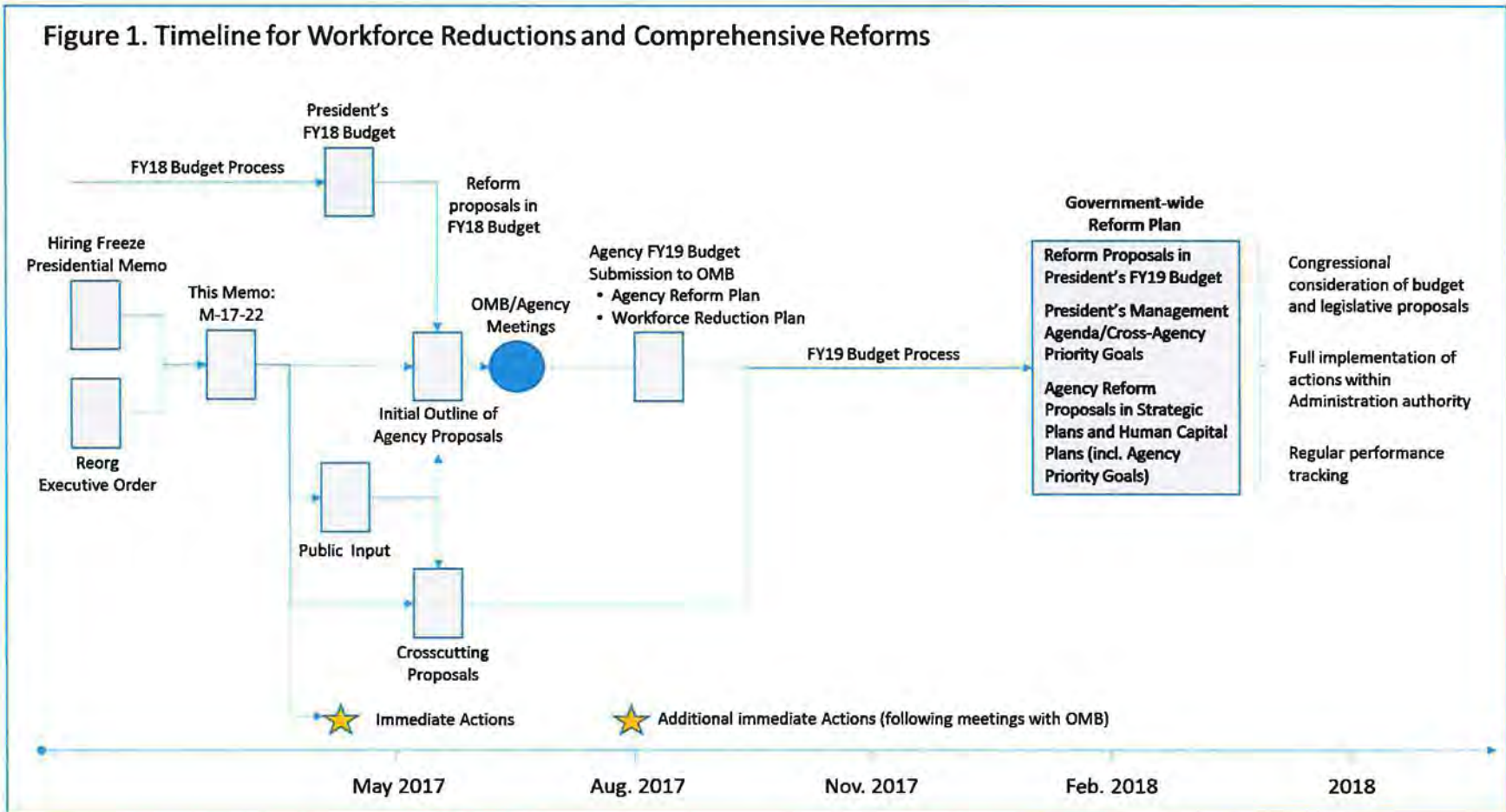
4. **Additional Actions.** Following the meetings in July, agencies will take actions to implement agreed-upon reforms, while continuing to assess reform options for inclusion in the Agency Reform Plan and the FY 2019 Budget. This will include near-term actions to reduce the cost and size of the Federal Civilian workforce (see section III).
5. **Crosscutting Reform Proposals.** In addition to agency-specific reform proposals, OMB will work with agencies and key stakeholders to develop reform proposals that involve multiple agencies. Examples of crosscutting reforms may include areas where market or technology changes allow a service to be delivered more efficiently, such as by a shared service provider, or where multiple Federal agencies interact in fragmented or duplicative ways with State, local, and Tribal governments or other stakeholders. These actions could

also include merging agencies, components, programs, or activities that have similar missions.

