



**Government Performance and Results Act**

**Department of Defense  
FY 2000 Performance Report**

**March 2001**



**GOVERNMENT PERFORMANCE  
AND RESULTS ACT**

**PERFORMANCE REPORT FOR FY 2000**

**March 2001**



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**GOVERNMENT PERFORMANCE AND RESULTS ACT**  
**PERFORMANCE REPORT FOR FY 2000**

## **OVERVIEW**

This is the FY 2000 performance report of the Department of Defense (DoD), issued in accordance with the Government Performance and Results Act (GPRA) of 1993. The report covers the period October 1, 1999, to September 30, 2000. It provides a general overview of the Department's success in executing the annual performance plan developed in conjunction with the FY 2000 defense budget.

The budget provides the means for the Department to support the President's national security strategy, which in turn guides U.S. defense policy and planning. It is from this general framework that defense missions, the Department's strategic vision, and its corporate goals derive.

### ***DoD Mission and Vision Statement***

The mission of the Department of Defense is to support and defend the Constitution of the United States; to provide for the common defense of the nation, its citizens, and its allies; and to protect and advance U.S. interests around the world.

In peacetime, the United States works with friends and allies to promote a stable world that supports economic growth and provides opportunities for emerging democracies. The routine deployment of U.S. forces overseas, combined with the maintenance of ready forces at home, promotes stability and deters the use of force against U.S. interests. The same military forces that help shape the international environment can also respond quickly to threats to U.S. security when crises arise.

In support of its basic mission, the Department of Defense:

- Fields the best trained, best equipped, best prepared fighting force in the world;
- Supports alliances and security relationships that protect and advance U.S. security interests;
- Furthers national interests by working effectively with other federal agencies, Congress, and the private sector; and
- Serves as a model of effective, efficient, innovative management and leadership.

## ***DoD Strategic Plan and Corporate-Level Goals***

The Government Performance and Results Act directed agencies to update their strategic plans every three years. For DoD, the report of the Quadrennial Defense Review (QDR) serves as the strategic plan, in accordance with Section 402 of the National Defense Authorization Act for FY 2000. Thus, DoD updates its plan every four years.

The Department established two corporate-level goals to guide its performance during FY 2000:

- Goal 1. Shape the international security environment and respond to the full spectrum of crises by providing appropriately sized, positioned, and mobile forces.
- Goal 2. Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs (RMA) and reengineer the Department to achieve a 21st century infrastructure.

The two corporate-level goals are supported by eight annual performance goals (Table 1), established in February 1999 as part of the Department's FY 2000 performance plan.

<b>Linkage of Corporate Goals to Annual Performance Goals</b>		<b>Table 1</b>	
<b>Corporate Goal 1: SHAPE AND RESPOND</b>		<b>Corporate Goal 2: PREPARE</b>	
<b>Annual Performance Goals</b>	1.1 Support U.S. regional security alliances through military-to-military contacts and the routine presence of ready forces overseas, maintained at force levels determined by the QDR.	<b>Annual Performance Goals</b>	2.1 Recruit, retain, and develop personnel to maintain a highly skilled and motivated force capable of meeting tomorrow's challenges.
	1.2 Maintain ready forces and ensure they have the training necessary to provide the United States with the ability to shape the international security environment and respond to a full spectrum of crises.		2.2 Transform U.S. military forces for the future.
	1.3 Maintain the capability to move military forces from the United States to any location in the world in response to aggression, using a combination of airlift, sealift, and prepositioned equipment.		2.3 Streamline the DoD infrastructure by redesigning the Department's support structure and pursuing business practice reforms.
	2.4 Meet combat forces' needs smarter and faster, with products and services that work better and cost less, by improving the efficiency of DoD's acquisition processes.		
	2.5 Improve DoD financial and information management.		

# THE ANNUAL PERFORMANCE REPORT

## *GPRAs Requirements*

The Government Performance and Results Act seeks to improve government-wide program effectiveness, government accountability, and ultimately, public confidence by requiring agencies to identify measurable annual performance goals, against which actual achievements can be compared. The approach taken by GPRAs to linking expenditures to performance is consistent with how the Department of Defense applies its internal management process—the Planning, Programming, and Budgeting System (PPBS)—to guide the implementation of the strategic plan. The DoD budget has one principal output: military forces that are ready to go to war. Because these forces are intended to deter potential adversaries, the outcome of the Department’s efforts in any given year is partially subject to global developments and political decisions. Nonetheless, the Department has developed a methodology that allows it to present the output-oriented goals of the PPBS and associated performance measures within the context of GPRAs.

This report summarizes the results achieved in executing the Department’s FY 2000 performance plan. The performance plan included key PPBS metrics (organized under eight annual performance goals) that the Secretary of Defense and his senior staff use to manage performance trends within the Department. Because the plan was written at an executive level—in a format designed to be understandable to the nondefense expert—it did not present all of the activities (or metrics) used to manage performance throughout the Department. Additional information about DoD performance is available in budget reports published by the military departments and defense agencies, and in other reports to Congress and the President. (Links to Service and agency budget documents, reports, and supplementary information related to DoD performance can be accessed on the Internet at <http://www.dtic.mil/comptroller/>.)

## *Evaluating Annual Performance*

Annual performance goals establish a measurable path to incremental achievement of the corporate goals articulated in the strategic plan. Performance goals are supported and evaluated by quantifiable output, which is assessed using performance measures or indicators. Normally, a given performance goal encompasses several performance measures and indicators. For that portion of the performance goal they evaluate, performance *measures* are sufficient in themselves to judge results. Performance *indicators* are not sufficient to gauge the success of a program; rather, they provide meaningful insights for qualitative assessments. Together, performance measures and indicators quantify the outcomes of defense programs through key metrics associated with providing a ready force and preparing for the future.

The Department evaluates success in achieving the performance goals established for its budget on two levels. At a lower level of aggregation, individual performance measures and indicators are scored at the end of each fiscal year to determine how performance compared to numeric targets set when the budget for that year was submitted. As noted earlier, a set of measures and indicators supports each annual performance goal; it is at this level that

performance against the targets is reported and discussed in subsequent sections of this document.

At the higher level, annual performance goals are evaluated in two ways. First, results for each of the subordinate measures and indicators are evaluated within the context of overall program performance. Second, a determination is made as to whether a shortfall in expected performance for any single metric, or for any set of supporting metrics, will put at risk achievement of the associated corporate goal. This subjective determination is trend-based and is inherently cumulative: a single year of poor performance may not signal that a corporate goal is at risk, although several years of unsatisfactory performance almost certainly will.

Performance shortfalls due to internal management factors may receive higher priority for remedial action than those resulting from external events (such as international crises or contingencies). Yet even where shortfalls result from external factors, they can often be overcome by restoring diverted resources or taking other remedial measures, such as reinstating disrupted training schedules. However, repeated disruptions due to unexpected contingencies, resulting in consecutive years of performance shortfalls, could lead the Department to adjust its performance expectations.

### *Analyzing Performance Data*

Overall management control for reporting performance is provided through primary sponsors for each GPRA performance measure and indicator. The sponsors are appointed by the Under Secretary of Defense (Comptroller) (USD(C)). They include the Under Secretaries of Defense for Policy; Personnel and Readiness; Acquisition, Technology, and Logistics; and the USD(C), as well as directors of selected defense agencies and the Director of the Joint Staff. Metric sponsors are responsible for establishing performance-plan targets, reporting on annual performance, documenting verification and validation (V&V) information, and evaluating progress in implementing the DoD strategic plan in their functional areas.

The remaining sections of this report assess the Department's progress in meeting its FY 2000 performance targets. The presentation for each performance goal starts with a list of supporting metrics and any major changes to the goal for FY 2001. Next, an evaluation of FY 2000 performance is presented, followed by a discussion of the subordinate metrics. The discussions:

- Describe how the individual metrics contribute to the associated performance goal;
- Summarize the V&V methodology supporting each metric, including weaknesses and areas for improvement;
- Highlight factors that shaped FY 2000 performance;
- Restate the FY 2001 performance targets (from the FY 2001 GPRA plan); and

- Predict, where applicable, how FY 2000 performance might affect the ability of the Department to achieve its performance targets in FY 2001.

### ***Changes for the FY 2000 Performance Report***

One metric from the FY 2000 performance plan—reductions in the acquisition workforce (Performance Indicator 2.4.6)—will be retired after this report because the Department has achieved its long-term target. In addition, several metrics have been reformatted or restructured to more accurately describe performance results. The tables for those metrics now include supporting data intended to help the reader interpret and compare the annual results presented. Two indicators included in last year’s report have been restructured to lag, by one year, reporting on actual performance: the percentage of the DoD budget spent on infrastructure (Performance Indicator 2.3.1) and unfunded depot maintenance requirements (Performance Indicator 2.3.2). Data for these metrics either are unavailable at the end of the fiscal year or require significant post-collection analysis before they can contribute meaningfully to management decisions. Metric 2.5.1 from the FY 2000 performance plan has been recast as two separate measures (Metrics 2.5.1 and 2.5.2) in this report in order to give independent visibility to financial feeder systems.

## **PERFORMANCE GOAL 1.1 – SUPPORT REGIONAL SECURITY ALLIANCES**

Performance Goal 1.1 is supported by five metrics: Army overseas presence, Navy overseas presence, Marine Corps overseas presence, Air Force overseas presence, and joint and combined exercises.

### ***Evaluation of FY 2000 Results for Performance Goal 1.1***

During FY 2000, U.S. military forces supported regional security alliances through a variety of peacetime deployments worldwide. Many of these deployments were conducted as part of the almost 200 annual joint and combined exercises sponsored by the Department.

Recognizing the demands that peacetime operations place on military forces, the Department routinely looks for opportunities to reduce operating strains where it is possible to do so without degrading overall performance. Accordingly, in executing the FY 2000 exercise program, the Department combined some events that originally were to have been conducted separately and eliminated several others. As a result, nine fewer exercises were conducted during the year than originally planned. Despite these adjustments, the Department was able to achieve its stated objectives for the exercise program while meeting or exceeding the targets for all other metrics supporting Performance Goal 1.1.

For a more complete description of overseas presence and regional engagement activities during FY 2000, see Chapters 1 and 3 of the 2001 *Annual Report to the President and Congress* by Secretary of Defense William S. Cohen (hereafter referred to as the 2001 Annual Defense Report or ADR) at <http://www.dtic.mil/execsec/adr2001/>.

**Supporting Metrics for Performance Goal 1.1**

<b>Performance Measure 1.1.1 – Army Overseas Presence</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Mechanized Divisions in Pacific Region	1	1	1	1	1
Divisions with Elements in Europe	2	2	2	2	2

**Metric Description.** The Army maintains a mechanized division in the Asian-Pacific region and two divisions with selected command, combat, and support elements in Europe. The forces stationed in Europe affirm the United States’ leadership role in NATO and reinforce bilateral relations with key partners. Forward-deployed Army units in the Asian-Pacific region underscore the U.S. commitment to remain a stabilizing influence and to deter aggression on the Korean peninsula and elsewhere in the region.

**V&V Methodology.** The Army provides data on its forces for each revision of the Department’s Future Years Defense Program (FYDP) database. (For more details on the FYDP system and PPBS process, see the Related Issues section at the end of this report.) The number of Army units deployed is obtained from major commands and is reviewed at least twice yearly by the regional commanders-in-chief (CINCs) as part of their input to the PPBS process.

**Actual and Projected Performance.** The Department met its FY 2000 performance targets for Army overseas presence. No shortfalls are projected for FY 2001.

<b>Performance Measure 1.1.2 – Navy Overseas Presence <sup>a</sup></b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Deployed (CVBG) Days	1,066	1,040	912–1,004	1,085	912–1,004
<i>Percentage of Time Regions Were Covered by One or More CVBGs</i>					
<i>Pacific</i>	<i>70<sup>b</sup></i>	<i>85<sup>b</sup></i>		<i>100</i>	
<i>Europe</i>	<i>39<sup>b</sup></i>	<i>56</i>		<i>48</i>	
<i>Southwest Asia</i>	<i>100<sup>b</sup></i>	<i>100</i>		<i>100</i>	
<sup>a</sup> This metric has been revised. The performance targets now reflect the planning factors used to allocate Navy forces to projected overseas presence tasks. The percentage of time regions were covered by one or more carrier battle groups (CVBGs) is included in the table to illustrate past performance only. <sup>b</sup> Revised from the FY 1999 performance report; previously published percentages were slightly in error.					

<b>Performance Measure 1.1.3 – Marine Corps Overseas Presence <sup>a</sup></b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Deployed MEU/ARG Days	1,083	1,095	912–1,004	1,053	912–1,004
<b><i>Percentage of Time Regions Were Covered by One or More MEU/ARGs</i></b>					
<i>Pacific</i>	100	90 <sup>b</sup>		100	
<i>Europe</i>	100 <sup>b</sup>	100		91	
<i>Southwest Asia</i>	48 <sup>b</sup>	47 <sup>b</sup>		53	
<sup>a</sup> This metric has been revised. The performance targets now reflect the planning factors used to allocate Marine forces to projected overseas presence tasks. The percentage of time regions were covered by one or more Marine expeditionary unit/amphibious ready groups (MEU/ARGs) is included in the table to illustrate past performance only.					
<sup>b</sup> Revised from FY 1999 performance report; previously published percentages were slightly in error.					

**Metric Description.** Performance Measures 1.1.2 and 1.1.3 record the number of days per year that U.S. Navy carrier battle groups (CVBGs) or Marine expeditionary units (MEUs) and amphibious ready groups (ARGs) are deployed overseas. Targets are expressed as a range: performance below the range represents a shortfall in overseas presence, while performance above the range (or high in the range for several consecutive years) could adversely affect personnel tempo if not carefully managed. (See Performance Indicators 1.2.5 through 1.2.8 for details on Service personnel tempos during FY 2000.) The performance targets have been revised to more accurately reflect the planning factors—number of days—the Department uses to allocate naval forces worldwide in support of programmed activities. The data in the “Actual” columns track the overseas postures achieved in terms of both total deployment time and regional coverage. Annual variations in presence across the three theaters (shown in the bottom half of the table) reflect the effect of operational decisions to shift assets among regions. In combination, Performance Measures 1.1.2 and 1.1.3 gauge the ability of naval air, land, surface, and submarine forces to rapidly respond to crises as well as engage in exercises, military-to-military contacts, and other activities in support of regional alliances.

**V&V Methodology.** Data for these measures come from two sources: Navy deployment schedules for CVBGs, MEUs, and ARGs, as reflected in Global Naval Force Presence Policy (GNFPP) scheduling messages issued periodically by the Chairman of the Joint Chiefs of Staff (CJCS); and OPNOTES, a text-based tactical data exchange system maintained by the Department of the Navy that documents specific data and times for the arrival and departure of CVBGs and ARGs into and out of a region. OPNOTES depicts the position of underway and deployed naval forces. In-port and homeport forces are not typically included. The system is updated daily.

Data are verified by comparing planned deployment schedules (the Chairman’s GNFPP scheduling message) against actual force presence (as documented by the arrival and departure dates recorded in OPNOTES). Data also are reviewed for accuracy at each Quarterly Fleet Scheduling Conference. This metric does not account for multiple CVBG or MEU coverage in a theater of operations.

**Actual and Projected Performance.** The Department exceeded by a slight margin its FY 2000 performance targets for Navy and Marine Corps overseas presence. No shortfalls are projected for FY 2001.

<b>Performance Measure 1.1.4 – Air Force Overseas Presence (In FWEs)<sup>a</sup></b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Pacific	2.2	2.2	2.2	2.2	2.2
Europe	2.2	2.2	2.2	2.2	2.2
Southwest Asia	1.0	1.0	1.0	1.0	1.0
NOTE: FWE = fighter wing equivalent.					
<sup>a</sup> Previously published versions of the DoD performance plan and report rounded FWE figures to the nearest whole number. The data in this table are now consistent with how force levels for the Air Force are presented in other documents.					

**Metric Description.** The Air Force routinely keeps more than five FWEs forward deployed in support of regional engagement and crisis response missions. These forces are stationed in the Pacific, Europe, and Southwest Asia.

**V&V Methodology.** The Air Force provides data on the location of its forces for each update of the FYDP database. Unit deployment data are maintained by the major commands and are reviewed at least twice annually by the geographic CINCs as part of their input to the PPBS.

**Actual and Projected Performance.** The Department met its performance target for Air Force overseas presence in FY 2000. No shortfalls are projected for FY 2001.

<b>Performance Measure 1.1.5 – Number of Joint and Combined Exercises</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Number of Joint and Combined Exercises	183	159	198	189	197 <sup>a</sup>
<sup>a</sup> The final FY 2001 target is 197, seven exercises less than the preliminary target of 204 published in last year's plan. The Joint Training Master Schedule is updated annually, during a joint exercise scheduling conference held in February. During the conference, preliminary schedules are adjusted to accommodate training and theater engagement requirements established for the following fiscal year by the regional CINCs. Changes do not affect the ability to maintain combat readiness; they merely constitute schedule refinements.					

**Metric Description.** The overseas exercise program demonstrates U.S. resolve and the ability to project forces to locations abroad in support of national interests and commitments to allies. The program provides joint force training that emphasizes interoperability, joint warfighting doctrine, and rapid deployment. Such training, conducted in conjunction with allied or friendly militaries, provides opportunities to test and evaluate U.S. and host-nation systems, lines of communication, and support agreements. The joint and combined exercise program is a key component of the Joint Training System, and is the principal vehicle used by the CJCS to meet inter-Service and multinational training objectives. (More than 80 percent of joint and combined exercises in the four main overseas areas of operation include non-U.S. participants.) The exercise program also provides an opportunity to test strategic (i.e., intercontinental)

transportation and command, control, communication, computer, and intelligence (C4I) systems, and thus to evaluate the readiness and supportability of these systems across the full range of military operations.

**V&V Methodology.** This metric is a simple count of joint and combined exercises completed, as reported to the Joint Staff Directorate for Operational Plans and Interoperability (J7). The measure's utility is ensured by rigidly defining what does (and does not) constitute a joint exercise. CJCS Manual 3500.03, *Joint Training Manual for the Armed Forces of the United States*, establishes standards for joint training in four phases: establishment of requirements, planning, execution, and assessment of results. The manual standardizes procedures for each phase of the joint training cycle and establishes criteria for reporting and evaluating performance data. Because joint readiness is assessed against key functional areas that enable combatant commanders to integrate and synchronize forces, readiness assessments are, by nature, subjective. These measures and indicators do not define readiness by themselves; rather, they are management tools used by those responsible for readiness—unit and force commanders.

**Actual and Projected Performance.** The Department met its overall objective for exercises in FY 2000, although slightly fewer events were conducted than originally planned. No shortfalls are projected for FY 2001. While adjustments may again be required in the exercise schedule, little or no impact on readiness is anticipated.

## **PERFORMANCE GOAL 1.2 – MAINTAIN TRAINED AND READY FORCES**

Performance Goal 1.2 is supported by 11 unclassified metrics: Army force levels; Navy force levels; Air Force force levels; Marine Corps force levels; Army deployment tempo; Navy personnel tempo; Air Force personnel tempo; Marine Corps deployment tempo; flying hours per month; tank miles per year; and steaming days per quarter. These 11 metrics are supplemented by four classified performance indicators, which are discussed in the Department's *Quarterly Readiness Report to Congress* (QRRC). The QRRC is one of the principal tools used by the Department to inform Congress of issues related to near-term readiness. It includes sections on readiness indicators, force tempo trends, unit readiness ratings, and facilities management and readiness.