6. **Submission of Agency Reform Plans to OMB.** As part of their FY 2019 Budget submissions to OMB in fall 2017, agencies will submit their proposed Agency Reform Plans to OMB. The Agency Reform Plans must include proposals for the agency's long-term workforce reduction plan (section III.D for more detail) and be aligned with the draft agency strategic plan. When developing their Agency Reform Plan in coordination with OMB, agencies should consult with key stakeholders including their workforce. OMB will work with agencies to finalize these plans as part of the development of the President's FY 2019 Budget.
7. **Finalization of the Government-wide Reform Plan.** OMB will release the final Government-wide Reform Plan as part of the President's FY 2019 Budget request to Congress. The Government-wide Reform Plan will encompass agency-specific reforms, the President's Management Agenda and Cross-Agency Priority Goals, and other crosscutting reforms. The final reforms included in the Government-wide Reform Plan and the President's FY 2019 Budget should be reflected in agency strategic plans, human capital operating plans, and IT strategic plan. Agencies will begin implementing some reforms immediately while others will require Congressional action.
8. **Performance Tracking and Accountability.** Starting in February 2018, OMB will begin tracking progress on the Government-wide Reform Plan. Sections of the Government-wide Reform Plan will be tracked through the Federal Performance Framework, including on Performance.gov. This will include periodic progress updates from agencies and oversight by the President's Management Council, as appropriate. This includes public reporting of workforce reductions in all major agencies.

Figure 1 provides agencies an overview of the process and timeline for developing and implementing reform actions.

Figure 1. Timeline for Workforce Reductions and Comprehensive Reforms



Agencies are encouraged to consult regularly with OMB during the development of these proposals to ensure they are aligned with Administration policy.

A detailed timeline is available to Executive Branch agencies [on the MAX site](#).

III. Components of Agency Reform Plans & the Government-wide Reform Plan

The purpose of the Agency Reform Plan is for the head of each agency to identify how she/he proposes to improve the efficiency, effectiveness, and accountability of her/his respective agencies. As part of their planning efforts, agencies should focus on fundamental scoping questions (i.e. analyzing whether activities should or should not be performed by the agency), and on improvements to existing business processes. Additional information on the format of the Agency Reform Plan is available [on the MAX site](#).

Analysis: Agencies should develop an analytical framework that looks at the alignment of agency activities with the mission and role of the agency and the performance of individual functions. This framework should result in appropriate proposals in four categories: eliminate activities, restructure or merge, improve organizational efficiency and effectiveness, and workforce management. An example of a simplified analytical framework is available to Executive Branch agencies [on the MAX site](#).

Agencies should consider a number of factors when conducting analysis, including:

Factor	If...	Then explore options to...
Duplicative	Some or all of the mission functions or administrative capabilities of an agency, component, or program are needlessly redundant with those of another agency, component, or program	Eliminate or merge
Non-Essential	The service, activity or function is not core to the agency's mission or obsolete	Eliminate
Federalism (Appropriate Federal role)	Some or all of the services, activities or functions could be better performed by another entity, such as State/local/Tribal government or the private sector	Eliminate or restructure
Cost-Benefit	The costs of continuing to operate an agency, a component, or a program are not justified by the unique public benefits it provides	Eliminate, merge, restructure, improve efficiency and effectiveness

Factor	If...	Then explore options to...
	The long-term savings from shutting down or merging agencies, components, or programs - including the costs of addressing the equities of affected agency staff - are greater than the expected costs	Eliminate or merge, improve efficiency and effectiveness
Efficiency and Effectiveness	The agency, component, or program – based on the available body of evidence and historical performance data – is ineffective or inefficient (e.g. struggles to make decisions and execute)	Eliminate, restructure, improve efficiency and effectiveness, improve workforce performance/ accountability, or enhance evidence-building
Customer Service	The agency, component, or program can be redesigned to better meet the needs of the public and partners in service delivery in a more accessible and effective manner	Restructure, improve efficiency and effectiveness

When justifying proposals to OMB, agencies should be prepared to discuss how they conducted their analysis and provide relevant evidence. For instance, agencies should consider multiple sources of information such as GAO annual report on Government Efficiency and Effectiveness, IG reports, and evaluations. A more detailed list of possible data sources are available [on the MAX site](#). Agencies should also review decisions and policy proposals included in the FY 2018 Budget and be consistent with forthcoming OMB guidance on the FY 2019 Budget.

The following sections provide additional guidance on each category of reform proposals to be included in Agency Reform Plans. In each of these categories, agencies should consider reforms that require legislation as well as those that can be accomplished through administrative action.

A. Eliminate activities

Eliminate an agency, programs, or activities through legislative changes or executive action. Agencies should identify areas to eliminate activities that are not core to the agency’s primary mission and/or are needlessly redundant. When developing reform proposals Agencies should leverage the FY 2018 President’s Budget as well as consider areas beyond those included in the budget. Consideration should be given to activities that are no longer necessary in today’s society, or where there is another entity that may more appropriately fulfill part or all of the role, such as the private sector, another Federal program, or another level of government. Proposals can include changes to current law, regulations, Executive Order, Presidential Memoranda, government-wide guidance, agency Secretarial Order, or other agency guidance or directive.

Reporting Burden Reduction. As agencies develop their Agency Reform Plan, OMB will also look for opportunities to eliminate or streamline agency reporting burden. Specifically:

- Each government-wide management council (CXO) Council will identify additional policy and regulatory reporting requirements that are low-value, duplicative or no longer necessary for their management function for submission to OMB.²
- Within 60 days of this memorandum, OMB – in coordination with agencies that place reporting and compliance requirements on other agencies – will identify initial reporting activities that can be immediately stopped or modified to reduce reporting and compliance burden.
- In accordance with the GPRA Modernization Act of 2010, agencies should also include with their FY 2019 Budget submission a list of statutorily required reports they believe should be eliminated or modified by Congress.

B. Restructure and merge activities

While some activities may be eliminated, agencies should also assess what activities can be restructured, streamlined, and merged to:

- Align the agency organizational structure with the agency core mission and strategic plans;
- Improve the efficiency, timeliness, and quality of services;
- Improve organizational decision making;
- Improve coordination and information sharing across existing silos, (including identifying statutory barriers to data sharing);
- Reduce duplication of activities or functions across multiple parts of the organization;
- Eliminate unnecessarily redundant levels of management or administrative support; and
- Provide managers greater freedom to manage administrative tasks efficiently.

Restructure and merge agencies, components, programs or activities through legislative changes or executive action. Agencies should assess activities within or across agencies to identify areas where merging or relocating agency activities may lead to cost savings, improved service delivery and outcomes, and/or better customer experience. This can include changes to current law, regulations, Executive Orders, Presidential Memoranda, government-wide guidance, agency Secretarial Orders, or other agency guidance or directives.

C. Improve organizational efficiency and effectiveness

When developing their Agency Reform Plan, agencies should consider proposals in the following categories, as appropriate:

- Better leverage technology and improve underlying business processes. Agencies should identify opportunities where adopting new technology will automate processes and result in increased efficiency and budgetary savings.

² The CXO councils include the President's Management Council (PMC), Chief Acquisition Officers (CAO) Council, Chief Financial Officers (CFO) Council, Chief Information Officers (CIO) Council, Chief Human Capital Officers (CHCO) Council, and the Performance Improvement Officers (PIO) Council. For more information on these councils, please see: <https://www.gsa.gov/portal/category/101095>.

- Streamline and eliminate processes. Agencies should explore opportunities to redesign processes to serve customers more effectively and/or to eliminate unnecessary steps that do not add value.
- Shift to alternative service delivery models. Agencies should rethink how the Federal government can deliver services to its customers, and evaluate options on both cost and quality dimensions. Options include, but are not limited to:
 - Delegating responsibilities to State, local, and Tribal governments and/or increase flexibility for other levels of government;
 - Implementing requirements in a less burdensome way;
 - Providing online service delivery;
 - Aligning complementary processes and functions across agencies, such as field staffing and technical assistance; and/or
 - Co-locating offices either intra-agency or inter-agency to save administrative and facilities costs.
- Streamline mission-support functions. In areas such as IT, acquisition, financial management, human resources, and real estate, agencies should look for greater efficiency while maintaining or improving quality.

Agencies should consider leveraging:

- Intra- and inter-agency shared services/centers of expertise;
 - Lines of Business or shared IT infrastructure;
 - External service providers, including those providers on best-in-class contracts as part of the category management effort; and
 - Outsourcing to the private sector when the total cost would be lower or insourcing a function to government where a contract can be eliminated or scaled back.
- Leverage Existing Solutions for Common Requirements: Agencies should consider government-wide contracts for common goods and services to save money, avoid wasteful and redundant contracting actions, and free-up acquisition staff to accelerate procurements for high-priority mission work. To the maximum extent practicable, especially for the acquisition of common goods and services, agencies shall use existing contract solutions such as:
 - Federal Supply Schedules;
 - Government-wide acquisition contracts;
 - Multi-agency contracts; and
 - Any other procurement instruments intended for use by multiple agencies, including “Best in Class” (BIC).

In addition, agencies should control spending by better managing demand and consumption. For example, this can be done by consolidating information technology infrastructure requirements, purchasing standard configurations for common requirements, participating in volume buying events, and applying best commercial buying practices.

- Build and use a portfolio of evidence to improve effectiveness. Agencies should propose strategies to use limited resources as smartly as possible by asking: what works, for whom, and under what conditions; whether programs are being implemented effectively; and how programs can be improved to produce better results. Evidence may include results from program monitoring and evaluations, performance measures, statistics, and other forms of research and analysis. More detail and examples is available to agencies [on the MAX site](#).

D. Workforce management: Improve performance, increase accountability, and reduce costs

As noted earlier, this memo requires agencies to take near-term and long-term steps to reduce the size and cost of the Federal workforce. Specifically, agencies must:

- Begin planning for FY 2018 budget reductions where applicable;
- Develop a long-term workforce reduction plan as part of their FY 2019 Budget submission to OMB; and
- Develop a plan to improve the agency’s ability to maximize employee performance for submission to OMB by June 30, 2017.

This section provides additional detail on these requirements.

i. Plan to implement the FY 2018 President’s Budget.

To support the goals of the FY 2018 President’s Budget Proposal, OMB directs agencies to identify workforce reductions over a four-year period (FY 2018 through 2022) consistent with discretionary outyear levels included in the FY 2018 Budget this spring and forthcoming OMB guidance on FY 2019 Budget submissions. Agencies should begin planning for these reductions now, as achieving associated personnel reductions takes time to implement and realize savings.

To facilitate any necessary reductions, OPM will provide streamlined templates to agencies for requesting approval to offer Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments (VERA/VSIP) and OPM will provide expedited reviews for most requests within 30 days. However, eliminating unnecessary vacant positions can begin immediately. Additionally, in a manner consistent with current law, agencies should undertake a review of all employees on administrative leave because of performance deficiencies or misconduct to determine whether those individuals should be returned to work and assigned alternative duties, or subjected to other appropriate action, up to and including removal. In addition, in cases where performance-deficient employees are reassigned or detailed to other duties, agencies should ensure that such assignments are contributing to the agency’s ability to carry out its mission, and are not used simply as an alternative to avoid or delay holding an employee accountable. Please visit www.opm.gov/reshaping for a detailed resource guide on workforce restructuring options.

ii. Develop a long-term workforce reduction plan.