### ***Evaluation of FY 2000 Results for Performance Goal 1.2***

The Department did not meet several of its training and operational tempo targets in FY 2000. The major reasons cited by the Services for not achieving annual objectives include the continuing demands posed by contingency deployments, higher than average numbers of aircraft grounded for safety reasons, and Navy out-of-port maintenance requirements. The Department continues to place heavy emphasis on reducing tempo levels within the Services and has focused management attention on those particular units and skill groups that are repeatedly in demand for contingency operations.

**Tempos of Operation.** Although the Army, Navy, and Air Force failed to meet their tempo goals for FY 2000, each Service missed its target by only a small margin. The Army cites ongoing commitments in Bosnia, Kosovo, and East Timor as primary reasons for the high pace of its operations. Accordingly, it has taken a number of steps to mitigate the impact of peacetime deployments on force readiness, including using Army Reserve and National Guard units to relieve pressures on active forces in contingency operations. The Air Force made substantial improvements in its performance relative to FY 1999, and is optimistic that full implementation of the Air Expeditionary Force (AEF) concept will yield further gains in FY 2001. Only four of 400 Navy units missed their tempo goals for FY 2000; higher than projected out-of-port maintenance requirements were the primary cause of the shortfall.

**Aviation Training.** The Department missed achieving its flying-hour targets for FY 2000 (only the Naval Reserve and active Air Force bomber force reported no shortfalls). The Air Force Reserve came very close to meeting its annual target for both fighter and bomber flying hours. Because Air National Guard (ANG) bombers were undergoing major modifications, there simply were not enough airframes available during FY 2000 to support a full training program. Marine Corps, Army, and active Navy aviation forces fell short of their FY 2000 goals because an unusually large number of aircraft had to be grounded for safety reasons. The Navy and Marine Corps estimate it will take until FY 2001 to complete the repairs needed to meet a full training schedule. Army National Guard (ARNG) training will likely fall short of objectives again in FY 2001 as aging AH-1 and UH-1 helicopters are retired from service and replacement systems are phased in.

**Naval Training.** Deployed active force ships and both deployed and nondeployed Naval Reserve ships met their steaming-day goals for FY 2000; however, nondeployed active ships missed their annual target by a narrow margin. The Navy foresees no negative consequences for FY 2001 performance from current maintenance and operational commitments.

**Land Forces Training.** Although the Army did not meet its force-wide tank-mile target for FY 2000, it achieved a 17 percent (101 mile) increase over FY 1999 performance in the active force and a 22 percent (35 mile) increase in the Army National Guard. A combination of factors contributed to the FY 2000 results, including the diversion of resources to support other high-priority programs and the demands of ongoing contingency operations. While achieving a 35-mile increase in operating tempo (OPTEMPO), ARNG Enhanced Separate Brigades continued to strive toward sustainment of prescribed training and readiness levels.

**Readiness Effects.** Overall, the Department expects the training and OPTEMPO shortfalls experienced in FY 2000 to have a minimal impact on force readiness. The narrow gap between goals and performance underscores the emphasis placed by the Services on attaining the stringent annual targets. The unique problems encountered in meeting FY 2000 training objectives are not, for the most part, expected to recur in FY 2001.

## Supporting Metrics for Performance Goal 1.2

<b>Performance Measure 1.2.1 – Army Force Levels</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Active Corps	4	4	4	4	4
Divisions (Active/National Guard)	10/8	10/8	10/8	10/8	10/8
Active Armored Cavalry Regiments	2	2	2	2	2
Enhanced Separate Brigades (National Guard)	15	15	15	15	15

<b>Performance Measure 1.2.2 – Navy Force Levels</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Aircraft Carriers (Active/Reserve)	11/1	11/1	11/1	11/1	12
Air Wings (Active/Reserve)	10/1	10/1	10/1	10/1	10/1
Amphibious Ready Groups	12	12	12	12	12
Attack Submarines	65	57	56	56	55
Surface Combatants (Active/Reserve)	116/10	106/10	108/8	108/8	108/8

<b>Performance Measure 1.2.3 – Air Force Force Levels</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Fighter Wings (Active/Reserve)	13/7.2	12.6/7.6	12.6/7.6	12.6/7.6	12.6/7.6
Air Defense Squadrons (Reserve)	6	4	4	4	4
Bombers (Active/Reserve) <sup>a</sup>	181/27	181/27	181/27	181/27	181/27
<sup>a</sup> Adjusted from the FY 1999 performance report. Each year since 1994, the Air Force has planned for a reduction in the B-52 bomber inventory, but Congress has not approved a decrease in force size. The FY 1999 report identified the Air Force planning numbers, not the Congressionally-authorized force levels, which are reported here.					

<b>Performance Measure 1.2.4 – Marine Corps Force Levels</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Marine Expeditionary Forces	3	3	3	3	3
Divisions (Active/Reserve)	3/1	3/1	3/1	3/1	3/1
Air Wings (Active/Reserve)	3/1	3/1	3/1	3/1	3/1
Force Service Support Groups (Active/Reserve)	3/1	3/1	3/1	3/1	3/1

**Metric Descriptions.** The Services have sized and structured their forces to meet 1997 QDR requirements. Accordingly, the Army maintains four active corps, 10 active divisions (six heavy and four light), and two active armored cavalry regiments. The Navy maintains 12 aircraft carrier battle groups (with a total of 10 active and one reserve air wing) and 12 amphibious ready groups. The number of surface combatant ships has declined from the 1998 level of 126 to 116 as newer and more capable vessels have entered service. The Air Force maintains a standing force of just over 12 active FWEs, eight reserve FWEs, four air defense squadrons (0.8 FWEs), and 208 bombers (142 of which are assigned to operational units). The Marine Corps maintains a standing force of three Marine Expeditionary Forces (comprising three active divisions and air wings, one reserve division and air wing, and three active and one reserve Force Service Support Group).

**V&V Methodology.** The Services submit data on the stationing of their forces three times yearly, in conjunction with updates of the PPBS database.

**Actual and Projected Performance.** The Department met its FY 2000 performance targets for military force structure. No significant changes in the force structure are projected for FY 2001. The aircraft carrier *John F. Kennedy*, which had been serving as a training and reserve carrier, was transferred to the active force in October 2000, allowing it to be fully integrated into the FY 2001 deployment cycle.

<b>Performance Indicator 1.2.5 – Army Deployment Tempo</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Number of Units With Soldiers Who Deploy More Than 120 Days per Year	18	43	0	123	0
<i>Percentage of Total Units Meeting Target<sup>a</sup></i>	98.7	97.0		91.4	
Number of Individual Units Deploying More Than 179 Days per Year	6	48	0	79	0
<i>Percentage of Total Units Meeting Target<sup>a</sup></i>	99.6	96.6		94.5	
<sup>a</sup> Annual percentages based on monthly averages for 1,430 units tracked in Unit Status Reports.					

<b>Performance Indicator 1.2.6 – Navy Personnel Tempo</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Units Not Meeting Personnel Tempo Target	2	2	0	4	0
<i>Percentage of Total Units Meeting Target<sup>a</sup></i>	99.5	99.5		99.0	
<sup>a</sup> Annual percentages based on 400+ units.					

<b>Performance Indicator 1.2.7 – Air Force Personnel Tempo</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Percentage of Personnel Assigned to Combat Systems Who Are Deployed Less Than 120 Days TDY per Year <sup>a</sup>	77	75	100	85	100
Average Number of Days Deployed for Those Personnel Exceeding 120 Days TDY per Year	142	148		145	
<sup>a</sup> TDY = temporary duty. TDY is a measure of the time that a service member is deployed away from his or her home station. This metric refers to personnel in occupational specialties directly associated with the operation of aircraft, weaponry, or other systems used in deployments.					

<b>Performance Indicator 1.2.8 – Marine Corps Deployment Tempo</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Units Deploying More Than 180 Days per Year During a 36-Month Scheduling Period	1	0	0	0	0
<i>Percentage of Total Units Meeting Target<sup>a</sup></i>	<i>99.3</i>	<i>100</i>		<i>100</i>	
<sup>a</sup> Annual percentages based on 150 units.					

**Metric Descriptions.** Each Service has established a threshold for indicating when the pace of operations may begin to impair operational readiness, quality of life, or retention. For the Army, this statistic is the number of units deploying more than 179 days per year or the number of units containing soldiers who individually deploy more than 120 days. The Air Force uses as an indicator the percentage of personnel assigned to combat systems who are deployed less than 120 days a year. The Navy uses a combination metric for personnel tempo (PERSTEMPO). To meet the Navy target, a unit must deploy for no more than six months at a time, spend twice as much time nondeployed as deployed, and spend 50 percent of its time in home port over a five-year cycle. The Marine Corps metric is similar but sets the reporting threshold at the number of units deploying more than 180 days per year over a 36-month scheduling period.

**V&V Methodology.** Army deployment data, drawn from Unit Status Reports, are incorporated in the Global Status of Resources and Training System (GSORTS) database, which is maintained by the Joint Staff. Unit tempo rates are calculated using a mathematical formula defined in Army Regulation 220-1, *Unit Status Reporting*, which takes the tempo for the reported month and projects it one month ahead of the reporting date. After tempo data are input into GSORTS, these statistics can be accessed and reviewed at all levels, from individual units up to and including the Chairman of the Joint Chiefs of Staff.

Navy data are collected quarterly at the unit level. The data are relayed from unit commanders to fleet headquarters, which pass the messages on to Navy headquarters. The data are reviewed for accuracy at each level in the reporting chain. Navy Instruction 300.13A, *Navy Personnel Tempo for Operations*, defines standards for the assessment and evaluation of tempo data. In February 2000, the Navy PERSTEMPO tracking system was modified to provide a

more accurate accounting of the time squadrons spend away from home between deployments; this change has produced a net gain in accuracy of 2 to 3 percent relative to previous reporting systems. Marine unit deployment activity is reported daily and is summarized semimonthly in operational report messages recorded in a database maintained by the Current Operations Section at Marine Corps headquarters.

The Air Force records temporary duty (TDY) and duty-status changes in its automated Personnel Data System (PDS); these data are continuously updated. A January 1998 assessment by the Air Force Studies and Analysis Agency found historical PDS data to be 94 percent accurate; the TDY history file matched by 90 percent the tempo reported by operational units.

**Actual and Projected Performance.** The Army did not meet its deployment tempo targets for FY 2000, due almost entirely to the U.S. commitment to rotate forces as part of United Nations operations in Bosnia, Kosovo, and East Timor. As the table for this metric shows, the Army seeks to deploy individual units no more than 179 days per year and to limit deployments of personnel within units to no more than 120 days a year. Given that a typical deployment to Bosnia or Kosovo lasts six months (180 days), units sent on such deployments frequently exceed the tempo goal. However, even shorter unit deployments can cause problems. Because preparations for deployments typically require forces to train in the field or at remote sites, a significant number of soldiers were away from home more than 120 days during FY 2000.

Only a few Navy units (four out of more than 400) failed to meet their personnel tempo targets for FY 2000. Maintenance performed on ships outside of home ports (which added to the number of days crews spent away from home) was the principal contributor to the shortfall. While the Navy foresees no negative consequences for FY 2001 performance, unplanned maintenance and operations could present a scheduling challenge. The Marine Corps met its performance target for FY 2000; no shortfalls are projected for FY 2001.

The Air Force did not meet its PERSTEMPO target for FY 2000, but expects performance to improve in future years through implementation of the Air Expeditionary Force concept. Although the AEF cycle will be 15 months, the Air Force will continue to track personnel tempo annually. AEF implementation will provide more predictability to deployment schedules, enabling Air Force personnel to plan much further ahead for rotational deployments. Furthermore, the Air Force is making every effort to give personnel more time at home between deployments. The Air Force is optimistic that, by spreading rotational deployments over a larger base of units, the AEF concept will have a positive impact on personnel tempo in FY 2001.

<b>Performance Indicators 1.2.9 through 1.2.12 – Army, Navy, Air Force, and Marine Corps Classified Readiness Indicators</b>
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Results for these metrics can be found in the <i>Quarterly Readiness Report to Congress</i> . The metrics track readiness, by Service, in the areas of personnel, equipment, training, and combat enablers. The annual statistics provide an overall picture of the readiness of military units to accomplish the specific missions assigned to them.
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<b>Performance Measure 1.2.13 – Flying Hours per Month</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>	<b>FY 2001 Target</b>	
<b>Army</b>					
Active	14.0	14.5	14.5	12.8	14.5
Reserve	7.3	8.3	9.5	8.5	9.0
National Guard	5.4	6.3	9.0	6.8	9.2
<b>Navy and Marine Corps</b>					
Active	21.3	21.7	22.3	20.9	22.3
Reserve <sup>a</sup>	11.0	11.0	11.0	11.0	11.0
<b>Air Force</b>					
Fighter/Attack					
Active	17.0	16.0	17.2	15.8	17.1 <sup>b</sup>
Reserve	11.4	11.1	11.1	10.8	11.1
National Guard	11.6	11.6	11.6	10.4	10.5 <sup>c</sup>
Bombers					
Active	19.3	19.8	15.8	18.2	14.8 <sup>d</sup>
Reserve	14.8	16.8	17.2	16.8	17.2
National Guard	19.7	19.6	14.6	12.3	14.6 <sup>c</sup>
NOTE: Data reflect monthly flying hours per aircrew, except for FY 1998–1999 figures for the active Army, which represent aircraft flying hours per month.					
<sup>a</sup> Naval Reserve only.					
<sup>b</sup> Represents a slight reduction from the previously reported target, due primarily to a decrease in the active F-16 force from 519 to 481 aircraft.					
<sup>c</sup> Revised target, generated by the updated Ready Aircrew Program (RAP) flying-hour model.					
<sup>d</sup> Represents a slight reduction from the previously reported target, due primarily to a decrease in the duration of training sorties that B-1B crews are required to fly.					

**Metric Description.** This metric reflects the flying hours the Services require from their active and reserve aircrews each month in order to maintain pilot and crew proficiency (including training and maintenance activities).

**V&V Methodology.** Army flying-hour data are collected monthly in electronic format by each Army major command; the data are reviewed quarterly at Army headquarters. In addition, independent reviews of flying-hour data are periodically conducted by the U.S. Army Aviation Safety Center and the U.S. Army Cost and Economic Analysis Center.

Navy and Marine Corps data are recorded at the unit level in flight logs. These data, which are reported monthly through the chain of command, are used to determine aircraft maintenance schedules. The Department of the Navy verifies the data through an independent internal review process (similar to the Army's), under which the Office for Flying Hours and Aviation Safety, within the Navy Air Warfare Directorate (N-78), validates Certified Execution Reports provided by field elements.

The Air Force uses an automated database, called the Reliability and Maintenance Information System (REMIS), to compare the hours flown by operational units over the course of a fiscal year against projections derived from flying-hour models at the start of the year. Flying-hour data are extracted monthly from REMIS and distributed to Air Force major commands, via the Internet, for review and validation. The data are reviewed twice annually at Air Force headquarters.

Flying-hour data for each Service are assessed during the Department’s annual program and budget reviews. Details on unit readiness ratings, which are classified, are provided to Congress in the QRRC.

**Actual and Projected Performance.** During FY 2000, only the active bomber force and the Naval Reserve achieved their flying-hour targets. The Air Force Reserve came very close to meeting its target, falling less than 0.5 hours per month short of the objective for both fighters and bombers. The Air National Guard did not meet its FY 2000 goal for fighter flying hours; it missed its objective for bombers because of ongoing modifications to the B-1 force (Block D upgrades), which limited the number of aircraft available for training. Shortfalls are expected to extend into FY 2001. Training time for active Air Force fighter/attack crews lagged behind target levels because maintenance shortfalls limited aircraft availability, a situation that was exacerbated by the large number of new pilots requiring training. (For more details, see Chapter 4 and Part VI of the 2001 ADR, <http://www.dtic.mil/execsec/adr2001/>.)

A number of Navy and Marine aircraft were grounded for safety reasons during FY 2000. This reduced the number of planes available for training, and made it impossible for active naval forces to achieve their flying-hour goals. The Navy and Marine Corps will continue to pursue engineering solutions to safety issues, but expect aircraft availability problems to persist through FY 2001.

The Army also experienced an unusually high incidence of aircraft grounded for safety reasons during FY 2000. ARNG training will likely fall short of objectives in FY 2001 as aging AH-1 and UH-1 helicopters are retired from service and replacement systems are phased in.

<b>Performance Measure 1.2.14 – Tank Miles per Year</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Army (Active)	676	601 <sup>a</sup>	800	702	800
Army National Guard (Enhanced Separate Brigades) <sup>b</sup>	207	160	310	195	270 <sup>c</sup>
<p>NOTE: FY 1998, FY 1999, and FY 2000 results for active forces include home station miles as well as miles logged in Kuwait and Bosnia. Mileage accrued during unit rotations through the National Training Center (NTC) is reflected in the FY 1998 figure only. Since FY 1999, the Army has excluded NTC miles in calculating annual performance targets for the active force.</p> <p><sup>a</sup> Revised from 681 to 601. The previously published figure erroneously included mileage driven at the NTC.</p> <p><sup>b</sup> Reflects annual mileage for platoon-level training of Enhanced Separate Brigades, including Combat Training Center programs and transit to and from training areas.</p> <p><sup>c</sup> For FY 2001 and subsequent years, the Army validated and revised the number of transit miles counted toward meeting the National Guard’s performance target. Consequently, the FY 2001 target has been adjusted from 248 to 270 tank miles.</p>					

**Metric Description.** Tank miles represent the average level of peacetime activity—including in-field training, combat simulations, and equipment maintenance—needed to achieve wartime proficiency standards, as defined by Army doctrine.

**V&V Methodology.** Army tank-mile data are compiled quarterly from field unit reports. The data are transmitted electronically to the U.S. Army Logistics Support Activity and the Army Cost and Economic Analysis Center, which review them for accuracy and integrity and then forward them to Army headquarters for management review.

**Actual and Projected Performance.** Overall, Army ground training exhibited a positive trend during FY 2000. Although the Army did not meet its home-station training target of 800 tank miles, active units logged 101 more tank miles in FY 2000 than in FY 1999—a 17 percent increase. Army National Guard forces added 35 tank miles to FY 1999 performance levels, an improvement of 22 percent.

Shortfalls in FY 2000 for the active force resulted from a combination of factors. In some cases, units were not available for training because they were involved in contingency operations or were integrating new equipment into their inventories. In addition, some units conducted simulator training (which served to reduce their total tank miles for the year). The diversion of resources from field exercises to other high-priority needs (e.g., upgrades and maintenance of key training ranges) also contributed to the FY 2000 tank-mile results. A management initiative implemented by the Army in FY 2001 will limit such reallocations in the future.

It is important to note that the Army's tank-mile program is sensitive to the timing as well as the availability of funding. The Army conducts battalion- and brigade-level training at the few installations in the United States (and the single facility in Europe) large enough to accommodate maneuvering forces. Commanders must reserve training time at these sites more than a year in advance. Thus, while funds expended to support contingency deployments may subsequently be restored by Congress in supplemental appropriations, it is not always possible to reschedule training activities for units that have missed their planned exercises. The performance results reported here do not account for the fact that units deployed overseas are not available to conduct home-station training. This has the effect of understating training activities conducted by the remaining active Army units.

Finally, although the ARNG Enhanced Separate Brigades fell short of their FY 2000 target, the performance of these units continues to improve. The FY 2000 results were a function of the reallocation of funding from tank training to other OPTEMPO-related activities (e.g., replenishment of fuel stocks; spare parts; barrier materials; nuclear, biological, and chemical (NBC) equipment; and field medical supplies).