As part of their Agency Reform Plan and FY 2019 Budget submission to OMB, agencies should identify long-term staffing plans by considering the following:

- Use agency data to determine appropriate FTE baselines. Agencies have the ability to use various data sources including career field benchmarking, time studies, etc., to determine the appropriate staffing levels for different programs to accomplish their objectives. Instead of relying on previous budget allocations that set FTE levels, agencies should better examine how many people are required to perform tasks at the level required.
- Examine the total personnel cost. Agencies need to examine the total cost of their personnel and not only the number of employees. Staffing levels may not present the full picture of whether an agency's workforce is optimally structured. For example, there are situations where it may be more efficient to restructure duties to enable additional lower-graded employees to do lower-level work previously assigned to higher-graded positions, and consolidate the higher-graded work into fewer positions. Employee-related costs include not only total salary and benefits, overtime, training, awards, career ladder progression, but also employee services, and office expenses.
- Review and revise (as needed) organizational design and position structures to ensure they are effective and efficient in supporting delivery of the organization's work and mission. Ensure that spans of control and delegations of authority are optimized to accomplish the work with the fewest amount of management layers needed to provide for appropriate risk management, oversight, and accountability. In particular, agencies should address deputy positions, lower level chief of staff positions, special projects, and management analysts that may duplicate the work performed in such areas as procurement, human resources, and senior management.
- Streamline policy creation by eliminating the common tendency to recraft/restate policy for a component or regional office. For example, many bureaus have staff in administrative functions such as human resources and financial management that customize agency-wide policies when it may be more efficient to use agency-wide policies as-is, while other agencies have staff in each field location write local policy on the same subjects even where unique local or regional expertise is not needed.
- Review positions as they become vacant to determine:
 - Whether the duties of the position, qualifications and skills requirements, or organizational placement of the duties reflects current mission needs;
 - Whether duties can be reassigned to lower organizational levels and replacement, if needed, at a lower grade; and
 - How any appropriate changes to the position can be accomplished in a timely and efficient manner.
- Keep positions current. Agencies should assess how technology may have changed or eliminated the need for some positions. Agencies should build in flexibility to adapt to ongoing technological advances while offering separation incentives as needed to create openings. Fields undergoing rapid transformation or availability of shared services, include but are not limited to:
 - Database administration;
 - Invoice processing;

- Human resources transactional services;
- Financial management; and
- Management analysts.

Agencies will work with their OMB RMO to develop their Agency Reform Plans, including workforce reshaping priorities, but the agency head retains approval authority for the final workforce plan and the workforce reshaping strategies that may be needed to implement the plan. Agencies may also consult with their OPM points of contact and subject-matter experts on workforce reshaping strategies and approaches, particularly in areas where OPM approval may be needed (e.g., use of VERA). Agencies are also encouraged to submit suggestions to OPM for specific statutory and/or regulatory reforms that may be helpful to addressing workforce challenges.

iii. Plan to maximize employee performance.

As agencies are developing long-term plans for reducing the size of the workforce, they should also take near-term actions to ensure that the workforce they retain and hire is as effective as possible. Agencies should determine whether their current policies and practices are barriers to hiring and retaining the workforce necessary to execute their missions as well appropriately managing and, if necessary, removing poor performers.

Agencies should also ensure that performance expectations are appropriately rigorous, aligned to the work that needs to be done and the grade of the employee, and effectively communicated. Regular, ongoing performance feedback should be provided. Moreover, agencies should ensure that managers have the tools and support they need to manage performance effectively to achieve high-quality results for the American people. It is important that managers recognize high performers, help employees identify and address areas in need of improvement, and move quickly to address employees who are not meeting performance expectations.

By June 30, 2017, as an immediate and near-term government-wide workforce priority, all agencies must develop a plan to maximize employee performance by reviewing the systems and structures currently in place within their agencies to support managers in managing employee performance, and developing a timeline for improvement. At a minimum, agencies must address the timeline and implementation actions for agencies to accomplish the following five actions:

1. Review and Update Formal Agency Policy. Agency timelines must include a process for reviewing and updating (or creating, if one does not already exist) the agency's policy, procedures, and guidance on how to address poor performance and conduct. Agencies should specifically review whether their policies create unnecessary barriers for addressing poor performance. Agencies should remove steps not required in statute/regulation to streamline processes to the maximum extent. In addition, as required once the Administrative Leave Act implementing regulations are finalized, policies should incorporate expectations for limiting the use of unnecessary administrative leave and lay out alternatives (such as assigning other work). Agencies should also provide clear guidance on the use and requirements associated with performance improvement plans. If overarching policy cannot be created for an entire agency, it should be developed at the

highest major component level possible. Policies should be created and endorsed by the agency's Chief Human Capital Officer and General Counsel (or small agency equivalent), in consultation with the agency's Equal Employment/Civil Rights Office and Labor Relations Office.