<b>Performance Measure 1.2.15 – Steaming Days per Quarter</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Navy (Active Deployed)	50.5	50.5 <sup>a</sup>	50.5	51.4	50.5
Navy (Reserve Deployed)	50.5	50.5	50.5	68.0	50.5
Navy (Active Nondeployed)	26.8	26.1 <sup>a</sup>	28.0	26.6	28.0
Navy (Reserve Nondeployed)	18.0	18.0	18.0	22.1	18.0
<sup>a</sup> Due to a reporting error, the figure presented in the FY 1999 performance report understated the FY 1999 result.					

**Metric Description.** This metric tracks the total number of steaming days (days at sea) per quarter for active and reserve naval vessels.

**V&V Methodology.** Steaming days are planned and budgeted as fuel costs for ships. Actual steaming days are derived from fuel budget execution. Over the course of the year, fleet commanders use information provided by individual ships to construct a record of steaming days, by ship type, for the active and reserve components at the deployed/nondeployed level. This information is forwarded to Navy headquarters for use in program and budget preparation.

**Actual and Projected Performance.** Deployed active force ships, and both deployed and nondeployed Naval Reserve ships, exceeded their steaming-day goals for FY 2000 due to contingency commitments. Nondeployed active ships missed their target by only a small amount, which does not necessarily detract from operational readiness. When the failure of non-deployed forces to achieve steaming-day objectives causes training exercises to be missed, training can frequently be made up while ships are en route to deployments. The Navy projects that current maintenance and operational commitments will not compromise its forces' ability to meet the performance targets established for FY 2001.

### **PERFORMANCE GOAL 1.3: STRATEGIC MOBILITY**

Performance Goal 1.3 is supported by three metrics: airlift capacity; sealift capacity; and equipment repositioning. Chapter 5 of the 2001 ADR, <http://www.dtic.mil/execsec/adr2001/>, presents a more complete discussion of the Department's mobility program.

#### ***Evaluation of FY 2000 Results for Performance Goal 1.3***

The Department met two of its three strategic mobility performance targets for FY 2000, and is on track to achieving the improvements in overall capability directed by the 1997 QDR. In particular, airlift and sealift acquisition programs—C-17 transport aircraft and a new fleet of large medium-speed roll-on/roll-off (LMSR) ships—are nearing completion. Fifteen of 20 planned LMSRs have been delivered; the remaining five ships will enter service by the end of FY 2002. The C-17 procurement program is more than half complete, with 70 of 137 aircraft delivered by December 2000. The addition of these systems will significantly enhance the

Department’s ability to respond rapidly to contingencies, as well as to provide the mobility needed to successfully prosecute two nearly simultaneous major theater wars.

The Department acknowledged in its FY 1999 performance report an adverse trend in the reliability of C-5 aircraft that could prevent these planes from achieving prescribed wartime performance levels. As a result, the Department has taken steps to improve C-5 reliability by upgrading or replacing major aircraft components. To account for how poorer-than-expected peacetime utilization rates may influence the C-5 wartime performance, the Department revised its baseline objectives for airlift capacity (Performance Measure 1.3.1). The Department expects C-5 reliability (and thus wartime performance) to improve as upgrades are made to the fleet.

Finally, although the Department met its repositioning objectives for two major theater wars, some sets of prepositioned equipment—not represented in Performance Measure 1.3.3—are below the readiness standards established by the PPBS process. Specifically, Air Force bare-base sets (equipment for establishing operations at unimproved airfields) have fallen below desired stockage levels. These sets have been drawn on for regional contingencies and exercises, as well as for ongoing operations such as Northern and Southern Watch in Iraq. Because the sets have been used at rates much higher than originally anticipated, they have had to be replaced on an accelerated schedule. Toward that end, in FY 1999 the Department requested, and Congress approved, a \$72 million funding addition as part of a five-year plan to fix the most urgent stockage and maintenance problems for these sets.

Although the Department attained its FY 2000 objective for prepositioned Army equipment, the three brigade sets of material prepositioned in Europe were not stocked or maintained to the same standards as Army equipment stored in Southwest Asia, Korea, or afloat. The Department decided to accept less readiness for the European stocks because they are not critical to the early phases of a major theater war. Instead, priority was given to maintaining high readiness for stocks supporting ongoing operations and to providing materiel for the brigade set in Qatar and for the new brigade set afloat.

***Supporting Metrics for Performance Goal 1.3***

<b>Performance Measure 1.3.1 – Airlift Capacity (Million Ton-Miles per Day)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
MTM/D (military)	24.8	25.0	24.9	24.9	25.9
MTM/D (military aircraft plus Civil Reserve Air Fleet )	45.3	45.7	45.4	45.4	46.4
NOTE: Actual values for FY 1998 through FY 2000, and target values for FY 2000 and FY 2001, have been revised to reflect updates to the planning factors for C-5 wartime utilization rates. The updated factors are slightly lower than the ones used to calculate results for the FY 1999 performance report. The FY 2000 and FY 2001 performance targets were revised using data provided by the Institute for Defense Analyses (IDA).					

**Metric Description.** The 1997 QDR established a long-term goal of 50 million ton-miles per day (MTM/D) of airlift capacity. That goal, to be attained by FY 2005, represents the combined civil and military airlift capability that U.S. forces would need to fight and win two major theater wars at an acceptable level of risk. The 50 MTM/D objective was derived from the results of the 1995 *Mobility Requirements Study (MRS) Bottom-Up Review Update*. A new long-term goal may be set in 2001 based on findings of ongoing departmental reviews.

The MTM/D algorithm is an aggregate measure of airlift capacity that is used as a top-line comparative metric. It is based on the number of primary authorized aircraft (PAA)—that is, the number of aircraft of various types that are available for immediate use. It combines variables such as aircraft flight hours per day, speed, and payload. Typical or average values are selected for each of these variables for each aircraft type to compute MTM/D. These average values, called planning factors, are used in developing operational plans. Thus, changes in MTM/D values reflect changes in the number, type, and capabilities of airlift aircraft. The MTM/D values do not account for temporary deviations from programmed crew ratios or for external factors that influence airlift performance, such as use of ramp space, fuel delivery systems, and materiel-handling equipment at bases en route to deployment destinations.

**V&V Methodology.** The status of PAA is recorded and tracked in the Programming Data System, maintained at Air Force Headquarters. These data are updated three times annually. In addition, Air Force Pamphlet 10-1403, *Air Mobility Planning Factors*, defines broad planning factors for peacetime and wartime airlift operations. The MTM/D factors used to calculate the capacity of aircraft in the Civil Reserve Air Fleet are verified in periodic reviews by the Air Mobility Command.

A recent study by the Institute for Defense Analyses (IDA) reviewed the actions taken during wartime to increase the utilization of C-5 aircraft. Based on that assessment, the IDA study recommended revising the expected wartime rates. The data presented in the table for this metric have been adjusted accordingly.

**Actual and Projected Performance.** The Department met its goal for airlift capacity in FY 2000. Based on the current procurement schedule for the C-17 and planned retirements of C-141 aircraft, the Department expects to meet its intermediate goal for airlift in FY 2001.

<b>Performance Measure 1.3.2 – Surge Sealift (Million Square Feet)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Organic Surge Sealift	7.3	7.7	8.7	8.4	9.2
NOTE: Reflects capacity contributed by DoD-owned or chartered vessels. Excludes additional capacity provided by commercial ships that could be made available for military use in a major deployment.					

**Metric Description.** Square footage serves as an aggregate measure of ship capacity. It is computed from ship deck plans by the Maritime Administration (MARAD) and the Military Sealift Command (MSC) and is tracked as a planning consideration by the United States Transportation Command (USTRANSCOM). Square footage is the preferred capacity measure

for roll-on/roll-off ships. For container ships and breakbulk ships, the standard measures (number of containers or volumetric capacity) are converted to square feet, based on each vessel's ability to carry equivalent military cargo.

**V&V Methodology.** Vessel deck plans, tabulated in several databases, serve as the primary source of data on sealift capacity. These statistics are collected and consolidated by MARAD and the MSC and forwarded to USTRANSCOM for review.

Vessel deck plans for ships entering the Ready Reserve Force (RRF) and for vessels under construction or conversion are collected and updated as needed. The Department of the Navy reviews these data quarterly for accuracy; the Office of the Secretary of Defense and the Joint Staff conduct detailed reviews at each step in the budget cycle. Program viability is tested annually through the unannounced, "no-notice" activation of two or more RRF ships to prove operability and assess the vessels' ability to meet activation schedules.

**Actual and Projected Performance.** Because two new sealift ships will be delivered several months late (shifting their arrival into FY 2001), the Department did not meet its performance targets for organic surge sealift in FY 2000. The slip in the delivery schedule will force similar delays in the deployment timetable for follow-on ships. As a consequence, the Department does not expect to meet its sealift target in FY 2001.

<b>Performance Measure 1.3.3 – Forces Supported by Land- and Sea-Based Prepositioning</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Army Heavy Brigades					
Land-based	5	5	6	6	6
Afloat	1	1	1	1	2
Marine Expeditionary Brigades (MEBs)					
Land-based	Partial <sup>a</sup>	Partial <sup>a</sup>	Partial <sup>a</sup>	Partial <sup>a</sup>	Partial <sup>a</sup>
Afloat	3	3	3	3	3

<sup>a</sup> Material is prepositioned only for the lead elements of a MEF.

**Metric Description.** Land-based prepositioning programs are maintained in Europe, Southwest Asia, and the Pacific region. These programs are complemented by sea-based (afloat) prepositioning, which provides greater flexibility to move equipment within and between theaters of operation. Additional prepositioning programs—not covered by Performance Measure 1.3.3— provide base, fuel, and medical support.

**V&V Methodology.** Service-specific prepositioning data are updated with each revision of the FYDP database and are reported periodically in the *Quarterly Readiness Report to the Congress*. Ship inventory data are updated monthly and can be viewed on the Military Sealift Command web page at <http://www.msc.navy.mil>. Global Status of Resources and Training System data, maintained by the Joint Staff, are updated by the respective Services every three years for shipboard sets and monthly for sets stored ashore.

**Actual and Projected Performance.** DoD met its performance targets for prepositioning in FY 2000 and expects to achieve its FY 2001 target for land-based prepositioned material. An unanticipated delay in the deployment of the newest sealift ship will prevent the Department from achieving its sea-based prepositioning objectives for FY 2001.

## **PERFORMANCE GOAL 2.1 – RECRUIT, RETAIN, AND DEVELOP PERSONNEL**

Performance Goal 2.1 is supported by four metrics: enlisted recruiting, recruit quality benchmarks, active retention rates, and reserve attrition rates. Chapter 10 of the 2001 Annual Defense Report, <http://www.dtic.mil/execsec/adr2001/>, provides a detailed overview of how the Department manages military personnel.

### ***Evaluation of FY 2000 Results for Performance Goal 2.1***

Active forces in the aggregate met recruiting and quality targets in FY 2000. While the reserve force as a whole also met its target, individual reserve components of some Services missed their annual recruiting objectives.

Significant progress was made in improving enlisted retention rates during FY 2000. Both the Army and the Marine Corps met their retention goals for the year. While the Navy missed its first-term retention objective, first-term reenlistments increased by 1,081 over FY 1999 levels, allowing a reduction in FY 2000 recruiting objectives. Although the Air Force fell short of both its first- and second-term retention goals, it reenlisted more first-term personnel during FY 2000 than it did in FY 1999. Despite these promising trends, the Department expects retention to remain a challenge, given the continuing demand in the private sector for highly skilled, experienced personnel.

Overall, the reserve components met their attrition performance targets during FY 2000. The exception was the Army Reserve, which ended the year less than 1 percent over its attrition ceiling.

### ***Supporting Metrics for Performance Goal 2.1***

<b>Performance Measure 2.1.1 – Enlisted Recruiting</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target<sup>a</sup>/Actual</b>		<b>FY 2001 Target<sup>b</sup></b>
Active Force	186,150	186,600	202,017	202,917	203,819
Selected Reserve	141,052	140,070	149,950	152,702	151,902
<sup>a</sup> Revised targets; reflect change in monthly recruiting objectives.					
<sup>b</sup> Preliminary.					

**Metric Description.** Department-wide targets for enlisted recruiting represent the projected number of new personnel needed each year to maintain statutorily-defined military end-strengths and the proper distribution by rank, allowing for discharges, promotions to higher rank, and anticipated retirements. As personnel trends change during the year, monthly recruiting objectives must be adjusted. This process yields a revised DoD-wide annual target against which recruiting is evaluated.

**V&V Methodology.** Each Service captures recruiting information at the time of enlistment in a dedicated computer system. Automated reports, produced monthly, are used to track progress in meeting recruiting targets and to set new monthly targets. Data flow and V&V strategies are summarized by Service in Table 2.

<b>Data Flow for Enlisted Recruiting (Active Components)</b>				<b>Table 2</b>
	<b>Input</b>	<b>Cross-Check</b>	<b>Aggregate</b>	<b>V&amp;V</b>
<b>Army</b>	REQUEST (Recruiter Quota System) database	Against manually assembled reports that the Army Recruiting Command provides to Army headquarters	HQDA Decision Support System	Automated data and manually compiled reports are compared monthly by Army headquarters.
<b>Navy</b>	PRIDE (Personalized Recruiting for Immediate and Delayed Enlistment) database	Recruit Training Center databases Military Enlistment Processing Command Integrated Reporting System	PRIDE database	The Office of the Chief of Naval Personnel reviews monthly. (PRIDE is being improved following a recent evaluation of its performance by the accounting firm of Price Waterhouse Coopers.)
<b>Air Force</b>	AFRISS (Air Force Recruiting Information Support System) database	AFRISS	AFRISS database	Commanders of recruiting stations review daily. The Air Force Recruiting Command reviews data monthly and conducts periodic audits.
<b>Marine Corps</b>	ARMS (Automated Recruit Management System) database	The commanding officer of each recruiting district verifies data reported on a standard form. The forms are sent to Marine headquarters, where they are manually checked against ARMS data.	ARMS database	District and regional personnel manually review monthly reports. The Marine Corps Recruiting Command manually matches monthly reports to ARMS data.

**Actual and Projected Performance.** Performance trends for enlisted recruiting are summarized in Table 3.

Enlisted Recruiting: FY 2000 Performance and Implications for FY 2001		Table 3
	FY 2000 Performance	Implications for FY 2001
Army Active Force	Met numeric and quality targets	The Army expects to face challenges in meeting its FY 2001 recruiting targets. It has increased funding for recruiting, will offer enlistment bonuses of up to \$20,000, and will continue to allow recruits to choose a combination of the college fund and enlistment bonuses. The Army also will continue to experiment with innovative ways to expand the market through programs like College First and GED+.
Army Selected Reserve	Army Reserve and Army National Guard: Met numeric and quality targets	
Navy Active Force	Met numeric and quality targets	Like the Army, the Navy expects recruiting to be difficult during FY 2001. The Navy also has increased funding for recruiting, will offer enlistment bonuses of up to \$20,000, and will continue to allow recruits to choose a combination of the college fund and enlistment bonuses.
Navy Selected Reserve	Met quality target, but fell short of numeric target by 3,499 sailors	
Marine Corps Active Force	Met numeric and quality targets	The Marine Corps expects recruiting to be as challenging in FY 2001 as it was during FY 2000. No new initiatives are planned.
Marine Corps Selected Reserve		
Air Force Active Force	Met numeric and quality targets	The Air Force anticipates recruiting to be challenging during FY 2001. It has instituted a college loan repayment program, increased the enlistment bonus to \$8,000, and added more recruiters.
Air Force Selected Reserve	Air National Guard: Met numeric and quality targets Air Force Reserve: Achieved quality benchmark, but fell short of numeric target by 1,846	

Performance Indicator 2.1.2 – Quality Benchmarks for Enlisted Recruits (percentage)					
	FY 1998 Actual (Active/Reserve)	FY 1999 Actual (Active/Reserve)	FY 2000 Target <sup>a</sup>	FY 2000 Actual (Active/Reserve)	FY 2001 Target <sup>a</sup>
Recruits Holding High School Diplomas	94/89	93/90	≥90	93/90	≥90
Recruits in AFQT Categories I-III A	68/64	66/68	≥60	66/65	≥60
Recruits in AFQT Category IV	0.9/2	0.9/1	<4	0.9/1	<4
NOTE: AFQT = Armed Forces Qualification Test. The AFQT is a subset of the standard aptitude test administered to all applicants for enlistment. It measures math and verbal aptitude and has proven to correlate closely with trainability and on-the-job performance.					
<sup>a</sup> Targets are the same for both the active and reserve components.					

**Metric Description.** Quality benchmarks for recruiting were established in 1992, based on a study conducted jointly by DoD and the National Academy of Sciences. The results produced a model linking recruit quality and recruiting resources to the job performance of enlistees. The model illuminates the relationships among costs associated with recruiting, training, attrition, and retention. It uses as a standard the performance levels demonstrated by

servicemen and women who served in the Gulf War. The Department has adopted recruiting targets derived from this model—90 percent high school diploma graduates and 60 percent top-half aptitude personnel (AFQT Categories I-III A)—as its minimum acceptable quality thresholds. Adhering to these benchmarks will reduce personnel and training costs, while ensuring that the force meets high performance standards.

**V&V Methodology.** Data collected as part of the enlistment process are routed, reviewed, and managed using the same mechanisms employed for Performance Measure 2.1.1.

**Actual and Projected Performance.** During FY 2000, the Department met its quality benchmark targets for both the active and reserve components. No shortfalls are projected for FY 2001.

<b>Performance Measure 2.1.3A – Active Component Enlisted Retention Rates</b>					
	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
<b>Number of Personnel</b>					
<b>Army</b>					
First Term	21,672	20,843	20,000	21,402	20,000
Second Term	22,912	24,174	23,200 <sup>a</sup>	24,118	23,000
<b>Percentage of Eligible Population</b>					
<b>Navy</b>					
First Term	30.5	28.2	30.5	29.6	33.0
Second Term	46.3	43.8	45.0	46.5	48.0
<b>Air Force</b>					
First Term	53.9	48.7	55.0	52.0	55.0
Second Term	69.0	69.0	75.0	68.8	75.0
<b>Marine Corps</b>					
First Term	21.6	23.8	26.0	26.6	26.8
Second Term <sup>b</sup>	57.7	56.5		63.4	
NOTE: The Army has historically managed retention by setting a firm numeric target for the number of personnel expected to reenlist; the Air Force and Marine Corps express retention targets as a percentage of the eligible population; the Navy uses the entire population base (including personnel ineligible to reenlist) in setting its targets.					
<sup>a</sup> Final target; established early in FY 2000.					
<sup>b</sup> The Marine Corps, while monitoring trends, does not set management targets for second-term retention.					

**Metric Description.** Service retention programs are still feeling the effects of the post-Cold War drawdown. To meet reduced end-strength objectives, the Services allowed some members to retire early, granted others early release from active-duty service obligations, and scaled back the target for initial accessions. Today, the Department’s greatest challenge is to reestablish steady-state retention goals for its new, smaller force. Each Service continues to refine its retention objectives to meet projected needs. Lessons learned indicate that simply resorting to pre-drawdown steady-state goals is not feasible. Ongoing assessments of grade mix, desired levels of experience, and manpower efficiencies will necessitate refinements to retention goals.

**V&V Methodology.** The V&V methodology used for Performance Measure 2.1.3A is summarized in Table 4. Retention data obtained from the systems identified in the table are reviewed monthly by the Office of the Under Secretary of Defense for Personnel and Readiness. The information is evaluated within the context of recruiting performance, attrition trends, and retention of both officer and enlisted personnel in the active and reserve components. The results of these assessments guide decisions on resource allocations and associated force management initiatives.