2. Provide Transparency around the Performance Improvement Plan (PIP) Process. Agency submissions must include a timeline for providing all supervisors a copy of the rules and guidance regarding performance improvement plans (PIP) pursuant to 5 U.S.C. Chapter 43 (noting PIPs can be started at any point and not just at the end of the rating period) as well as guidance on how unacceptable performance can be addressed pursuant to 5 U.S.C. Chapter 75. Agencies will maintain data on PIPs, including the number of employees placed on them and the number who successfully improve performance.
3. Ensure Managers and Supporting HR Staff are Appropriately Trained. Agency submissions must include a timeline for all Senior Executive Service (SES) members, supervisors, managers, team leads, and any personnel involved in employee relations to complete training on managing employee performance and conduct. Please refer to OPM's website for current online courses, as well as reports from MSPB and GAO, and regulatory requirements for training and development of supervisors, managers, and executives at 5 C.F.R. 412.202.
4. Ensure Accountability in Manager Performance Plans. Agency submissions must include a timeline for how they will ensure that supervisors and managers are held accountable for managing employee performance and conduct, including reviewing and updating (if necessary) supervisors' and managers' performance plans.
5. Establish Real-Time Manager Support Mechanisms. Agency submissions must include a timeline for agencies to identify approaches and plans for providing accessible and "just-in-time" expert assistance and guidance to managers who are addressing performance/conduct issues. These mechanisms should include a real-time forum (e.g., dedicated contact support lines) for managers to receive guidance on addressing performance or conduct issues that require immediate action. Agencies ultimately have discretion to design these mechanisms. The following Manager Support Board structure would meet this requirement:
 - a. Establish a Manager Support Board comprised of internal experts on employee and labor relations, who may request policy guidance or technical assistance from OPM or other lead agencies if needed;
 - b. Have at least one non-HR senior management member with experience/expertise to help provide coaching/support on techniques and approaches for managing employee performance, even if not on the specific case;
 - c. Operate as close to the regional/division level as feasible;
 - d. Publicize points of contact where managers can go to receive prompt guidance or provide frequent and regular open-meeting times for any managers with questions to receive immediate guidance on appropriate next steps; and
 - e. Establish regular check-ins with managers currently working on a case to ensure either the employee is improving or steps are being taken towards an appropriate disciplinary action.

When developed and executed in concert, these five actions and others agencies may identify will provide supervisors with the policies, processes, and tools to be empowered, and held accountable, for managing employee performance such as by an improvement on the [Federal Employee Viewpoint Survey \(FEVS\)](#) questions on addressing employee performance. The guidance in this memorandum must be implemented consistent with requirements imposed by applicable current collective bargaining obligations.

In accordance with 5 C.F.R. Part 250, agencies will subsequently further develop the plan as needed and may incorporate it as a government-wide workforce priority into their Agency Strategic Plan and/or Human Capital Operating Plan, which will be published in February 2018. Of note, agencies must meet any lawful collective bargaining obligations related to their workforce accountability and performance management efforts.

For more information, Executive Branch agencies may [visit the MAX site](#) to view examples throughout government where departments/agencies are already successfully using these various strategy elements to positive effect.

IV. Performance Tracking and Accountability.

Once the Government-wide Reform Plan is finalized, OMB, in coordination with the President's Management Council, will establish a mechanism to track the progress of each reform. The tracking mechanism will leverage the existing Federal Performance Framework as established by the GPRA Modernization Act of 2010, such as the Cross-Agency Priority Goals, Agency Priority Goals, annual Strategic Reviews, and Performance.gov. More guidance on the specific tracking method is forthcoming.

Tab 17
Organizational Strategy and
Cross Functional Teams

December 23, 2016: Section 911 of the NDAA for FY2017

&

August 13, 2018: Section 918 of the NDAA for FY2019

SEC. 904. REPEAL OF FINANCIAL MANAGEMENT MODERNIZATION EXECUTIVE COMMITTEE.

(a) REPEAL.—Section 185 of title 10, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 7 of such title is amended by striking the item relating to section 185. 10 USC 171 prec.

Subtitle B—Organization and Management of the Department of Defense Generally

SEC. 911. ORGANIZATIONAL STRATEGY FOR THE DEPARTMENT OF DEFENSE. 10 USC 111 note.

(a) ORGANIZATIONAL STRATEGY REQUIRED.—

(1) IN GENERAL.—Not later than September 1, 2017, the Secretary of Defense shall formulate and issue to the Department of Defense an organizational strategy for the Department that—

(A) identifies the critical objectives and other organizational outputs for the Department that span multiple functional boundaries and would benefit from the use of cross-functional teams under this section to ensure collaboration and integration across organizations within the Department;

(B) improves the manner in which the Department integrates the expertise and capacities of the functional components of the Department for effective and efficient achievement of such objectives and outputs;

(C) improves the management of relationships and processes involving the Office of the Secretary of Defense, the Joint Staff, the combatant commands, the military departments, and the Defense Agencies with regard to such objectives and outputs;

(D) improves the ability of the Department to work effectively in interagency processes with regard to such objectives and outputs in order to better serve the President; and

(E) achieves an organizational structure that enhances performance with regard to such objectives and outputs.

(2) ELEMENTS.—The strategy shall provide for the following:

(A) The appropriate use of cross-functional teams to manage critical objectives and outputs of the Department described in paragraph (1)(A).

(B) The furtherance and advancement of a collaborative, team-oriented, results-driven, and innovative culture within the Department that fosters an open debate of ideas and alternative courses of action, and supports cross-functional teaming and integration.

(b) ACTIONS IN SUPPORT OF STRATEGY.—

(1) STUDY.—The Department of Defense shall conduct a study of the following in order to determine how best to implement effective cross-functional teams in the Department to achieve the strategic objectives of the Secretary of Defense:

(A) Lessons learned, as reflected in academic literature, business and management school case studies, and the work of leading management consultant firms, on the successful and failed application of cross-functional teams in the private sector and government, and on the cultural factors necessary to support effective cross-functional teams.

(B) The historical and current use by the Department of cross-functional working groups, integrated process teams, councils, and committees, and the reasons why such entities have or have not achieved high levels of teamwork or effectiveness.

(2) CONDUCT OF STUDY.—The study required by paragraph (1) shall be conducted by an independent organization with widely acknowledged expertise in modern organizational management and teaming selected by the Secretary for purposes of the study.

(3) SCHEDULE.—The Secretary shall award any necessary contract for the study required by paragraph (1) pursuant to paragraph (2) by not later than March 15, 2017, and shall provide the results of the study to the congressional defense committees by not later than July 15, 2017.

(c) CROSS-FUNCTIONAL TEAMS.—In support of the strategy required by subsection (a):

(1) IN GENERAL.—The Secretary of Defense shall establish cross-functional teams to address critical objectives and outputs for such teams as are determined to be appropriate in accordance with the organizational strategy issued under subsection (a), with initial teams established by not later than September 30, 2017.

(2) PURPOSES.—The purposes of cross-functional teams established pursuant to this subsection shall be, as determined appropriate by the Secretary—

(A) to provide for effective collaboration and integration across organizational and functional boundaries in the Department of Defense;

(B) to develop, at the direction of the Secretary, recommendations for comprehensive and fully integrated policies, strategies, plans, and resourcing decisions;

(C) to make decisions on cross-functional issues, to the extent authorized by the Secretary and within parameters established by the Secretary; and

(D) to provide oversight for and, as directed by the Secretary, supervise the implementation of approved policies, strategies, plans, and resourcing decisions approved by the Secretary.

(3) GUIDANCE ON TEAMS.—Not later than September 30, 2017, the Secretary shall issue guidance—

(A) addressing the role, authorities, reporting relationships, resourcing, manning, training, and operations of cross-functional teams established pursuant to this subsection;

(B) delineating decision-making authority of such teams;

(C) providing that the leaders of functional components of the Department that provide personnel to such teams respect and respond to team needs and activities; and

(D) emphasizing that personnel selected for assignment to such teams shall faithfully represent the views and expertise of their functional components while contributing to the best of their ability to the success of the team concerned.

(4) PARTICIPANTS.—In establishing a cross-functional team pursuant to this subsection, the Secretary shall consider personnel from the Office of the Secretary of Defense, the Joint Staff, the military departments, and the Defense Agencies in all functional areas that the Secretary considers appropriate.

(5) TEAM PERSONNEL.—For each cross-functional team established by the Secretary pursuant to this subsection, the Secretary shall—

(A) assign as leader of such team a senior qualified and experienced individual, who shall report directly to the Secretary regarding the activities of such team;

(B) delegate to the team leader designated pursuant to subparagraph (A) authority to select members of such team from among civilian employees of the Department and members of the Armed Forces in any grade who are recommended for membership on such team by the head of a functional component of the Department within the Office of the Secretary of Defense, the Joint Staff, and the military departments, by the commander of a combatant command, or by the director of a Defense Agency;

(C) provide the team leader with necessary full time support from team members, and the means to co-locate team members;

(D) ensure that team members and all leaders in functional organizations that are in the supervisory chain for personnel serving on such team receive training in elements of successful cross-functional teams, including teamwork, collaboration, conflict resolution, and appropriately representing the views and expertise of their functional components; and

(E) ensure that the congressional defense committees are provided information on the progress and results of such team upon request.

(6) TEAM STRATEGIES AND DECISION-MAKING AUTHORITY.—

(A) IN GENERAL.—The Secretary shall ensure that the objectives of each cross-functional team established pursuant to this subsection are clearly established in writing, through a memorandum, statement, charter, or similar document.

(B) METRICS.—To improve team performance and accountability, the Secretary shall task each team, as appropriate, to establish a strategy to achieve the objectives specified by the Secretary, metrics for evaluation of the achievement of such objectives by such team, and the alignment of individual and team goals for the achievement of such objectives by such team.

(C) DELEGATION OF AUTHORITY.—The Secretary may delegate to a team any decision-making authority that, and shall delegate such authority as, the Secretary considers appropriate to permit such team to achieve the objectives established by the Secretary.

(7) REVIEW OF TEAMS.—Not later than 18 months after the date on which the first cross-functional team is established pursuant to this subsection, the Secretary shall complete an analysis, with support from external experts in organizational and management sciences, of the successes and failures of teams established pursuant to this subsection, and determine how to apply the lessons learned from that analysis.

(8) REPORT ON ESTABLISHMENT.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the establishment of cross-functional teams under this subsection, including descriptions from the leaders of teams established prior to the date on which this report is submitted of the manner in which the teams were designed and how they functioned.

(d) DIRECTIVE ON COLLABORATIVE CULTURE AND BEHAVIOR.—The guidance issued by the Secretary of Defense pursuant to subsection (c)(3) shall also—

(1) articulate the shared purposes, values, and principles for the operation of the Office of the Secretary of Defense that are required to promote a team-oriented, collaborative, results-driven culture within the Office to support the primary objectives of the Department of Defense;

(2) ensure that collaboration across functional and organizational boundaries is an important factor in the performance review of leaders of cross-functional teams established pursuant to subsection (c), members of teams, and other appropriate leaders of the Department; and

(3) identify key practices that senior leaders of the Department should follow with regard to leadership, organizational practice, collaboration, and the functioning of cross-functional teams, and the types of personnel behavior that senior leaders should encourage and discourage.