<b>Data Flow for Active Retention</b>			<b>Table 4</b>
	<b>Input System</b>	<b>Aggregate System</b>	<b>V&amp;V</b>
<b>Army</b>	Reenlistment, Reclassification, and Assignment System (RETAIN)  Standard Installation/Division Personnel System (SIDPERS)	Active Army Military Management Program (AAMMP)	Personnel commands report data weekly to the Deputy Chief of Staff for Personnel (DCSPER).  Major commands process data via the RETAIN system and report it to DCSPER quarterly.  RETAIN data and SIDPERS updates are used to verify AAMMP assumptions and revise policies as necessary.
<b>Navy</b>	Navy Enlisted System (NES)  Officer Personnel Information System (OPINS)	NES/OPINS	Data for enlisted personnel are reported monthly.  Data for officers are gathered quarterly. Functional managers, analysts, and policymakers review the data to verify accuracy and monitor trends.
<b>Air Force</b>	Personnel Data System (PDS) maintained by Headquarters, Air Force Personnel Command (HQ AFPC/DPS)	PDS	The Air Force staff reviews retention programming codes and data aggregation methods annually.
<b>Marine Corps</b>	Total Force Retention System (TFRS)—used by commanders to request permission to reenlist individual Marines.  Marine Corps Total Force System (MCTFS)—transmits headquarters decisions on TFRS requests to the respective commands and, for those requests that are approved, relays reenlistment data back to headquarters.	MCTFS	TFRS cross-checks MCTFS. Written guidance for TFRS is provided to field units.  Use of data elements in MCTFS is standardized throughout the Marine Corps.

**Actual and Projected Performance.** Performance trends for enlisted retention are shown in Table 5.

**Enlisted Retention: FY 2000 Performance and Implications for FY 2001** **Table 5**

	<b>FY 2000 Performance</b>	<b>Implications for FY 2001</b>
<b>Army</b>	The Army achieved its FY 2000 aggregate retention target of 68,000. Early in FY 2000, the second-term retention target was reduced from 24,700 to 23,700. This adjustment was necessitated by a discrepancy in the AAMMP with respect to eligible population projections for second-term reenlistments. Upon reconciliation, it was determined that 1,000 reenlistments projected for second-term retention would fall into the career category. Career reenlistment targets were adjusted subsequently from 23,300 to 24,300. This adjustment had no impact on the aggregate annual mission.	None
<b>Navy</b>	The Navy missed its first-term retention goal of 30.5 percent by 0.9 percentage points. Although slightly short of the performance target, this represents an improvement over FY 1999 in terms of the actual number of first-term sailors (1,081) who reenlisted (12,684 reenlistments in FY 2000 versus 11,603 in FY 1999).	<p>The Navy considers its first-term retention performance in FY 2000 as positive because it represented an increase over the FY 1999 rate. During FY 2001, first-term retention will remain a challenge, primarily because of the high attrition rate for young sailors (about 39 percent of first-term sailors do not complete their initial obligation).</p> <p>To combat its retention challenges, the Navy has established a Center for Career Development (CCD). CCD is specifically chartered to focus on retention and on providing the fleet all the tools necessary to retain Navy personnel. The Navy also has established a new remedial training program called Bearings, which is aimed at reducing attrition by improving life skills that will see young first-term sailors through their Navy career and beyond.</p>
<b>Air Force</b>	The Air Force missed its FY 2000 retention target by 1,283 personnel. The Air Force faces particular challenges due to the highly technical nature of the skills it requires, the extensive hands-on experience entailed, and the leadership opportunities presented to members at a relatively young age. Civilian employers actively recruit personnel with these critical skills and attributes.	The Air Force is a retention-based force composed of highly trained and skilled people. While meeting recruiting targets ensures a cohort of trainable talent, long-term sustainment of force levels must be achieved through retention. The Air Force held two retention summits in FY 2000. Initiatives that have been or will be implemented as a result of those sessions will facilitate achievement of FY 2001 retention targets.
<b>Marine Corps</b>	Met target	None

<b>Performance Measure 2.1.3B – Selected Reserve Enlisted Attrition Rates (percentage)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000</b>		<b>FY 2001</b>
			<b>Target (Ceiling)</b>	<b>Actual</b>	<b>Target (Ceiling)</b>
Army National Guard	18.3	18.5	18.0	18.0	18.0
Army Reserve	32.6	27.2	28.6	29.4	28.6
Naval Reserve	26.3	29.8	36.0	27.1	36.0
Marine Corps Reserve	29.6	30.5	30.0	28.4	30.0
Air National Guard	11.1	11.7	12.0	11.0	12.0
Air Force Reserve	13.6	14.2	18.0	13.9	18.0

**Metric Description.** In assessing retention trends in the reserve components, DoD uses attrition rates rather than reenlistment rates. Attrition is computed by dividing total losses for a fiscal year by average personnel strength for that year. This metric is preferable to reenlistment rates because only a small portion of the reserve population is eligible for reenlistment during any given year. In addition to monitoring attrition, the Department has established annual attrition targets for reserve personnel. These targets, which took effect in FY 2000, represent the maximum number of losses deemed acceptable in a given fiscal year—that is, they establish a ceiling for personnel departures.

**V&V Methodology.** Monthly updates of databases maintained by the individual reserve components feed the Reserve Component Common Personnel Data System, operated by the Defense Manpower Data Center (DMDC). DMDC is responsible for monitoring data quality. Quarterly workshops, conducted by the Office of the Assistant Secretary of Defense for Reserve Affairs, provide a forum for reviewing the data and recommending ways to improve attrition.

**Actual and Projected Performance.** During FY 2000, only the Army Reserve exceeded its attrition ceiling—but by less than 1 percentage point. Nonetheless, due to a strong recruiting effort during the fourth quarter, the Army finished the year above its end-strength projections. The Department expects FY 2001 to continue to present retention challenges for the Services’ reserve components.

## **PERFORMANCE GOAL 2.2 – TRANSFORM U.S. MILITARY FORCES FOR THE FUTURE**

Three metrics support Performance Goal 2.2: annual procurement spending, status of defense technology objectives, and joint experiments. The Department has met the annual procurement spending goal set in the QDR.

**Evaluation of FY 2000 Results for Performance Goal 2.2**

With the decision by Congress to provide \$55 billion in procurement funds for FY 2000 and \$62.1 billion for FY 2001, the Department has fulfilled the commitment made during the 1997 QDR to invest at least \$60 billion annually in new technologies and capabilities. Successes also were recorded in executing more than 98 percent of the development programs identified by an independent peer review panel as important for maintaining U.S. technological prominence. Finally, in its second year as the lead organization for joint experimentation, the U.S. Joint Forces Command (USJFCOM) conducted 19 transformation-related joint experiments in FY 2000, more than 35 percent above the originally planned number. Chapter 11 of the 2001 Annual Defense Report, <http://www.dtic.mil/execsec/adr2001/>, provides a detailed discussion of ongoing and planned future activities supporting modernization objectives for U.S. forces.

**Supporting Metrics for Performance Goal 2.2**

<b>Performance Measure 2.2.1 – Annual Procurement Spending</b>						
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target/Actual</b>	
President’s Budget	42.6	48.7 <sup>a</sup>	54.0 <sup>b</sup>	53.0 <sup>a</sup>	60.0 <sup>b</sup>	60.3 <sup>a</sup>
<i>Amount Appropriated</i>	45.1 <sup>a,c</sup>	49.2 <sup>a,c</sup>		55.0		62.1
<sup>a</sup> Does not include supplemental requests. <sup>b</sup> Funding target established by the 1997 QDR. <sup>c</sup> Previously reported funding figures for FY 1998 and FY 1999 reflected annual expenditures rather than appropriated amounts. The figures have been adjusted for consistency with FY 2000 data. The totals above represent the adjusted amounts.						

**Metric Description.** To achieve an appropriate balance between modernization investments and operations and maintenance (O&M) expenditures, the QDR called for a substantial increase in funding for modernization. The Department’s procurement spending targets are closely linked to its plan to exploit the Revolution in Business Affairs (see Chapters 12 and 13 of the 2001 Annual Defense Report at <http://www.dtic.mil/execsec/adr2001/>). Reducing infrastructure and implementing the Defense Reform Initiative (DRI) will help reduce cost growth in the operating accounts, which causes the migration of funds from investment accounts.

Performance Measure 2.2.1 is an investment metric designed to track the Department’s commitment to force modernization in its budget process. Annual targets are set in advance of the budget process, and performance is judged across the entire process (i.e., did the President’s Budget request to Congress meet the Department’s investment target?).

Chapter 5 of the ADR discusses procurement schedules for several of the Department’s major acquisition programs.

**V&V Methodology.** This measure relies entirely on the Department’s budgetary process to develop data. At each step of the budget process, Service procurement plans are reviewed against the Department’s annual expenditure target, to allow for necessary adjustments before submission of the President’s Budget. While input targets are generally less predictive of

performance than output or outcome goals, the Department feels confident in the validity of this measure. Simply put, it is good business practice to track and report the level of capital improvements being made to operating systems.

**Actual and Projected Performance.** With the enactment of the FY 2001 budget, the Department's long-term annual funding target of \$60 billion was achieved. For future years, the appropriate target for this measure will be reevaluated in the Department's strategic review.

<b>Performance Indicator 2.2.2 – Status of Defense Technology Objectives as Judged by Technology Area Reviews</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Percent of DTOs Progressing Satisfactorily <sup>a</sup>	96	94	≥ 70	98	≥ 70
Total Number of DTOs Evaluated in Biennial Reviews	352	159		168	
Total Number of DTOs	352	347		327	
NOTE: DTO = Defense Technology Objective.					
<sup>a</sup> The FY 1999 performance report identified actual results as Green (on track); however, the statistics reported included both Green and Yellow (satisfactory) DTO ratings, consistent with the evaluation standards established by the Director of Operational Test and Evaluation. This entry has been retitled to more accurately reflect the data presented.					

**Metric Description.** Each Defense Technology Objective (DTO) is reviewed every two years. Half of the DTOs are evaluated one year and the other half the following year. Independent peer review panels, called Technology Area Review and Assessment (TARA) teams, conduct the reviews.

**V&V Methodology.** Each TARA team comprises 10 to 12 members, at least two-thirds of whom come from outside the Defense Department. The non-DoD members include experts in relevant fields from other U.S. government agencies, private industry, and academia. Science and technology (S&T) stakeholders (e.g., senior S&T officials, the Joint Staff, and technology customers) attend the reviews as observers. The TARA teams assess DTOs in terms of three factors—budget, schedule, and technical performance—and assign the programs a Red, Yellow, or Green rating based on how well they are progressing toward their targets. The following criteria are used in assigning ratings:

- Green – progressing satisfactorily toward targets.
- Yellow – generally progressing satisfactorily, but some aspects of the program are proceeding more slowly than expected.
- Red – doubtful that any of the targets will be attained.

The DTO ratings reflect the opinions of independent experts. This method of peer review is accepted and endorsed by the S&T stakeholders. Adjustments are made to program plans and budgets based on the ratings awarded.

**Actual and Projected Performance.** The Department met its FY 2000 performance target for DTOs; no shortfalls are projected in FY 2001. Although performance continues to exceed objectives, the target will be maintained at 70 percent due to the inherent high risk of failure in technology development.

<b>Performance Indicator 2.2.3 – Joint Experiments</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Number of Joint Experiments Conducted	N/A	Program Established	14	19	24

**Metric Description.** The Joint Experimentation Office, established by USJFCOM in 1999, oversees the Department’s joint experimentation program. The program is proceeding in building-block fashion from simple to more complex experiments, with initial joint experiments piggybacking on planned Service experiments. While the initial experiments are being conducted, new doctrine is being written and scheduled for future testing. As with all experiments, both successes and failures will occur. The results, whether successful or not, provide insights leading to the new capabilities that will be required to achieve the QDR-mandated Revolution in Military Affairs. Ultimately, large stand-alone experiments are anticipated.

**V&V Methodology.** USJFCOM drafts the Department’s annual joint experimentation report to Congress. The report describes plans for joint and combined exercises developed by the Joint Battlelab Center, the Service battlelab system, and the Joint Warfighting Center. USJFCOM collects results from the Services and other participants as experiments are conducted. Semiannually, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the USJFCOM Commander appraise the status of the joint experimentation program.

**Actual and Projected Performance.** The Department met its joint experimentation target for FY 2000. No shortfalls are projected for FY 2001.

## **PERFORMANCE GOAL 2.3 – STREAMLINE INFRASTRUCTURE THROUGH BUSINESS REFORM**

Performance Goal 2.3 is supported by nine metrics: infrastructure budget shares, unfunded depot maintenance requirements, public-private competitions, logistics response time, asset visibility and accessibility, disposal of excess inventory, disposal of excess real property, net operating results for Defense Working Capital Funds (DWCFs), and defense transportation documentation.

For a more complete discussion of the Department’s business improvement initiatives, see Chapters 10, 12, 14, and 15 of the 2001 ADR, <http://www.dtic.mil/execsec/adr2001/>, or visit the defense reform website at <http://www.defenselink.mil/dodreform>.

### *Evaluation of FY 2000 Results for Performance Goal 2.3*

The Department continues to streamline the infrastructure that supports U.S. forces in meeting training and operational objectives. The primary focus of the initiatives reported here, and of key supporting measures, is to reduce the size of the defense infrastructure and enhance the responsiveness and efficiency of logistics processes supporting the Services and defense agencies. The Department has made many significant gains in these areas; however, these improvements have not come without challenges.

Infrastructure reduction initiatives have met or exceeded the ambitious targets of the initiatives. The share of the defense budget devoted to infrastructure has decreased from a high of 45 percent in FY 1995-1996 to 42 percent in FY 1999, exceeding the QDR-derived performance target of 43 percent. Further reductions are planned: the Department expects to commit no more than 40 percent of its annual budget to infrastructure in FY 2000 and FY 2001. However, future initiatives to reduce the DoD infrastructure must be balanced against the continued emphasis on enhancing quality of life and improving recruiting and retention, as well as transforming the military to meet technical and operational challenges of the 21<sup>st</sup> century.

The Department has been able to make steady progress in reducing infrastructure in large part because of its success in disposing of excess land and demolishing unused buildings. The Department exceeded its target of reducing by 50 percent, by FY 2000, excess acreage authorized for closure but still under DoD control. Streamlining and transforming how DoD does business also contributes to changing the composition and size of the defense infrastructure. A new program called strategic sourcing encourages competition between the defense community and private industry in managing support processes. This not only promotes efficiency, but also allows the Department to take advantage of commercial best practices in achieving its goal of becoming a world-class business operation. Though launched less than two years ago, the strategic sourcing program exceeded its performance target for FY 2000 by more than 20 percent.

Although the Department was able to surpass its target of 90 percent asset visibility and exceed its target for reducing the National Defense Stockpile, readiness concerns slowed the pace of inventory reductions during FY 2000. Recognizing that shortages of spare parts can contribute to declines in readiness, particularly during periods when forces are engaged in multiple contingency operations, the Department has increased annual obligational authority for selected categories of spare parts. At the same time, it has slowed the rate of disposal for some categories of spares until the readiness implications are better understood. The Department is investigating the feasibility of introducing new inventory metrics that would shift emphasis from measuring the dollar value of total inventory toward monitoring specific inventory components.

Two measures—Unfunded Depot Maintenance and Defense Working Capital Fund Net Operating Results (NOR)—provide valuable insights concerning these important areas. In the case of depot maintenance, an increasing trend in unfunded requirements may indicate a higher likelihood—but not necessarily a certainty—that needed maintenance will be deferred. Overall, the Department met its performance target for FY 1999 (reporting for this metric lags one year), although the Army and Navy did experience a shortfall over the year. No significant shortfalls are projected for FY 2000.

The purpose of an NOR target is to make sure a given business area neither makes a cumulative profit nor suffers a cumulative loss. NOR is set to drive cumulative results to zero over a period of one or more years. Therefore, the management goal is to come reasonably close to the annual target. The Army, Navy, USTRANSCOM, and Defense Logistics Agency (DLA) working capital funds all met that standard in FY 2000. The Air Force working capital funds, on the other hand, did not achieve all of their financial objectives. The Air Force Supply Management fund missed its NOR target by \$98.8 million because of higher-than-projected part repair costs; the fund also paid for parts scheduled for delivery in FY 2001 but received in FY 2000. The Air Force Depot Maintenance activity missed its target by \$90.3 million, due mainly to higher material costs (price and usage), losses in the propulsion business area, and a production shortfall of 1.6 million hours.

In sum, although all areas continue to be monitored, the shortfalls experienced in FY 2000 do not appear to be systemic and therefore should not affect the Department's ability to achieve its performance targets in future years.

**Supporting Metrics for Performance Goal 2.3**

<b>Performance Indicator 2.3.1 – Percentage of DoD Budget Spent on Infrastructure— Lagged Indicator</b>						
	<b>FY 1997 Actual<sup>a</sup></b>	<b>FY 1998 Actual<sup>a</sup></b>	<b>FY 1999 Target<sup>a</sup>/Actual</b>		<b>FY 2000 Target<sup>b</sup></b>	<b>FY 2001 Target<sup>b</sup></b>
Percentage of DoD Budget Spent on Infrastructure	43.4	43.0	43.0	42.0	40.0	40.0
<sup>a</sup> Values for past and projected performance targets may differ slightly from figures published in previous performance plans due to normalization. <sup>b</sup> The targets for FY 2000 and FY 2001 have been revised to reflect an accounting change under which funding for overseas contingency operations and for the acquisition program stability reserves was transferred from infrastructure to mission programs.						

**Metric Description.** The share of the defense budget devoted to infrastructure is one of the principal measures used by the Department to gauge progress toward achieving QDR-directed infrastructure reductions, plus additional adjustments undertaken by the DRI. This metric is based on definitions of mission and infrastructure activities adopted by the Department for the 1993 Bottom-Up Review and used subsequently in the 1997 QDR. The definitions support macro-level comparisons of DoD resources, such as presented here. They are based on the FYDP and on a 1991 IDA publication, *A Reference Manual for Defense Mission Categories, Infrastructure Categories, and Program Elements*, prepared for the Office of the Secretary of Defense.

The definitions apply to a group of mission and infrastructure categories, where each FYDP program element is assigned to a unique category. Defense infrastructure is defined as programs that support or provide control over military forces from fixed installations. Real property maintenance, environmental compliance, test ranges, and some logistics depots are part of the infrastructure that supports military facilities and equipment. Also included are personnel support costs (such as recruiting, pilot training, and the Defense Health Program) as well as

certain command and control elements (for example, base-level communications and air traffic control systems).

Infrastructure comprises a diverse set of activities and, therefore, there is no single benchmark for measuring its efficiency (see Tables 6 and 7). This is why the Department uses actual and projected budget shares as one indicator of its progress in reducing infrastructure. A downward trend in this metric would indicate that the balance is shifting toward less infrastructure and more mission programs.