(e) STREAMLINING OF ORGANIZATIONAL STRUCTURE AND PROCESSES OF OSD.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Defense shall take such actions as the Secretary considers appropriate to streamline the organizational structure and processes of the Office of the Secretary of Defense in order to increase spans of control, achieve a reduction in layers of management, eliminate unnecessary duplication between the Office and the Joint Staff, and reduce the time required to complete standard processes and activities.

(f) TRAINING FOR INDIVIDUALS NOMINATED FOR APPOINTMENT FOR OSD POSITIONS CONFIRMED BY THE SENATE.—

(1) IN GENERAL.—Within three months of the appointment of an individual to a position in the Office of the Secretary of Defense appointable by and with the advice and consent of the Senate, the individual shall complete a course of instruction in leadership, modern organizational practice, collaboration, and the operation of teams described in subsection (c).

(2) WAIVER.—The President may waive the requirement in paragraph (1) with respect to an individual if the Secretary determines in writing that the individual possesses, through training and experience, the skill and knowledge otherwise to be provided through a course of instruction as described in that paragraph.

(g) COMPTROLLER GENERAL OF THE UNITED STATES ASSESSMENTS.—

(1) **BIANNUAL REPORT ON ASSESSMENTS.**—Not later than six months after the date of the enactment of this Act, and every six months thereafter through December 31, 2019, the Comptroller General of the United States shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report setting forth a comprehensive assessment of the actions taken under this section during the six-month period ending on the date of such report and cumulatively since the date of the enactment of this Act.

(2) **ASSESSMENT TEAM.**—The Comptroller General may establish within the Government Accountability Office a team of analysts to assist the Comptroller General in the performance assessments required by this subsection.

SEC. 912. POLICY, ORGANIZATION, AND MANAGEMENT GOALS AND PRIORITIES OF THE SECRETARY OF DEFENSE FOR THE DEPARTMENT OF DEFENSE.

(a) **IN GENERAL.**—A Secretary of Defense serving in that position pursuant to an appointment to that position after January 20, 2017, shall submit to the Committees on Armed Services of the Senate and the House of Representatives, not later than each of the deadlines specified in subsection (b), a report on the policy, organization, and management goals and priorities of the Secretary for the Department of Defense. Each report shall include, current as of the date of such report, an identification of the following:

(1) Policy goals and priorities, including specific and measurable performance and implementation targets.

(2) Organization and management goals and priorities, including specific and measurable performance and implementation targets that address, but are not limited to, the following:

(A) The elimination or consolidation of any unnecessary or redundant functions within the Department.

(B) Force management and shaping, including recommendations for such legislative action as is required to meet force management and shaping goals and priorities.

(C) The layering or reorganization of headquarters organizations across the Department.

(3) Any other goals or priorities for the Department the Secretary considers appropriate.

(b) **DEADLINES.**—The deadlines for the submittal of reports under subsection (a) are April 1, 2017, and February 1 of each year thereafter through 2022.

(c) **BRIEFINGS SATISFY LATER REPORTING REQUIREMENTS.**—Any report required under subsection (a) after the initial report may be provided in the form of a briefing.

SEC. 913. SECRETARY OF DEFENSE DELIVERY UNIT.

10 USC 131 note.

(a) **IN GENERAL.**—The Secretary of Defense serving in that position as of March 1, 2017, may establish within the Office of the Secretary of Defense a unit of personnel that shall be responsible for providing expertise and support throughout the Department of Defense in an effort to improve the implementation of policies and priorities across the Department. The unit may be known as the “delivery unit”.

(b) **COMPOSITION.**—The unit established pursuant to subsection (a) shall consist of not more than 30 individuals selected by the

1 **SEC. 917. DEADLINE FOR COMPLETION OF FULL IMPLE-**
2 **MENTATION OF REQUIREMENTS IN CONNEC-**
3 **TION WITH ORGANIZATION OF THE DEPART-**
4 **MENT OF DEFENSE FOR MANAGEMENT OF**
5 **SPECIAL OPERATIONS FORCES AND SPECIAL**
6 **OPERATIONS.**

7 The Secretary of Defense shall ensure that the imple-
8 mentation of section 922 of the National Defense Author-
9 ization Act for Fiscal Year 2017 (Public Law 114–328;
10 130 Stat. 2354) and the amendments made by that sec-
11 tion is fully complete by not later than 90 days after the
12 date of the enactment of this Act.

13 **SEC. 918. CROSS-FUNCTIONAL TEAMS IN THE DEPARTMENT**
14 **OF DEFENSE.**

15 (a) CROSS-FUNCTIONAL TEAM ON ELECTRONIC
16 WARFARE.—

17 (1) IN GENERAL.—Among the cross-functional
18 teams established by the Secretary of Defense pur-
19 suant to subsection (c) of section 911 of the Na-
20 tional Defense Authorization Act for Fiscal Year
21 2017 (Public Law 114–328; 130 Stat. 2345; 10
22 U.S.C. 111 note) in support of the organizational
23 strategy for the Department of Defense required by
24 subsection (a) of that section, the Secretary shall es-
25 tablish a cross-functional team on electronic warfare.

1 (2) ESTABLISHMENT AND ACTIVITIES.—The
2 cross-functional team established pursuant to para-
3 graph (1) shall be established in accordance with
4 subsection (c) of section 911 of the National De-
5 fense Authorization Act for Fiscal Year 2017, and
6 shall be governed in its activities in accordance with
7 the provisions of such subsection (c).

8 (3) DEADLINE FOR ESTABLISHMENT.—The
9 cross-functional team required by paragraph (1)
10 shall be established by not later than 90 days after
11 the date of the enactment of this Act.

12 (b) ADDITIONAL CROSS-FUNCTIONAL TEAMS MAT-
13 TERS.—

14 (1) CRITERIA FOR DISTINGUISHING AMONG
15 CROSS-FUNCTIONAL TEAMS.—Not later than 60 days
16 after the date of the enactment of this Act, the Sec-
17 retary shall issue criteria that distinguish cross-func-
18 tional teams under section 911 of the National De-
19 fense Authorization Act for Fiscal Year 2017 from
20 other types of cross-functional working groups, com-
21 mittees, integrated product teams, and task forces of
22 the Department.

23 (2) PRIMARY RESPONSIBILITY FOR IMPLEMEN-
24 TATION OF TEAMS.—The Deputy Secretary of De-
25 fense shall establish or designate an office within the

1 Department that shall have primary responsibility
2 for implementing section 911 of the National De-
3 fense Authorization Act for Fiscal Year 2017.

"service secretary-like" responsibilities for the advocacy and oversight of SOF mandated by Congress. The conferees note that, elsewhere in this Act, there is a provision requiring that, of the funds authorized in Operation & Maintenance, Defense-wide for U.S. Special Operations Command civilian personnel, not less than \$4 million shall be used to fund additional civilian personnel in or directly supporting the ASD SOLIC Secretariat for Special Operations. This provision would also exempt these additional personnel from the overall personnel caps on the Office of the Secretary of Defense. The conferees believe this is an appropriate model for adequately staffing the ASD SOLIC Secretariat for Special Operations. The conferees encourage the Department to request adequate funding in future years and to propose legislative or other recommendations that would facilitate adequate staffing of the ASD SOLIC Secretariat for Special Operations.

Cross-functional teams in the Department of Defense (sec. 918)

The Senate amendment contained a provision (sec. 925) that would require the Secretary of Defense to establish three cross-functional teams (CFTs) as directed in section 911 of the National Defense Authorization Act of Fiscal Year 2017 (Public Law 114-328) and would require the Deputy Secretary of Defense to establish or designate an office as the Office of Primary Responsibility for implementing section 911.

The House bill contained no similar provision.

The House recesses with an amendment that limits the statutory establishment of CFTs to one: the CFT for electronic warfare, which the Department itself has not yet created.

In addition to the team established within this provision, the conferees encourage the Secretary of Defense to designate the ongoing teams on personnel security and close combat lethality as CFTs under section 911 of the National Defense Authorization Act of Fiscal Year 2017 (Public Law 114-328). The conferees stress that this designation should only be made in the event it does not require any changes in either of the ongoing efforts' organization, management, authorities, mission, or activities. In that regard, the conferees note that these teams already have the characteristics and meet the requirements of CFTs established in law by section 911. The conferees remain committed to monitoring the implementation of section 911 of the National Defense Authorization Act of Fiscal Year 2017 (Public Law 114-328).

Limitation on transfer of the Chemical, Biological, and Radiological Defense Division of the Navy (sec. 919)

The House bill contained a provision (sec. 922) that would require the Secretary of the Navy to provide a report to the congressional defense committees on the timeline, costs, risks, and benefits of transferring the Chemical, Biological, and Radiological Defense Division in Dahlgren, Virginia, to another location.

The Senate amendment contained no similar provision.

The Senate recedes with a technical amendment.

The conferees note the Chemical, Biological, and Radiological Defense Division of the Navy, currently based at the Naval Surface Warfare Center in Dahlgren, Virginia, consists of a highly effective team of scientists performing critical work for the United States. The Secretary of the Navy has notified Congress of the intent to transfer the division to another location, however, the Secretary has not provided Congress with a detailed cost benefit analysis or any other information that adequately justifies the proposed transfer of the division.

Tab 18

Business Reform Teams

DoD Defense Reform Team Leaders Appointment Memorandums

Official Signature	Subject	Date
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Information Technology and Business Systems for Department	October 27, 2017
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Real Property Management for the Department	October 27, 2017
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Service Contracts for the Department	October 27, 2017
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Human Resources for the Department	January 2, 2018
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Health Care Management for the Department	October 27, 2017
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Community Services Management for the Department	October 27, 2017
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Supply Chain and Logistics for the Department	October 27, 2017
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Financial Management for the Department	October 27, 2017
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for the Testing for the Department	November 21, 2017
Patrick M. Shanahan DepSecDef	Appointment of Reform Leader for Service Contracts and Category Management for the Department	December 19, 2017

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APPENDIX 3

**Chief Management Officer of the Department of Defense, Defense Agencies and DoD Field
Activity Management Planning Memoranda**

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Questions regarding this review can be referred to:

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Directorate of Administration and Organizational Policy
Office of the Chief Management Officer
Office of the Secretary of Defense
Room 3A874
1950 Defense Pentagon
Washington, DC 20301-1950
703-697-1142 (Commercial)
227-1142 (Defense Switched Network / DSN)
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