<b>DoD TOA by Mission and Infrastructure (Support) Category (FY 2001 \$ in Billions)</b>					<b>Table 6</b>
	<b>FY 1995</b>	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>
<b>Mission</b>					
Combat Forces	69.3	63.7	63.7	64.2	64.2
Direct Support Forces	46.7	46.8	47.4	48.2	52.9
Other Forces	43.8	45.1	46.6	46.6	48.4
<b>Mission Total</b>	<b>159.8</b>	<b>155.6</b>	<b>157.7</b>	<b>159.1</b>	<b>165.5</b>
<b>Infrastructure</b>					
Science and Technology Programs	8.8	8.2	8.1	8.2	8.0
Acquisition	3.7	3.5	3.2	3.1	3.4
Installation Support	27.3	29.2	25.7	25.1	25.4
Central C <sup>3</sup>	6.6	6.6	5.0	4.8	4.9
Force Management	13.5	13.4	13.3	12.8	14.3
Central (Wholesale) Logistics	17.8	16.4	16.0	15.4	15.7
Central Medical	18.2	17.3	17.2	17.0	16.6
Central Personnel Support	13.0	12.8	12.3	12.3	11.6
Central (Non-Unit) Training	21.2	21.3	20.1	20.3	21.2
Resource Adjustments <sup>a</sup>	0.4	0.9	-0.1	-0.3	0.1
<b>Infrastructure Total</b>	<b>130.6</b>	<b>129.5</b>	<b>120.8</b>	<b>118.7</b>	<b>121.3</b>
<b>Grand Total</b>	<b>290.4</b>	<b>285.2</b>	<b>278.5</b>	<b>277.8</b>	<b>286.8</b>
<b>Infrastructure as a Percentage of Total</b>	<b>45.0</b>	<b>45.4</b>	<b>43.4</b>	<b>42.7</b>	<b>42.3</b>
SOURCE: FY 2001 President's Budget and associated FYDP with IDA normalization adjustments.					
NOTE: TOA = total obligational authority; C <sup>3</sup> = command, control, and communications.					
<sup>a</sup> Reflects combined adjustments to TOA data to account for annual variations in military manpower levels and foreign currency exchange rates (relative to programmed or forecast amounts). Negative entries indicate costs associated with overages in active-duty end-strength at the end of a fiscal year relative to programmed manning and/or increased purchasing power of the U.S. dollar versus foreign currencies.					

Definitions	Table 7
<b>MISSION CATEGORIES</b>	
<i><b>Combat Forces.</b></i> Programs associated with military combat units (e.g., heavy divisions, tactical aircraft squadrons, and aircraft carriers).	
<i><b>Direct Support Forces.</b></i> Programs associated with support units that deploy with combat forces, such as corps-level support, tanker aircraft squadrons, and naval replenishment ships.	
<i><b>Other Forces.</b></i> Includes most intelligence, space, and combat-related C <sup>3</sup> programs, such as cryptologic activities, satellite communications, and airborne command posts.	
<b>INFRASTRUCTURE CATEGORIES</b>	
<i><b>Science and Technology.</b></i> Consists of basic research, exploratory development, and advanced development programs.	
<i><b>Acquisition Infrastructure.</b></i> Consists of program offices and similar acquisition organizations as well as the test and evaluation infrastructure.	
<i><b>Installation Support.</b></i> Consists of base operations and real property maintenance activities that support installations from which military forces operate. Also includes environmental programs and family housing activities. Base operations or real property maintenance that supports an infrastructure function (such as logistics) is included within that infrastructure category and therefore is not considered part of installation support.	
<i><b>Central C<sup>3</sup> Infrastructure.</b></i> Programs that manage C <sup>3</sup> assets or that provide centrally managed C <sup>3</sup> services, such as base-level communications.	
<i><b>Force Management.</b></i> Programs that support DoD-wide administrative functions. Includes management and operational headquarters activities directly related to military forces.	
<i><b>Central Logistics.</b></i> Consists of material management, depot maintenance, transportation, and logistics-related support functions (such as logistics management headquarters and installation support). Logistics functions tailored specifically to combat or direct support forces are considered within those two mission categories (rather than within the infrastructure category).	
<i><b>Central Medical.</b></i> Programs that provide medical care to active-duty military personnel, dependents, and retirees.	
<i><b>Central Personnel Support.</b></i> Includes dependent support activities, acquisition of new DoD personnel, personnel transient and holding accounts, and miscellaneous personnel-related support functions, such as recruiting.	
<i><b>Central Training.</b></i> Comprises programs that provide central (or non-unit) training to defense personnel. Includes command-managed training, training of new personnel, officer training and academies, aviation and flight training, and military professional and skill training. Also includes miscellaneous other training-related support functions.	

This indicator looks backward to identify trends in how DoD allocates dollars and manpower across support categories. In combination with other analyses conducted through the PPBS, this information provides a historical sensitivity analysis of how (or if) changes in infrastructure investment or management policies affect performance.

**V&V Methodology.** This metric is updated each time the President’s Budget FYDP database is revised. The Institute for Defense Analyses, a federally funded research and development center, reviews and normalizes the data to adjust for the effect of FYDP definitional changes that mask true content changes. Prior-year data are normalized to permit accurate comparisons with current-year data. As a result of these adjustments, there may be slight shifts upward or downward in the targets established for past-year infrastructure expenditures.

**Actual and Projected Performance (Lagged Indicator).** The Department achieved its infrastructure expenditure target for FY 1999 and is on track to meeting its FY 2000 target.

<b>Performance Indicator 2.3.2 – Unfunded Depot Maintenance Requirements (\$ in Millions)— Lagged Indicator</b>							
		<b>FY 1997 Actual</b>	<b>FY 1998 Actual</b>	<b>FY 1999 Target/Actual<sup>a</sup></b>		<b>FY 2000 Target</b>	<b>FY 2001 Target<sup>a</sup></b>
Army	Unfunded Requirement	457	543	440	452	191	231
	Funded Requirement	809	819		735		
Navy	Unfunded Requirement	782	608	585	663	589 <sup>b</sup>	823
	Funded Requirement	3,195	3,620		3,996		
Air Force	Unfunded Requirement	226	270	188	65	339	135
	Funded Requirement	1,575	2,189		2,278		
<sup>a</sup> These figures differ from the amounts published in DoD’s FY 1999 performance report (which represented estimates developed before the FY 2001 President’s Budget was finalized). The figures presented above are based on final FY 2001 budget data. <sup>b</sup> Due to a reporting error, the figure presented in the FY 1999 performance report overstated the FY 2000 target. The correct value appears above.							

**Metric Description.** Unfunded depot maintenance requirements represent the difference, in dollars, between Service estimates of depot maintenance expenditures needed to keep equipment fully operational and the amount of maintenance actually funded in the budget. The FY 2001 goals reflect the outcome of budget decisions made during the PPBS process. Performance Indicator 2.3.2 permits the comparison of unfunded requirements over time. An upward trend indicates a higher likelihood (but not certainty) that needed maintenance will not be accomplished. To aid in comparisons of annual trends, the table for this metric also provides data on funded maintenance requirements.

The Services determine annual maintenance requirements based on a number of factors. Key among these are changes in fleet size or in-use inventories; time elapsed since a system was last overhauled (or the number of operating hours since the last overhaul); the current

maintenance engineering plan, expressed as a time interval or as an operational factor; and planned operational tempos in miles driven, rounds fired, flying hours, or steaming hours. The Services calculate their budget requirements for depot-level maintenance (including deferred requirements) according to guidelines established by DoD Regulation 7000.14, *Department of Defense Financial Management Regulation*. As part of the Department’s annual budget submission, each Service prepares a Depot-Level Maintenance Program Summary (Budget Exhibit OP-30) providing execution data for the past year, estimates for the current year, and projected requirements for the budget year. The data reported for Performance Indicator 2.3.2 are extracted from OP-30 exhibits.

There is not a one-for-one correlation between equipment readiness and funding. Not all depot maintenance work deferred during a given year will necessarily be carried over to the next year, as requirements may be satisfied by other means or may cease to exist. In addition, the metric used to track performance addresses only depot-level requirements, not field-level maintenance needs.

Budget-year performance results for the depot maintenance business area are not available before March 31, the deadline for submitting agency performance reports to Congress. It is partly for this reason that Performance Indicator 2.3.2 is reported as a lagged indicator. However, the metric does provide meaningful insights to support qualitative assessments. As such, its treatment as a lagged indicator does not diminish its value to the Secretary of Defense and his staff in reviewing progress in this important area.

**V&V Methodology.** Service requirements are reviewed annually through the PPBS process, culminating in the development of the OP-30 exhibits that support each year’s President’s Budget submission. The intent of these reviews is to ensure the Department has in place an executable program that will prevent maintenance backlogs from growing substantially over time. The reviews also provide a means of verifying that Service-proposed expenditures for depot maintenance protect programmed readiness levels in the budget year.

**Actual and Projected Performance (Lagged Indicator).** The Department met its aggregate performance target for unfunded maintenance in FY 1999. While the Army and the Navy fell short of their goals by 3 and 13 percent, respectively, the Air Force exceeded its goal by 65 percent. As a whole, the Department exceeded its FY 1999 target by 3 percent. No significant shortfalls are projected for FY 2000.

<b>Performance Measure 2.3.3 – Public-Private Sector Competitions</b>					
	<b>FY 1998 Actual<sup>a</sup></b>	<b>FY 1999 Actual<sup>a</sup></b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Number of Positions Subject to A-76 Competitions or Strategic Sourcing Reviews	68,556	55,004	53,400	64,927 <sup>a,b</sup>	37,331
<sup>a</sup> Subject to revision. The FY 1998–2000 figures presented here are based solely on the number of A-76 competitions. As the Strategic Sourcing program is phased in across the Services, the DoD historical baseline will be adjusted. <sup>b</sup> Preliminary data are collected at the end of each fiscal year and are reviewed and updated by the third quarter of the next year. The FY 2000 figure will be subject to revision in DoD’s 2001 performance report.					

**Metric Description.** As part of its efforts to reduce infrastructure, the Department conducts regular reviews of various functions and their associated billets. As a result of these reviews, some functions are retained in-house, others are outsourced, and still others are reengineered.

The Department relies on competitive sourcing and the powers of the marketplace to directly and indirectly generate efficiencies and savings for functions that are commercial in nature. Direct competition between the public and private sectors is governed by the competitive process established by Office of Management and Budget Circular A-76, *Performance of Commercial Activities*.

Not all support functions can be outsourced. Consequently, the Department is pursuing a project called strategic sourcing to evaluate inherently governmental functions for potential reorganization or consolidation along the lines of commercial best practices. This metric tracks the number of positions associated with functions that are reviewed either through the A-76 process or through strategic sourcing.

**V&V Methodology.** A January 1999 review of DoD’s military and civilian workforce, conducted by the Deputy Under Secretary of Defense for Installations, identified infrastructure functions that are commercial in nature and could be considered for competition. The new master plan developed from this review includes a provision allowing the Department to pursue strategic sourcing as an added venue to realize savings as the pool of positions eligible for A-76 review diminishes. To monitor the overall progress of these reviews, the Department will require components to report annually on the number of A-76 competitions and strategic sourcing evaluations they plan to conduct during each of the subsequent five years. Since these reviews are directly funded, they are tracked—from budget development to execution—through financial management systems.

**Actual and Projected Performance.** The Department exceeded its performance target for the positions subject to A-76 or strategic sourcing reviews in FY 2000. No shortfalls are projected for FY 2001.

Performance Measure 2.3.4 – Logistics Response Time					
	FY 1998 Actual	FY 1999 Actual	FY 2000 Target/Actual		FY 2001 Target
Logistics Response Time (Days)	32	18	18	12	15

**Metric Description.** Logistics response time is the elapsed time (in days) from the receipt of a customer requisition by the DoD wholesale system to the delivery of material to the customer. Reducing delivery time improves the readiness of operational units while lowering inventories and costs. In addition to reducing order-to-receipt time, DoD is moving aggressively to reduce cycle times across all elements of the supply chain. Such efforts include placing greater reliance on electronic contracting (to shorten administrative lead-times) and on flexible manufacturing (to reduce production lead-times). In 1997, DoD began uniformly measuring the performance of the wholesale logistics pipeline using the Logistics Metrics Analysis Reporting

System (LMARS). This system allows the Department to identify and correct causes of delay and to build predictability, hence customer confidence, into the wholesale delivery system. Future enhancements to logistics-response-time measurement include efforts to capture retail transactions, local commercial purchases, and use of government purchase cards.

The Department is currently developing a customer wait time (CWT) performance measure that will encompass retail transactions (including those made with government purchase cards) where feasible.

**V&V Methodology.** Data are collected monthly from logistics transactions as they pass through the Defense Automated Addressing System and are fed into LMARS. LMARS arrays data by a fixed set of business rules, agreed to by the DoD components whose transactions are being measured. This methodology helps to ensure consistent treatment of data and valid comparisons across components.

**Actual and Projected Performance.** The Department exceeded its performance target for logistics response time in FY 2000, and expects to meet its FY 2001 target.

<b>Performance Measure 2.3.5 – Visibility and Accessibility of DoD Materiel Assets (percentage)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Materiel Asset Visibility and Accessibility	82	94	90	96	94

**Metric Description.** The goal of the Total Asset Visibility (TAV) program is to provide DoD users with timely, accurate information on the location, movement, status, and identity of military assets (units, equipment, and supplies) and the capability to perform transactions using that information. The objectives for TAV capability will be achieved in large part by integrating existing and evolving business systems used by the Services and defense agencies.

Asset visibility is defined as the percentage of DoD’s worldwide inventory that is both visible (in databases) and accessible to integrated materiel managers (available to process orders against). Integrated materiel managers are the DoD organizations assigned wholesale management responsibility for given assets or classes of assets Department-wide. Because Performance Measure 2.3.5 tracks inventory visibility, it does not take into account the visibility of items in transit (i.e., items that are en route from warehouses to customers).

**V&V Methodology.** The Services and the Defense Logistics Agency extract data (manually or through automated means) to support this metric from numerous Service-unique systems. The Office of the Deputy Under Secretary of Defense for Logistics and Material Readiness reviews the data quarterly to identify trends requiring management attention.

**Actual and Projected Performance.** The Department exceeded its target for FY 2000, and will work to sustain that level of performance in FY 2001 and beyond.

<b>Performance Measure 2.3.6 – Disposal of Excess National Defense Stockpile (NDS) Inventory and Reduction of Supply Inventory (\$ in Billions)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
NDS Inventory Disposed <sup>a</sup>	0.52	0.55	0.50	0.76	0.43
Supply Inventory (FY 1995 dollars)	57.5	58.9 <sup>b</sup>	56.0	61.1 <sup>c</sup>	53.0
<p><sup>a</sup> Figures for FY 2000 and prior years are expressed using 1996 commodity prices for consistency with information reported in the National Performance Review. From FY 2001 on, budget-year dollars serve as the measure.</p> <p><sup>b</sup> Replaces the preliminary estimate of \$55 billion published in the FY 1999 performance report. The \$55 billion objective was not achieved due to circumstances that arose after the baseline was established in FY 1996–1997. Spares are being capitalized into the working capital fund from the operating materiel and supplies account. Additional obligational authority has been provided for aviation and other spares. In addition, fewer spares are being removed from inventory while readiness shortfalls are being addressed.</p> <p><sup>c</sup> Preliminary estimate. Actual inventory counts for FY 2000 were not available as of the publication date of this report.</p>					

**Metric Description.** This performance measure includes two related but distinct metrics. The first tracks reductions in the National Defense Stockpile (NDS), which comprises general commodities and raw materials. The second measures the dollar value of the supply system inventory of repair parts and spares.

The NDS inventory contains strategic and critical materials needed to meet military, industrial, and essential civilian demands during a national emergency, when domestic and foreign supplies could prove insufficient. The baseline value of the stockpile was \$6.1 billion in 1996. Since prices of individual commodities in the stockpile are subject to market fluctuations, the total value of the stockpile is also subject to large changes. For this reason, the value of material disposed of, rather than stocks remaining, serves as the metric. The Department’s initial target was to reduce the value of the NDS inventory through the disposal of \$2.2 billion (in 1996 commodity prices) worth of excess stockpile materials by the end of FY 2000. Beginning in FY 2001, the target shifts from a cumulative to an annual objective, expressed in budget-year dollars.

Excess NDS materials are disposed of through public sales, using competitive contracting procedures or, where no market exists, other disposal methods. DoD coordinates with the Departments of State and Commerce and other interested parties through a cross-cutting process to ensure that stockpile sales do not skew prices on world markets. A portion of the revenue from NDS sales is used to fund high-priority DoD programs, including those financed through the O&M accounts.

The Defense National Stockpile Center (DNSC) within the Defense Logistics Agency compiles data on NDS sales. There are no known deficiencies with regard to DNSC data-collection means. The DNSC is planning to downsize both storage sites and personnel as the sales program reduces the inventory of stockpiled materials. The long-term target is to shut down DNSC operations as a separate field activity of the DLA by 2007.

Since 1991, the Department has sought to reduce supply inventories in line with the downsizing of the force. The long-term target, set in 1995, was to cut holdings from an FY 1989 high of \$107 billion to \$56 billion by FY 2000, with further reductions in the outyears.

**V&V Methodology.** NDS disposals are usually counted (valued) after the disposal contract has been awarded to a commercial buyer. Noncommercial disposals are counted/valued as NDS inventory is transferred or disposed of, with the values determined on market-pricing data (if available) or economic analyses. The DNSC compiles data on NDS disposals.

The computer model used to verify and validate data on supply inventories was developed in 1994. The model is updated periodically. For example, active inventory estimates are adjusted for changes in force structure and personnel levels. In addition, estimates of active inventory can be reduced by adjusting for the effects of planned management improvements and by comparing trends in inactive to active inventory over 10 years to derive high and low estimates of future use. Secondary inventory data are compiled and managed by the Services and DLA; these data are reviewed routinely as part of the Department’s program and budget development process.

**Actual and Projected Performance.** The Department exceeded its NDS disposal targets in FY 2000 and expects to meet them in FY 2001. Preliminary results indicate that performance will fall slightly short of objectives for reducing supply inventories during FY 2000. Continuing concerns about the impact of inventory reductions on readiness will likely keep inventories higher than target levels in FY 2001.

<b>Performance Measure 2.3.7 – Disposal of Excess Real Property</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Acres Disposed of During the Fiscal Year	29,000	23,000	36,000	38,000	20,000
Excess Acreage Remaining for Disposal	205,000	182,000	146,000	144,000	
Cumulative Square Feet (Millions) Disposed of During the Fiscal Year	16.2	30.6	41.0	44.9	57.7
Cost (\$) per Cumulative Square Foot Disposed of During the Fiscal Year	9.2	9.9	<11.0	10.5	<11.0

**Metric Description.** Maintaining excess property places a drain on resources that could be applied to force modernization and readiness. Through the base realignment and closure (BRAC) process, DoD has closed or will close 97 major bases, realigned 55 major bases, and taken action on 235 minor closure and realignment decisions, at a net savings of approximately \$14.5 billion during implementation. The excess-acres metric tracks land on bases that have been authorized for closure by BRAC decisions but are still under DoD control. The excess acreage is reduced through direct transfers to other federal agencies and by deed conveyances through public benefit transfers, economic development transfers, and market sales.

The Department achieved a 50 percent reduction in excess acreage, relative to the revised FY 1996 baseline, by the end of FY 2000. The revised FY 1996 baseline resulted from the removal from consideration of certain properties. Three parcels from Jefferson Proving Ground, Indiana (51,638 acres), Adak, Alaska (73,923 acres), and Sierra Army Depot, California (Honey Lake, consisting of 60,108 acres) were excluded from the metric due to their large size or to technical complications associated with the presence of unexploded ordnance; therefore, the 50 percent target was applied to the remaining 291,000 acres associated with the installations approved for closure under BRAC. The target of eliminating 50 percent of the surplus property equated to a reduction of 146,000 acres.

While the problem of excess bases has captured media and public attention through the actions of the Base Realignment and Closure Commission, there is a lesser but real problem of excess and obsolete structures on bases the Department does not desire to close. On these bases, installation commanders report they are often forced to retain obsolete or unneeded facilities because they lack the funds to demolish or dispose of the properties. This excess inventory wastes O&M monies needed elsewhere and presents serious safety concerns. To ameliorate this situation, the Department has undertaken a Defense Reform Initiative to demolish and dispose of 80 million square feet of excess space at military facilities by FY 2003. This action will support the RMA by streamlining the facilities infrastructure and reducing the potential for migration of funding from investment to operating accounts. For each Service, the Department has established a separate group of budget program elements and has provided funding sufficient to meet both the annual targets and the overall target.

**V&V Methodology.** For the excess-acreage metric, statistics on property disposals are obtained from base transition coordinators, verified by the appropriate Service, and then fed into a database maintained by the Office of Economic Adjustment within the Office of the Deputy Under Secretary of Defense for Installations. The number of acres approved for transfer is updated as property transactions are completed. The properties are well defined because they are connected to BRAC actions. Data are verified by conducting real estate surveys. For the facility-demolition metric, major commands report annually to Service headquarters on the number of buildings demolished during the past year. The Services, in turn, report on the status of building demolition projects during the Department's annual program review.

**Actual and Projected Performance.** The Department met its performance target for disposing of excess real property during FY 2000. No shortfalls are projected for FY 2001.

<b>Performance Indicator 2.3.8 – DWCF Net Operating Results (\$ in Millions)</b>						
	FY 1998 Actual	FY 1999 Actual	FY 2000			FY 2001
			Preliminary Target	Revised Target	Actual	Preliminary Target
<b>Army</b>						
Supply Management	-21.9	47.6	30.3	-3.3	93.1	-27.7
Depot Maintenance	-133.7	19.1	0.0	-26.7	9.9	6.0
<b>Navy</b>						
Supply Management	26.3	-102.1	42.7	-159.2	-141.3	-68.3
Aviation Depot Maintenance	-18.3	-40.7	1.2	-11.3	-8.8	29.0
Shipyards Maintenance	83.4	-22.5	-2.6	-9.3	5.1	3.5
<b>Air Force</b>						
Supply Management	316.7	87.8	-153.0	-56.4	-155.2	-25.7
Depot Maintenance	-34.6	178.5	-79.4	-26.9	-117.2	11.5
DLA – Supply Management	953.1	652.2	-280.6	-1,190.8	-1,180.6	1,340.1
USTRANSCOM – Transportation	287.8	-51.2	-155.3	-192.4	-183.2	23.9
NOTES: DWCF = Defense Working Capital Fund. This table has been reformatted to provide a more detailed accounting of annual targets. The table now presents both a preliminary and a revised target for each year (see text for an explanation of how the targets were derived). The expanded format is intended to reduce reporting errors; the data recorded here have been adjusted to correct previous errors.						

**Metric Description.** Defense working capital funds are used to finance selected DoD business activities. They provide a method of distributing the costs of operations to internal customers within the Department. Customers purchase products and services at prices that reflect all the direct and indirect costs of a given DWCF activity. Customer accounts are financed through direct appropriations, at a level commensurate with expected purchases from a given fund. In addition to selling products and services to customers, DWCF activities may make purchases from one another, using sales revenue. As the DWCFs cover widely differing areas of the Department’s business operations, they each have unique management goals, which are reflected in their budget submissions.

Net operating results are a management measure common to all working capital fund activities. They represent the difference between an individual fund’s revenue and its costs for a given year. During the PPBS process, NOR goals are created to cancel out any operating shortages or surpluses from previous years. An NOR that is higher than the assigned goal indicates that an activity may have exceeded expectations; conversely, one that is lower suggests an activity may have been less efficient than desired. If the NOR target for a working capital fund is not met, the unique supporting measures for that fund (Table 8) provide insights into the underlying causes.

DWCF Supporting Measures			Table 8
Activity Group	Timeliness	Cost	Quality
Army Supply Management	UMMIPS standards set in DoD policy instruction	-Unit cost retail, wholesale -NOR	Fill rate
Army Depot Maintenance	Schedule conformance	-Unit cost per DLH -NOR	Percentage of quality defects
Navy Supply Management	UMMIPS standards set in DoD policy instruction	-Unit cost retail, wholesale -NOR	Fill rate
Navy Depot Maintenance	Schedule conformance	-Unit cost per DLH -NOR	Percentage of quality defects
Navy Shipbuilding	Schedule conformance	-Unit cost per DLH -NOR	Percentage of quality defects
Air Force Supply Management	UMMIPS standards set in DoD policy instruction	-Unit cost retail, wholesale -NOR	Fill rate
Air Force Depot Maintenance	Schedule conformance	-Unit cost per DLH -NOR	Percentage of quality defects
DLA Supply Management	UMMIPS standards set in DoD policy instruction	-Unit cost retail, wholesale -NOR	Fill rate
USTRANSCOM	UMMIPS standards set in DoD policy instruction	-NOR -Variety of unit costs	On-time arrivals and departures

NOTE: DLH = direct labor hour; UMMIPS = Uniform Material Movement Issue and Priority System.

DoD has chosen to present only the largest of the 27 working capital fund activities for this metric. Together, these nine activities account for 68 percent of all DWCF annual revenues. The Department has also revised the presentation of this metric to more accurately reflect routine adjustments that are made as part of the annual budget process. Accordingly, the redesigned table for the metric presents both a preliminary and a revised target for each fiscal year. The preliminary target represents the amount incorporated in the President's Budget request. The revised target reflects the congressional appropriation, plus adjustments to underlying cost components made by the Office of Management and Budget (OMB). The revised target is the objective against which DWCF performance is measured in the budget execution year.

**Explanation of Revised FY 2000 Targets.** The FY 2000 President's Budget included inflation factors updated in December 1998 by OMB and new pay schedules reflecting the military and civilian pay raises approved by Congress during FY 1999. Consequently, the FY 2000 performance targets have been revised to reflect the new cost structure. In addition, Air Force supply costs were adjusted to account for a change in the price of certain Air Force consumable items (\$23 million identified during the Department's annual budget review) and to correct an error in depreciation cost estimates (\$57 million identified by a DoD Inspector General audit). DLA's revised supply target reflects changed cost assumptions based on the sharp increase in world oil prices during FY 2000; increased costs for supply parts and aircraft maintenance required a similar adjustment in the target for the U.S. Transportation Command.

Overall, when the Department identified cost reductions that would improve operating results, the NOR target was adjusted upward to ensure DoD was working toward a realistic performance target.

**V&V Methodology.** The Department obtains the data needed to calculate NOR from the financial records for the DWCFs maintained by the military services and defense agencies. The Department's NOR calculations conform to the auditing requirements established by DoD Regulation 7000.14, *Department of Defense Financial Management Regulation*, and by the Chief Financial Officers Act of 1990. NOR information is consolidated Service- and agency-wide, then sent to the respective headquarters for review. The Office of the Under Secretary of Defense (Comptroller) checks the consolidated reports monthly for accuracy, comparing results to target amounts. During quarterly execution reviews, senior financial and logistic managers from the OUSD(C) and Service staffs jointly examine the data to identify positive or negative trends in productivity and to monitor operational and cost-efficiency trends.

**Actual and Projected Performance.** The purpose of an NOR target is to make sure a given business area neither makes a cumulative profit nor suffers a cumulative loss. NOR is set to drive cumulative results to zero over a period of one or more years. Therefore, the management goal is to come reasonably close to the annual target. The Army, Navy, DLA, and USTRANSCOM funds all met that standard in FY 2000.

Operating results for the Army Supply Management fund were \$96.4 million higher than expected because of a 12.1 percent increase in wholesale sales. (Since prices and associated surcharges are stabilized and established annually, the fund's collections through the surcharge for fixed overhead exceeded actual overhead costs.) Similarly, Navy Supply Management operating results were \$17.9 million higher than expected as the result of a slightly more favorable workload mix. Army Depot Maintenance results were \$28.8 million higher than anticipated due to an accounting error that credited some revenue early; corresponding corrections will be reflected in FY 2001.

The Air Force working capital funds did not achieve all of their financial objectives. The Air Force Supply Management fund missed its NOR target by \$98.8 million because of higher-than-projected parts repair costs; the fund also paid for parts scheduled for delivery in FY 2001 but received in FY 2000. The Air Force Depot Maintenance activity missed its target by \$90.3 million. The FY 2000 result for this fund was attributable to higher material costs (price and usage), losses in the propulsion business area, and a production shortfall of 1.6 million hours.

**Comparison of NOR Data Used for Performance Management to Data Used in Accounting Reports.** The NOR results for FY 2000, reported above and used to support management decisions, reflect the recovery of some losses that are still shown in accounting systems. The Department has decided to exclude selected unrecoverable losses from its annual NOR performance targets to prevent distributing these unrecoverable costs back to DWCF customers.

The Army Supply Management NOR figure presented above differs from the amount shown in accounting reports by approximately \$1.5 billion due to the transfer of excess, obsolete,

and non-repairable material to the Defense Reutilization and Marketing Service (DRMS). Similarly, the Air Force Supply Management NOR result differs from the figure in accounting reports by \$546.4 million because of DRMS transfers (+\$579.9 million), projected War Reserve Material expenses (+\$36.6 million), and a cash transfer (-\$61.7 million). The War Reserve and cash transfer actions corrected data-posting errors.

**Performance Indicator 2.3.9 - Qualitative Assessment of Defense Transportation Documentation**

This metric tracks implementation of the Defense Reform Initiative on transportation. The goal of the initiative is to eliminate DoD-unique documentation requirements, improve data accuracy, decrease documentation process costs, reduce payment cycle times, and increase the effectiveness of transportation movement and financial processes. Through such enhancements, the Department seeks to increase transportation efficiency and reduce infrastructure costs for it and its commercial partners.

**Metric Description.** Means and strategies for implementing this initiative include using commercial rather than government-unique transportation documentation, reducing data requirements, and using US Bank’s PowerTrack (a third-party, commercial transportation payment system) to pay for both commercial and government transportation services financed through the working capital fund activity.

A number of supporting metrics are tracked to evaluate performance in implementing this initiative. Examples include:

- Timeliness of commercial carrier payments;
- Number of DoD shippers using PowerTrack;
- Percentage of carriers using PowerTrack; and
- Percentage of on-time payments from the Defense Finance and Accounting Service (DFAS) to US Bank.

As the initiative matures, the number and weighting of the supporting quantitative metrics will change. Therefore, through FY 2001, the Department will continue to use qualitative assessments to evaluate progress toward achieving a more responsive and affordable transportation system.

**V&V Methodology.** Data for the supporting metrics will be derived from the financial records of US Bank and the Defense Finance and Accounting Service. The data are considered highly reliable because of the accounting standards established by commercial institutions.

**Qualitative Assessment of FY 2000 Performance and Implications for FY 2001.** PowerTrack will be fully implemented by the end of the third quarter of FY 2001. Using PowerTrack to combine and pay multiple vendor bills, and to submit aggregate statements and invoices, has reduced DFAS’ workload significantly. Direct savings from this reduction will take several years to realize, but eventually, lower annual workloads will reduce staffing requirements. PowerTrack payments to carriers are 27 to 87 days faster than services billed

individually to DFAS. Start-up training and implementation problems prevented the Department from meeting its FY 2000 performance target of approving 94 percent of carrier payments within three business days; however, as PowerTrack processes become institutionalized and automatic payment approvals are implemented DoD-wide, performance will improve commensurately. Thus, the Department expects to meet or exceed its targets for this metric in future years.

The Department's FY 2000 objective to pay US Bank within 15 days at least 75 percent of the time has been difficult to achieve. The primary obstacles have been inaccuracies in Lines of Accounting (LOAs) and delays in institutionalizing new business procedures for processing monthly bank statements. Beginning in FY 2001, DFAS will use alternate LOAs when invalid LOAs cannot be corrected within 48 hours. DFAS expects this will reduce the number of payment delays attributable to invalid LOAs.

For FY 2001, this initiative will continue to be broadened to include use of the PowerTrack system to pay for shipping that is provided by DoD-owned transportation assets and billed under the Transportation Working Capital Fund. This will allow DoD customers to use a single billing system for both military and commercial transportation services. Also in FY 2001, the Department will begin testing operations with third-party logistics firms—that is, firms that determine transportation needs and hire and pay transportation subcontractors directly. The tests will address the potential savings from, operational limits on, and wartime mobilization implications of doing business with third-party firms.

## **PERFORMANCE GOAL 2.4 – IMPROVE ACQUISITION**

Performance Goal 2.4 is supported by seven metrics: cost growth in major defense acquisition programs (MDAPs), MDAP cycle time, weapon system testing, use of government purchase cards, paperless transactions, acquisition workforce reductions, and disposal of unneeded government property held by contractors.

### ***Evaluation of FY 2000 Results for Performance Goal 2.4***

During FY 2000, the Department met or exceeded expectations for increasing the use of government purchase cards, for streamlining the acquisition workforce, for disposing of government property, and for reducing MDAP cycle times.

However, for the second year, the Department did not achieve its ambitious target of limiting cost growth in major defense acquisition programs to less than 1 percent. DoD has 75 MDAP programs—that is, equipment or technology initiatives projected to cost more than \$3 billion during the life of the program. On average, MDAP costs rose by 2.9 percent during FY 2000. The causes for this increase are many, but three themes dominate:

- The Department deferred purchases of aircraft and other equipment, buying fewer of these systems per year than previously planned, thus raising their unit cost.
- Contractors or acquisition managers revised upward cost estimates for programs.

- Design changes or the incorporation of new technologies boosted costs above originally estimated amounts.

During FY 2000 the Department launched a pilot program to evaluate how well the DoD test and evaluation (T&E) process supports weapon system testing. The pilot program did not evaluate weapon system performance. The program asked action officers from the Office of the Director of Operational Test and Evaluation (DOT&E) to score the adequacy of T&E learning events from zero to 100 in the areas of planning, execution, test resources and test ranges, limitations, post-event analysis and evaluation, and reporting and support for decisionmaking. (A passing score was considered to be 60 or higher; a score of 100 indicated flawless T&E support.) After reviewing the individual scores, rationale, and recommendations for improvement, a T&E performance board assigned a final (composite) score to each T&E learning event. The final scores were then averaged, with the result reflecting how well the T&E infrastructure (personnel, processes, and facilities) supported T&E learning events throughout the year. The first test of this new program produced an overall score of 74 percent, which the Department considers satisfactory performance.

Finally, the Department fell short of its performance target for receipts and payments/invoices by about 20 percent because of a slip in the scheduled introduction of the DoD common access card. Even with this delay, DoD expects to achieve its target of 90 percent paperless transactions for receipts by January 1, 2003; the payments/invoice target should be achieved during FY 2001.

***Supporting Metrics for Performance Goal 2.4***

<b>Performance Measure 2.4.1 – Major Defense Acquisition Program Cost Growth (percentage)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
MDAP Cost Growth	-0.3	+3.1	≤1.0	+2.9	≤1.0

**Metric Description.** Cost growth is the difference between MDAP program costs in the current-year budget and the budget for the previous year, divided by the program costs for the previous year.

Only MDAPs continuing from the previous year are included in this metric; adjustments are made for inflation and changes in order quantities. Cost growth can occur for various reasons, including technical risk, schedule slips, and overly optimistic cost-estimating. Acquisition reform seeks to reduce cost growth from all sources, providing an output target for procurement managers of individual systems, as well as for the aggregate procurement programs of the individual Services. Managerial responses are expected to include both specific cost-control initiatives and process changes. The objective is to hold MDAP cost growth to 1 percent or less each year.

**V&V Methodology.** Data on MDAP cost growth are collected from Selected Acquisition Reports (SARs) published by the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics. SAR data provide a means to verify and validate the

measured values. There are no known SAR data deficiencies. It is important to emphasize that this metric is not an absolute measure of research, development, and procurement costs. Some growth in MDAP costs is unavoidable due to program changes; such increases may occur as a result of best management practices. When the 1 percent target is breached, the SAR reports provide data useful in isolating specific causes. DoD Instruction 5000.2, *Defense Acquisition Management Policy and Procedures*, sets standards for SAR data.

**Actual and Projected Performance.** The Department did not meet its MDAP cost-growth target for FY 2000, and cost increases are projected to again exceed 1 percent in FY 2001.

<b>Performance Indicator 2.4.2 – MDAP Cycle Time (Average number of months from program start to initial operational capability)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
September 1998 SARs (41 MDAPs)	91 <sup>a</sup>				
September 1999 SARs (42 MDAPs)		95 <sup>b</sup>			
September 2000 SARs (44 MDAPs)			≤99	99 <sup>c</sup>	≤97 <sup>d</sup>
<sup>a</sup> Represents the cumulative average of acquisition cycle times (a combination of projected and actual time achieved) as reported in the September 1998 SARs. The value of 95 reported last year reflected data based on the September 1999 SARs. <sup>b</sup> Represents the cumulative average of acquisition cycle times as reported in the September 1999 SARs. <sup>c</sup> Represents the cumulative average of cycle times as reported in the September 2000 SARs. <sup>d</sup> Target is for the September 2001 SARs.					

**Metric Description.** During the 1960s, a typical acquisition took seven years to complete. By 1996, the same acquisition required 11 years from program start to initial operational capability. Recent efforts to reverse this trend include advanced concept technology demonstrations, improved management oversight afforded by integrated product teams, and more extensive use of commercially derived items.

The Department is starting to introduce improvements to development and production schedules similar to those it has initiated for performance and cost analysis procedures. Rapid development and fielding of weapon systems enables U.S. forces to stay ahead of potential adversaries in fielding new technologies.

DoD has established the objective of delivering new MDAPs to the field in 25 percent less time than was the case for programs initiated before 1992. Table 9 provides a historical overview of MDAP cycle times since 1992. The overall goal is to achieve a cumulative average cycle time of 99 months for all MDAPs started since 1992.

Historical Overview of MDAP Cycle Times (calendar years)								Table 9	
	1992	1993	1994	1995	1996	1997	1998	1999	2000
Cumulative number of MDAPs started since January 1992	(5)	(14)	(23)	(26)	(31)	(35)	(41)	(43)	(44)
Average cycle time (months) when programs were initially planned	94	93	88	89	89	87	84	84	86
Average cycle time (months) as reported in the June 2000 SARs	115	108	103	104	104	102	98	97	99

**V&V Methodology.** The key measure for this goal is the average elapsed time from program start to initial operational capability, measured in months, for all MDAPs in development during a given calendar year. The 1996 baseline is 132 months, representing the average cycle time for 58 MDAPs begun before 1992. Average cycle time is computed using schedule estimates or data drawn from SARs and Acquisition Program Baselines. The Department also monitors MDAPs through the Defense Acquisition Executive Summary reporting system and the Defense Acquisition Board review process. In FY 1998, the Department began to evaluate cycle times of new MDAPs (as well as schedule changes for ongoing programs) during the PPBS process.

**Actual and Projected Performance.** The Department met its FY 2000 goal of reducing average cycle times by 25 percent (i.e., to 99 months or less) from the historical average of 132 months. Performance is expected to remain on target for FY 2001.

Performance Measure 2.4.3 – Adequacy of Test and Evaluation Learning Events for Weapon Systems Testing					
	FY 1998 Actual	FY 1999 Actual	FY 2000 Target/Actual		FY 2001 Target
T&E Learning Events Score (0-100 percent) <sup>a</sup>		Methodology Established	100 <sup>b</sup>	74	≥60 <sup>c</sup>
<sup>a</sup> Score is a roll-up from collective scores achieved per T&E learning event, reflecting how well the different components of the DoD T&E infrastructure supported T&E learning events. <sup>b</sup> Preliminary target (for the pilot year only). <sup>c</sup> Revised based on data developed during the FY 2000 pilot test of this methodology.					

**Metric Description.** Test and evaluation programs aim to ensure that U.S. forces are provided with weapon systems and equipment that are effective and suitable for the missions they are designed to accomplish. Future U.S. combat systems will be increasingly interoperable and interdependent; new systems entering service will have to function effectively not only with other systems in the U.S. inventory but also with weaponry and equipment operated by allied and coalition forces. The increased complexity of modern warfare demands rigorous operational assessments and testing throughout the acquisition cycle. The purpose of these assessments is to learn, at the earliest possible time, how a new system or technology will perform from an operational perspective. Overall, the evaluations help the Department meet program schedule (Performance Indicator 2.4.2) and cost (Performance Measure 2.4.1) targets by making

performance data from T&E learning events available to decisionmakers at the earliest practical time.

For clarity, the description of this metric in the table has been changed from “Percentage of OT&E Events Successfully Completed” to “T&E Learning Events Score.” T&E learning events are any activities that enhance the Department’s understanding of how new weapon systems would perform in the field. They include, but are not limited to, modeling and simulation runs, experiments, and demonstrations. Through T&E learning events, data are collected on the effectiveness, performance, suitability, and survivability of systems. Performance Measure 2.4.3 is a macro-level indicator of the success of T&E infrastructure (personnel, processes, and facilities) in collecting, analyzing, and reporting the types and quantities of data needed to meet learning objectives (degree of mission accomplishment, system performance, etc.). There is an expectation to communicate information early in order to support timely design changes, as well as acquisition milestone reviews and decision points identified in T&E Master Plans. Whether a weapon system passes or fails its tests is not a criterion for success under this measure. The Director of Operational Test and Evaluation submits an annual report to Congress describing T&E activities that were conducted over the previous year and assessing the progress of weapons development programs.

**V&V Methodology.** The Office of the Director of Operational Test and Evaluation tracks the adequacy of the T&E infrastructure in achieving learning objectives for some of the T&E learning events associated with acquisition programs under DOT&E oversight. These are MDAPs or Major Automated Information System (MAIS) programs, or programs of special interest to Congress or the Department because of their potential military contributions or other unique features.

Only some of the programs on the OSD T&E Oversight List go through a learning event in any given year. (The T&E oversight list can be accessed on the Internet at <http://www.dote.osd.mil/oversight/index.html>.) During FY 2000, while this methodology was being refined, the Office of DOT&E assessed T&E learning events covering a wide range of acquisition programs. Since Performance Measure 2.4.3 is designed to identify the extent to which support provided by the testing community contributes to the adequacy of T&E learning events, the information obtained from these evaluations was used to establish a baseline for the methodology and metric.

DOT&E officers assign a percentage score to each T&E learning event, rating the event on the adequacy of planning, execution, ranges and resources, limitations, post-event analysis and evaluation, and reporting and support to decisionmaking. These scores, along with diagnoses of the rationale and recommendations for improvement, are recorded in a Program Summary Database maintained by the Office of DOT&E. A T&E Performance Review Board, chaired by the DOT&E, reviews the assessments, makes any necessary adjustments, and assigns a final score to each T&E learning event. The figures reported in the table for this metric represent an average of the final scores for all T&E learning events evaluated during the fiscal year. Quarterly, DOT&E tracks the progress of testing programs and monitors the quality of support provided by T&E infrastructure, including personnel, processes, and facilities.

**Actual and Projected Performance.** A pilot test of this methodology was conducted during FY 2000. Performance targets for subsequent years will be refined as the methodology matures.

<b>Performance Indicator 2.4.4 – Purchase Card Micropurchases (percentage)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Percentage of Eligible Purchases Made by Purchase Card	86	91	90	95	90

**Metric Description.** The Army Audit Agency estimates savings of \$92 per transaction when supplies or services are procured using government purchase cards. Under the traditional acquisition process, a requisition document is forwarded sequentially to various offices, such as the purchasing component’s resource management staff (for commitment of funds) and supply manager (to screen for local or national inventories). If a requirement cannot be filled through the component’s supply system, a purchase request is forwarded to a local contractor. Use of government purchase cards for micropurchases virtually eliminates this entire workload. Micropurchases are supplies or services (other than construction) valued at less than \$2,500. Through purchase card use, the Department has already realized sizable manpower-related savings, which it has redirected to mission elements of the force.

Since 1997, all contracting officers have been required to use purchase cards for micropurchases except in narrowly defined circumstances. The military departments and defense agencies have likewise been directed to abolish nonessential technical screening requirements and to reduce the categories of items that require technical screening controls for purchases made with government cards.

Performance relative to the target is measured by dividing purchase card transactions within the micropurchase threshold by the total number of micropurchases. These data, which are provided to the Federal Procurement Data System and reported on Defense Department Form 1057 (DD-1057), are used to verify and validate the measured values.

**V&V Methodology.** The major data source for this measure is commercial bank statements for purchase card activities. Data on purchase card transactions maintained by commercial banks are considered highly reliable because of the accounting standards established by these institutions. The transactions are compared with non-purchase-card micropurchase transactions reported monthly on form DD-1057. Components conduct periodic procurement management reviews to verify DD-1057 data.

**Actual and Projected Performance.** The Department met its FY 2000 performance target for micropurchases made with purchase cards. No shortfalls are projected for FY 2001.

<b>Performance Indicator 2.4.5 – DoD Paperless Transactions (percentage)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
<b>2.4.5A - DRI Targets</b>					
Purchase Requests	83	96	90	96	90
Funding Documents	86	97	90	90	90
Solicitations	66	89	90	95	90
Awards/Modifications	48	89	90	90	90
Receipts	55	83	90	70	90
Payments/Invoices	28	56	90	67	90
<b>2.4.5B - NPR Target</b>					
Total Electronic Contracting and Payment Transactions	45	64	64	79	90
NOTE: DRI = Defense Reform Initiative; NPR = National Partnership for Reinventing Government.					

**Metric Description.** Performance Indicator 2.4.5 is composed of two metrics that draw on the same underlying data to quantify the Department's progress toward its target for reducing paper-based transactions. Performance Indicator 2.4.5A reflects the Defense Reform Initiative target of conducting 90 percent of selected transactions electronically by FY 2000. Indicator 2.4.5B supports the National Performance Review (NPR) target of achieving a 50 percent reduction (relative to a 1997 baseline) in the number of paper-based transactions by FY 2000.

Through FY 2000, the DRI targets establish a higher overall standard of performance. Since both the DRI and the NPR targets were slated to be reached by FY 2000, the higher DRI target is carried forward for both metrics in FY 2001. The actual performance shown for Indicator 2.4.5B is based on the weighted average of the six categories of paperless transactions encompassed in Performance Indicator 2.4.5A.

The Department is committed to using contemporary information technology and commercial best practices to reinvent its contracting processes. Contracting, particularly that related to high-cost weapon systems, consumes a large portion of the defense budget and employs a significant portion of the DoD workforce. To inject information technology and best practices into all contracting processes, the Paperless Contracting Defense Reform Initiative is reengineering and standardizing the Department's contracting and payment practices. Over time, paperless contracting will contribute to reducing acquisition cycle times (Performance Measure 2.3.4 and Performance Indicator 2.4.2) and streamlining the acquisition workforce (Performance Indicator 2.4.6). Use of government purchase cards (Performance Indicator 2.4.4) will be the primary means of achieving paperless contracting for small purchases. The Services and defense agencies, under the auspices of the Defense Reform Initiative, will use Internet technologies, workflow systems, electronic commerce/electronic data interchange transactions, and digital signature/public key encryption capabilities to achieve this target. For more information on this program and other elements of the DRI, see Chapter 12 of the 2001 Annual Defense Report at <http://www.dtic.mil/execsec/adr2001/>.

**V&V Methodology.** The Services and defense agencies compile quarterly reports on transactions in each area covered by Performance Indicator 2.4.5, using data gathered from field operating sites. Heuristics have been developed to validate these statistics with data generated by formal DoD reporting systems.

In addition, the DoD Paperless Contracting Working Integrated Process Team (PC-WIPT) collects monthly and quarterly reports from each Service and defense agency. The group submits a quarterly progress report to the Deputy Secretary of Defense through an oversight panel composed of senior executives with responsibility for implementing the paperless contracting initiative.

Verification is achieved through rigorous standard definitions of metrics and through data-collection templates and written guidance provided to the Services and defense agencies. The PC-WIPT reviews inputs and data trends and pursues anomalous data back to the source data system. Validation is accomplished by an oversight panel that not only reviews the implications of the data but also ensures that appropriate types of data are being collected.

**Actual and Projected Performance.** During FY 2000, DoD missed its performance targets in two areas: receipts and payments/invoices. Shortfalls for electronic receipt processing will continue until the DoD common access card becomes available early in FY 2003. DoD should meet its FY 2000 performance target for payments/invoices during the first quarter of FY 2001; performance is expected to continue slightly behind targets during FY 2001, as the Department introduces a number of workflow improvements, including a Web-based invoicing system.

<b>Performance Indicator 2.4.6 – Reductions in the Acquisition Workforce (percentage)</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Reduction from FY 1997 Workforce	5.8	13.8	15.0	19.4	22.0

**Metric Description.** The Department has made a concerted effort to reduce and restructure its acquisition workforce. Since 1997, DoD has pursued an acquisition workforce reduction plan designed to eliminate duplicative functions, consolidate organizations, simplify procedures, improve professionalism, streamline processes, and increase efficiency throughout the Department. Initiatives in this area have contributed to the reduction of defense infrastructure, discussed under Performance Goal 2.3 and Performance Indicator 2.3.1. In FY 2001, the Department expects to meet its original target of reducing the acquisition workforce by 22 percent relative to the 1997 level. The initial findings of a departmental task force on the workforce projected for 2005 confirm the opinions of many DoD managers: further reductions would not increase efficiency. No further overt reduction targets are being set, and this metric will be retired after reporting FY 2001 performance.

**V&V Methodology.** Annual reports are based on budgeted manpower, which is adjusted annually through the PPBS process. Quarterly, DoD components report personnel levels to the Defense Manpower Data Center, which analyzes the data and provides assessments to the Director for Acquisition Education, Training, and Career Development. The Personnel Data

Reporting System is used to cross-check trends in the manpower data supporting this metric. The data are reviewed within the PPBS process, which provides a framework for ensuring their validity.

**Actual and Projected Performance.** The Department met its FY 2000 target for acquisition workforce reductions and will achieve its final workforce reduction target in FY 2001.

<b>Performance Measure 2.4.7 – Disposal of Unneeded Government Property Held by Contractors</b>				
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target<sup>a</sup>/Actual</b>	<b>FY 2001 Target</b>
Cumulative Value of Tooling and Equipment Disposals (Billions of Dollars) <sup>b</sup>	1.16	2.13		2.67
<sup>a</sup> DoD's original performance target was achieved in December 1999. No target was set for the remainder of FY 2000. <sup>b</sup> This metric has been rebaselined (see discussion under "Metric Description").				

**Metric Description.** This metric describes the Department's efforts to dispose of tooling and equipment no longer required for the manufacture of weaponry and equipment.

To reverse the property growth trend and reduce the amount of government-owned tooling and equipment in contractors' possession, the Department will dispose of tooling and equipment no longer needed for contracts. The key measurement of progress toward this objective is the acquisition cost value of tooling and equipment relative to the total value of all property, other than real and military property, in the possession of DoD contractors as of September 30, 1997. There are millions of items in the baseline, some acquired more than 25 years ago. It is impractical to convert the acquisition cost for each item to constant dollars. Baseline data are drawn from annual Contract Property Management System reports of property in the possession of contractors. Disposal data are derived from contractor reports of excess and underutilized property.

While contractors are required to track the categories, original costs, and types of property held under a government contract, the system that collects disposal data does not identify the categories under which properties were classified before their disposal. Tooling and equipment disposals were estimated for this report by calculating the ratio of tooling and equipment at contractor sites to all property at those sites. The FY 1996 ratio, 0.48, was used to estimate FY 1997 tooling and equipment disposals. For FY 1998 and subsequent years, the ratio was updated to reflect prior-year property totals.

A draft audit report issued by the DoD Inspector General (DoDIG) in July 2000 disclosed that the disposal data reported by the Defense Contract Management Agency in support of this metric include properties that were not intended to be counted against either the NPR property disposal goal or the baseline data on which this metric is based. Because these properties cannot be segregated accurately from total property disposals, the NPR property disposal methodology has been revised to include aggregate military property disposed of. When expressed as a percentage of the combined military and personal property held by contractors, special tooling

and test equipment represents 25 percent of the total for FY 1996 through FY 1999. The special tooling and test equipment the metric was intended to track represents a smaller percentage of reported disposals than originally projected. This methodological error misrepresented both the targets and the actual results reported in past GPRA submissions (overstating both by about a factor of 2). Both previously reported results and target values have been rebaselined.

**V&V Methodology.** The disposition of property is tracked and reported to the Defense Logistics Agency by the Defense Contract Management Agency. DLA combines these data to derive DoD-wide figures. The information is reviewed quarterly by the Director of Defense Procurement. The revised methodology, established based on a DoDIG audit, is designed to ensure metric auditability.

**Actual and Projected Performance.** The Department did not set a disposal goal for FY 2000. In response to the new reporting standards recommended by the DoDIG, the Department has established an additional disposal target for FY 2001.

## **PERFORMANCE GOAL 2.5 – IMPROVE FINANCIAL AND INFORMATION MANAGEMENT**

Performance Goal 2.5 is supported by four metrics: replacement of noncompliant accounting and finance systems with compliant systems; replacement of noncompliant feeder systems with compliant systems; achievement of favorable opinions on the Department's financial statements; and information technology management.

The two accounting and finance metrics are derived from the annual DoD Financial Management Improvement Plan (FMIP), available at <http://www.dtic.mil/comptroller>. The FMIP is the Department's long-term blueprint for financial management reform, and is guided by 1997 QDR objectives to make the Department's business practices simpler, more efficient, and less prone to error.

A significant portion of the Department's financial data is derived from feeder systems. Feeder systems are automated or manual systems operated by the military departments and defense agencies that contain day-to-day operating information, including financial information required by the Department's accounting and finance systems. Audit trails are needed so that information recorded in accounting and finance systems can be tracked back and verified to the originating feeder systems. The overall reliability of the Department's financial information is influenced by the quality of data furnished by feeder systems.

Closely aligned with enhancing the Department's financial and feeder systems and improving the quality of financial data is the effort to standardize DoD financial management issuances. Since 1993, the Department has replaced 70,000 pages of separate regulations with a single DoD financial management regulation (DoDFMR). The DoDFMR is updated periodically and can be accessed on the Internet at <http://www.dtic.mil/comptroller/fmr/>. Paper copies no longer are issued automatically to Services, defense agencies, or other users. The Department is using existing management oversight structures to involve senior leaders in financial

management reform efforts through the Financial Management Steering Committee, the Working Capital Funds Policy Board, and the Senior Financial Management Oversight Council. Overall, the Department is working aggressively to institutionalize productive and imaginative changes by applying commercial best practices and new technology to consolidating, standardizing, and simplifying operations. These changes are fundamentally transforming DoD financial activities as well as other activities with which they interact.

The Department's commitment to improve information management is guided by QDR objectives. A more detailed discussion of the DoD information management program is provided in Appendix J to the 2001 ADR, <http://www.dtic.mil/execsec/adr2001/>, and on the website of DoD's Chief Information Officer—the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD-C3I) at <http://www.c3i.osd.mil/>.

### ***Evaluation of FY 2000 Results for Performance Goal 2.5***

After reviewing the information generated by the two financial performance metrics included in the FY 1999 performance plan, the Department concluded that setting a target for reducing the number of noncompliant accounting and finance systems was not the most appropriate measure of accomplishments in this area; therefore, Performance Measure 2.5.1 has been recast as two separate metrics. The revised Measure 2.5.1 more accurately reflects the Department's goal of implementing compliant financial management systems by tracking how quickly noncompliant accounting and finance systems are replaced with compliant systems. The new Performance Measure 2.5.2 monitors how quickly the Department is replacing noncompliant feeder systems with compliant systems—a key performance indicator given that a significant portion of the financial data contained in the Department's accounting and finance systems originates in feeder systems.

The Department has reduced the number of accounting and finance systems from 324 in FY 1991 to 76 in FY 2000. At the end of FY 2000, a total of 13 accounting and finance systems were reported by DoD components to be compliant with applicable requirements. In addition, beginning in FY 2000, the Department established goals for feeder system compliance against which performance will be tracked in subsequent years. As of the end of FY 2000, DoD components still were evaluating their feeder systems and updating their projections for the number and configuration of such systems that the Department will require in the future.

The Department has obtained unqualified opinions on its financial statements for the Military Retirement Fund each year since FY 1994. In addition, the Defense Finance and Accounting Service received an unqualified audit opinion on its financial statement for FY 2000. The Department expects to continue to receive unqualified opinions for these funds in future years. (As discussed under Measure 2.5.3, an unqualified opinion is a determination by an independent auditor that a financial statement fairly presents the financial position of a reporting entity.) Moreover, during FY 2001, the Department expects to obtain at least a qualified opinion on the financial statement for an additional organizational element. The Department recognizes that it is not likely to achieve, by FY 2001, a qualified or unqualified opinion on each of the remaining financial statements that it, and each of its components, is required to prepare. Various components within the Department, however, are striving to obtain unqualified opinions

on portions of their financial statements. Achievement of these partial results would represent important, noticeable progress toward the ultimate goal of achieving an unqualified opinion on all of the statements required of each of the applicable components of the Department.

During FY 2000, the Department continued to pursue a number of qualitative improvements in information technology (IT). It continued development of the Global Information Grid initiative, an enterprise-oriented approach to DoD networking, computing, interoperability, and information assurance (IA). The Department strengthened the management of its information resources by reconstituting the Chief Information Officer (CIO) Council as the DoD CIO Executive Board. This reorganization will make the board a more decision-oriented body and foster a more collaborative approach to policymaking and information technology budgeting. The Department continues to integrate and strengthen management of information technology investments by developing an automated central registry of technology resources.

During FY 2000, DoD began several new initiatives to recruit, retain, and retrain IT professionals. These include identifying and tracking IA and IT professionals and conducting critical IA/IT management training for individuals in key positions. DoD also is working with other federal agencies to improve processes for recruiting and hiring personnel, and is allowing specialty pay for selected IT skills. These initiatives will continue in FY 2001.

***Supporting Metrics for Performance Goal 2.5***

<b>Performance Measure 2.5.1 – Replace Noncompliant Accounting and Finance Systems with Compliant Systems</b>					
	<b>FY 1998 Baseline</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target/Actual</b>		<b>FY 2001 Target</b>
Noncompliant Accounting and Finance Systems	109	91	63	63	51
Compliant Accounting and Finance Systems	0	7	13	13	19
Total	109	98	76	76	70

**Metric Description.** The Department has embarked on a major streamlining of its accounting and finance systems. The implementation of compliant financial systems (and the elimination of noncompliant systems) represents the largest single reform of financial management systems in the history of the Department.

The consolidation, standardization, and modernization of DoD accounting and finance systems is meant to enable the Department to eliminate its outdated, noncompliant accounting and finance systems and replace them with systems that provide more accurate, timely, and meaningful financial information to decisionmakers. (Accounting and finance systems are compliant when they substantially meet federal financial management system requirements, adhere to applicable federal accounting standards, and use the U.S. Government Standard General Ledger at the transaction level.) The Department tracks its progress in reducing the number of noncompliant accounting and finance systems through the DoD Financial Management Improvement Plan.

**V&V Methodology.** The number of compliant and noncompliant accounting and finance systems is reported annually in the DoD Financial Management Improvement Plan. Both the General Accounting Office and the Office of the DoD Inspector General review this plan.

**Actual and Projected Performance.** The Department has reduced the number of accounting and finance systems from 324 in FY 1991 to 76 in FY 2000. At the end of FY 2000, a total of 13 accounting and finance systems were reported by DoD components to be compliant with applicable requirements. No shortfalls are projected for FY 2001.

<b>Performance Measure 2.5.2 – Replace Noncompliant Feeder Systems with Compliant Feeder Systems</b>		
	<b>FY 2000 Baseline</b>	<b>FY 2001 Target</b>
<b>DoD-Wide</b>		
Noncompliant Systems	85	64
Compliant Systems	6	22
Total	91	86
<b>Army</b>		
Noncompliant Systems	15	13
Compliant Systems	1	3
Total	16	16
<b>Navy</b>		
Noncompliant Systems	20	13
Compliant Systems	4	10
Total	24	23
<b>Air Force</b>		
Noncompliant Systems	42	32
Compliant Systems	0	6
Total	42	38
<b>Defense Agencies</b>		
Noncompliant Systems	8	6
Compliant Systems	1	3
Total	9	9

**Metric Description.** As noted in the discussion of Performance Measure 2.5.1, the Department has embarked on a major streamlining of its accounting and finance systems. The Department also is addressing feeder-system compliance issues.

Because a significant portion of the financial data contained in the Department’s accounting and finance systems originates in feeder systems, the use of modern, fully integrated and compliant systems is necessary for the Department to ensure that its managers have the information needed to fulfill their financial management responsibilities. To achieve long-term improvements, ensure the data integrity of feeder systems, and ensure full systems integration in accordance with legislative and regulatory requirements, the Department is tracking efforts to improve the compliance of its feeder systems with applicable requirements.

**V&V Methodology.** The number of compliant and noncompliant feeder systems is reported annually in the DoD Financial Management Improvement Plan. Both the General Accounting Office and the Office of the DoD Inspector General review this plan.

**Actual and Projected Performance.** In FY 2000, the Department established goals for feeder system compliance against which progress will be tracked in subsequent years. As of the end of FY 2000, DoD components still were evaluating their feeder systems and updating their projections for the number and configuration of such systems to be used in the future.

<b>Performance Measure 2.5.3 – Achieve Unqualified Opinions on Financial Statements</b>					
	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target /Actual</b>		<b>FY 2001 Target</b>
Number of Financial Statements With at Least a Qualified Opinion	1	1	1	2	3

**Metric Description.** A qualified audit opinion is a determination by independent auditors that, except for the effects of the matter to which the qualification relates, a reporting entity’s financial statements present fairly, in all material respects, the financial position of that entity as of the date of the statements, as well as the results of the entity’s operations for the year then ended. An unqualified opinion states that the financial statements present fairly, in all material respects, the financial position of the reporting entity with no qualifications. The auditors’ opinion results from an inspection of the entity’s financial records to determine compliance with generally accepted accounting principles.

Obtaining qualified or unqualified opinions on the Department’s financial statements is a difficult challenge. The Department must put in place policies, systems, and practices that enable it to produce consolidated, DoD-wide financial statements, plus statements for various organizational elements. A significant portion of the information needed to prepare DoD financial statements originates in feeder systems that input data into the Department’s financial systems. Thus, achieving a qualified or unqualified audit opinion on financial statements is an effort that involves all DoD functional communities—financial, acquisition, logistics, personnel, medical, and others—and is a DoD-wide management challenge.

The Chief Financial Officers Act of 1990 requires all major federal agencies to produce audited financial statements. Subsequently, the Federal Financial Management Improvement Act of 1996 mandated the use of government-wide accounting standards. Unlike many federal agencies, which have only a few appropriations, the Department of Defense has numerous appropriations, managed by the three military departments as well as by selected defense agencies and other organizations. While the number may vary over time, in any given fiscal year the Department may have as many as 500 or more appropriations that must be encompassed within its financial statements.

**V&V Methodology.** Financial statements must be reviewed by an independent audit organization, either the General Accounting Office, the Office of the DoD Inspector General, or a commercial audit firm. The conduct of such audits serves to validate this metric.

**Notes on Actual and Projected Performance.** The Department has obtained an unqualified opinion on its financial statement for the Military Retirement Fund each year since FY 1994. In addition, the Defense Finance and Accounting Service received an unqualified

audit opinion on its financial statement for FY 2000. The Department expects to continue receiving unqualified opinions for these funds in future years. Moreover, during FY 2001, the Department expects to obtain at least a qualified opinion on the financial statement for an additional organizational element. The Department recognizes that it is not likely to achieve, during FY 2001, a qualified or unqualified opinion on each of the remaining financial statements that it, and each of its components, is required to prepare. Various components within the Department are striving to obtain unqualified opinions on portions of their financial statements. Achievement of these partial results would represent important, noticeable progress toward the ultimate goal of securing an unqualified opinion on all of the statements required of each of the applicable components of the Department.

<b>Performance Indicator 2.5.4 – Qualitative Assessment of Information Technology Management Reforms</b>
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Performance Indicator 2.5.4 is a qualitative assessment of the Department’s progress in implementing the objectives of Goal 3 of the DoD Information Management Strategic Plan. Goal 3 calls on the Department to reform its information technology management processes to increase their efficiency and enhance their contribution to DoD missions. Information and information technology must be managed as a strategic resource, from a DoD-wide perspective. The Department must base information and information technology decisions on the contribution of information technologies to the effectiveness and efficiency of military missions and supporting business functions. Consequently, investments in information technologies need to be linked to mission goals, strategies, and architectures, using various analytic tools. Specific goals, objectives, and strategies for improving DoD’s management of information can be found in the Information Management Strategic Plan ( <a href="http://www.c3i.osd.mil">http://www.c3i.osd.mil</a> ), discussed in Appendix J of the 2001 Annual Defense Report.
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**Metric Description.** Performance Indicator 2.5.4 is a qualitative assessment of DoD’s progress in reforming information technology management processes. It evaluates, in particular, performance in achieving three key objectives:

- *Institutionalization of the provisions of the Clinger-Cohen Act of 1996 (formally titled the Information Technology Management Reform Act).* Over the long term, DoD will improve the reliability of information infrastructure and its IT work processes and will establish better links between investments and actual mission performance.
- *Institutionalization of fundamental IT management reforms.* DoD will establish an enterprise view of networking, computing, interoperability, and information assurance by developing a global information grid. The Department is also working to create a central registry of DoD’s IT systems as a way of improving oversight and management.
- *Improvements in the DoD IT workforce.* By focusing on recruiting, retention, and retraining of IT professionals, the Department hopes to enhance the long-term quality of its IT workforce. DoD will identify and track IA professionals, and will work with other federal agencies to improve processes for recruiting and hiring IT personnel.

### **Qualitative Assessment of FY 2000 Performance and Implications for FY 2001.**

DoD took major steps in FY 2000 to institutionalize the provisions of the Clinger-Cohen Act of 1996. In FY 2001, the Department will issue a policy that clearly delineates the roles and responsibilities of DoD's Chief Information Officers in implementing information resource management reforms. The policy also will define the relationship of these officers to other key DoD managers.

## **RELATED ISSUES**

### ***FYDP Database***

The Future Years Defense Program database enables decisionmakers to manage the allocation of DoD resources by delineating the relationship between those resources and the missions they support. The FYDP contains information about the personnel and fiscal resources allocated to each program element over time—including prior years, the current year, a second biennial budget year (if applicable), and four years following the biennial budget years. The FYDP also identifies the number of units and amount of equipment needed to support DoD programs. These projections extend seven years beyond the second year of each biennial budget.

### ***Cross-Cutting Functions***

Throughout the nation's history, U.S. armed forces have been called on to respond to a variety of national needs other than waging wars. Today, military forces may be used to support civil authorities in executing missions such as civil works, disaster relief, and domestic crises. In addition, the Department works with other agencies to ensure a coordinated response to the threats posed by terrorism, proliferation of weapons of mass destruction, and illegal drug trafficking. Table 10 lists the federal activities that DoD supports in accordance with applicable law and Presidential Decision Directives (PDDs).

**DoD Cross-Cutting Activities for Key National Security Issues**

**Table 10**

<p>Emergency Preparedness (P.L. 93-288, as amended)</p> <p>Reference: Federal Response Plan</p>	<p>The Federal Response Plan (FRP) describes the policies, planning assumptions, concepts of operation, and response and recovery actions and responsibilities of 27 federal departments and agencies and the American Red Cross. Of a total of 12 emergency support functions (ESFs), DoD is a support agency for 11 and has primary responsibility for one—ESF #3 - Public Works and Engineering. The Department has designated the Army Corps of Engineers as its operating agent for planning, preparedness, and response under ESF #3, with assistance to be provided by other DoD components as needed. The Secretary of the Army is DoD’s Executive Agent for Military Support to Civil Authorities. He carries out this function through the Director of Military Support (DOMS), who communicates and coordinates policy guidance and issues orders. A major part of DOMS’ mission is to plan for and commit DoD resources in response to requests from civil authorities—often for emergency aid in responding to natural or manmade disasters or civil disturbances. DOMS provides technical assistance, personnel, supplies, and equipment in support of ESF #3 activities, including debris removal, emergency demolition, emergency power, restoration of essential public facilities, and provision of water supplies.</p>
<p>Terrorism and Weapons of Mass Destruction (PDD-39, PDD-62)</p> <p>Reference: Federal Response Plan</p>	<p>The Federal Emergency Management Agency (FEMA) is the lead federal agency for managing the consequences of domestic incidents involving weapons of mass destruction (WMD). During peacetime, DoD coordinates all of its consequence management activities through the Assistant to the Secretary of Defense for Civil Support, who plans and coordinates with 26 other federal agencies and FEMA through the National Security Council’s WMD Preparedness Group. (For more details, see Chapter 7 of the 2001 ADR, <a href="http://www.dtic.mil/execsec/adr2001/">http://www.dtic.mil/execsec/adr2001/</a>.)</p>
<p>Counternarcotics (PDD-14; 10 USC Sec 124; P.L. 105-150; Section 1004 of the FY 1991 National Defense Authorization Act (NDAA), as amended; Section 1033 of the FY 1998 NDAA; Section 3101 of the Emergency Supplemental Act for FY 2000; Sections 517 and 506(a)(2)(A) of the Foreign Assistance Act of 1961, as amended)</p>	<p>DoD plays an integral role in the U.S. government’s international and multi-agency approach to countering the flow of illegal drugs into the United States. In support of U.S. and foreign law enforcement agencies, DoD conducts aerial and maritime surveillance of high-intensity drug-trafficking areas. DoD also maintains a communications network for all federal information and intelligence information related to drug interdiction, approves and funds state plans for using the National Guard for drug interdiction and counterdrug activities, and provides training and other support for a wide range of activities conducted by U.S. and foreign law enforcement agencies engaged in counterdrug operations.</p>
<p>Critical Infrastructure (PDD-63)</p>	<p>DoD is an active partner in four interagency oversight groups for critical infrastructure: the National Security Telecommunications and Information Systems Security Committee, chaired by the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence, which sets interagency policy and procedures related to national security systems; the Security, Privacy, and Critical Infrastructure Committee, which establishes integrated government-wide guidelines for information technology management; the Federal Computer Incident Response Capability Advisory Group, which is a small consortium of agencies established to coordinate national security and law enforcement issues regarding critical information infrastructures; and the INFOSEC Research Council, which monitors and coordinates information security research efforts government-wide to avoid duplication and ensure that difficult, government-wide problems are being addressed.</p>

### ***Contractor Assistance***

The Logistics Management Institute (LMI) provided consulting services in the development of this GPRA performance report. LMI assisted DoD offices in the following areas:

- Developing data maps to enhance accuracy and reproducibility;
- Educating offices that consolidate data on GPRA requirements and DoD GPRA practices; and
- Advising on verification and validation methodologies.

### ***The Importance of Human Resources***

Previous sections of this report have stressed the critical importance of military and DoD civilian personnel in achieving the Department's performance objectives. Other significant aspects of DoD's human resource strategy are discussed in Chapters 9 and 10 of the 2001 Annual Defense Report, <http://www.dtic.mil/execsec/adr2001/>. Specifically, DoD's military manning levels are set by statute and are based on the force structure determined by the analyses underpinning the QDR. In concert with Congress, the Department will undertake a number of initiatives to aggressively manage deployment tempos during FY 2001. For example, each Service will track and monitor days that service members are deployed or performing duties that prevent them from returning to their normal billeting areas during off-duty hours.

The Department is also fully committed to improving the quality of life of military members. Programs in this area include a major housing initiative that is designed to eliminate service members' out-of-pocket expenses for living off-post by increasing the basic housing allowance. In addition, the Department is improving and refining selected bonus programs: the aviation bonus program will be expanded, and reforms will be introduced to Career Sea Pay to improve at-sea manning. DoD also continues to focus on ways to improve support for military families, especially in those areas shown to influence the morale of military members. During FY 2000 and FY 2001, DoD will pursue initiatives ranging from senior conferences on family support and spouse employment opportunities to Web-based initiatives to provide information on relocation, personal finances, transition from military to civilian life, child and youth services, teen services, and more. The Department also has launched an Advanced Distributed Learning initiative to identify investments in advanced learning technologies that will improve individual and collective training—and create the learning environment of the future.

Finally, the Department recognizes health care as a key quality-of-life issue for service members and their families. Providing high-quality, accessible health care is critical to recruitment and retention. Therefore, the Department has undertaken a number of initiatives during FY 2000 and FY 2001 that will improve access to and the delivery of services provided through TRICARE. DoD is also continually examining the overall military health care system, and is implementing an optimization plan that supports the tenets of population health, including

enrolling and assessing populations, forecasting demand, using demand management strategies, managing capacity, and applying best business practices.

Similarly, civilian manning requirements are structured to support the military force. During the past 11 years, the Department has reduced the number of civilian positions efficiently, humanely, and without mission disruptions. This has largely been the result of strategic planning, close program oversight, and the use of innovative transition tools. The aging of the DoD workforce, combined with constrained hiring during the period of downsizing, has created significant real and anticipated skill imbalances within the Department. The Department has taken a four-part approach to shaping its civilian workforce for the future: research into what is happening; planned recruitment and accession management; development and retention; and careful transition management (details are provided in Chapter 10 of the 2001 Annual Defense Report, available on the Web at <http://www.dtic.mil/execsec/adr2001/>).

### ***Major Management Challenges***

The General Accounting Office and the DoDIG identified nine major management challenges for the Department of Defense. Table 11 summarizes how DoD's performance metrics respond to each of these challenges. During the past year, the DoDIG revised its list of major management issues, adding health care and concerns about security management. The updated list was not available when the FY 2000 performance plan was developed and so is not considered in reporting FY 2000 results.

<b>Major Management Challenges</b>		<b>Table 11</b>	
<b>Challenges</b>	<b>Performance Measure/Indicator</b>	<b>FY 2000 Target/ Actual</b>	
Financial Management	2.5.1: Replace Noncompliant Accounting and Finance Systems with Compliant Accounting and Finance Systems		
	<i>Noncompliant systems</i>	63	63
	<i>Compliant systems</i>	13	13
	2.5.2: Replace Noncompliant Feeder Systems with Compliant Feeder Systems		
	<i>Noncompliant feeder systems</i>	New Measure	85
	<i>Compliant feeder systems</i>	New Measure	6
	2.5.3: Achieve Unqualified Opinions on Financial Statements	1	2
Information Management and Technology	2.3.5: Visibility and Accessibility of DoD Material Assets	90%	96%
	2.5.4: Qualitative Assessment of Information Technology Management Reforms	Progressing on institutionalizing provisions of Clinger-Cohen Act of 1996	

(Continued)

Major Management Challenges		Table 11 (Continued)		
Challenges	Performance Measure/Indicator	FY 2000 Target/ Actual		
Weapon Systems Acquisition	2.2.1: Annual Procurement Spending	\$54 billion	\$53 billion	
	2.4.1: MDAP Cost Growth	≤1.0%	+2.9%	
	2.4.2: MDAP Cycle Time	≤ 99 months	99 months	
	2.4.3: Adequacy of Test and Evaluation Learning Events for Weapon Systems Testing	100%	74%	
Contracting	2.4.1: MDAP Cost Growth	≤1.0%	+2.9%	
	2.4.2: MDAP Cycle Time	≤ 99 months	99 months	
	2.4.4: Purchase Card Micropurchases	90%	95%	
	2.4.5B: Percentage of DoD Paperless Transactions	64%	79%	
	2.4.7: Disposal of Unneeded Government Property Held by Contractors	No target established for FY 2000	\$2.67 billion	
Streamlining the Defense Infrastructure	2.3.1: Percentage of DoD Budget Spent on Infrastructure	43%	42%	
	2.3.3: Public-Private Sector Competitions	53,400	64,927	
	2.3.5: Visibility and Accessibility of DoD Material Assets	90%	96%	
	2.3.6: Disposal of Excess National Defense Stockpile Inventory and Reduction of Supply Inventory	<i>NDS inventory disposed</i>	\$0.5 billion	\$0.76 billion
		<i>Supply inventory</i>	\$56 billion	\$61.1 billion
		2.3.7: Disposal of Excess Real Property		
	<i>Excess acreage remaining for disposal</i>	146,000	144,000	
	<i>Cumulative square footage disposed of in the fiscal year</i>	41	44.9	
	<i>Cost per cumulative square foot in the fiscal year</i>	<11	10.5	
	2.3.9: Qualitative Assessment of Defense Transportation Documentation	Initiatives have been implemented that are demonstrating reductions in workload		
Inventory Management	2.3.4: Logistics Response Time	18 days	12 days	
	2.3.5: Visibility and Accessibility of DoD Material Assets	90%	96%	
	2.3.6: Disposal of Excess National Defense Stockpile Inventory and Reduction of Supply Inventory	<i>NDS inventory disposed</i>	\$0.5 billion	\$0.76 billion
		<i>Supply inventory</i>	\$56 billion	\$61.1 billion

(Continued)

Major Management Challenges		Table 11 (Continued)	
Challenges	Performance Measure/Indicator	FY 2000 Target/ Actual	
Military Personnel	2.1.1: Enlisted Recruiting <i>Active force</i> <i>Selected Reserve</i>		
		202,017	202,917
		149,950	152,702
	2.1.2: Quality Benchmarks for Enlisted Recruits <i>Recruits holding high school diplomas (active/reserve)</i> <i>Recruits in AFQT Categories I-III A (active/reserve)</i> <i>Recruits in AFQT Category IV (active/reserve)</i>		
		≥90%	93% / 90%
		>60%	66% / 65%
		<4%	0.9% / 1%
	2.1.3A: Active Component Enlisted Retention Rates <i>Army (number of personnel), averaged over first and second terms</i> <i>Navy (percentage of eligible and ineligible population), averaged over first and second terms</i> <i>Air Force (percentage of eligible population), averaged over first and second terms</i> <i>Marine Corps (percentage of eligible population), first term only</i>		
		21,850	22,764
		37.8	38.1
		65.0	60.4
		26.0	26.6
	2.1.3B: Selected Reserve Enlisted Attrition Rates <i>Army National Guard</i> <i>Army Reserve</i> <i>Naval Reserve</i> <i>Marine Corps Reserve</i> <i>Air National Guard</i> <i>Air Force Reserve</i>		
		18%	18%
		28.6%	29.4%
		36%	27.1%
		30%	28.4%
12%		11%	
18%		13.9%	
Military Readiness	1.2.9 through 1.2.12: Army, Navy, Air Force, and Marine Corps Classified Readiness Indicators	Results can be found in the <i>Quarterly Readiness Report to Congress</i>	
	1.1.1: Army Overseas Presence <i>Mechanized divisions in Pacific region</i> <i>Divisions with elements in Europe</i>		
		1	1
		2	2
	1.1.2: Naval Overseas Presence	912-1,004 days	1,085 days
	1.1.3: Marine Corps Overseas Presence	912-1,004 days	1,053 days
	1.1.4 : Air Force Overseas Presence (In FWEs) <i>Pacific</i> <i>Europe</i> <i>Southwest Asia</i>		
		2.2	2.2
		2.2	2.2
1.0		1.0	
1.1.5: Joint and Combined Exercises	198	189	

(Continued)

Major Management Challenges		Table 11 (Continued)	
Challenges	Performance Measure/Indicator	FY 2000 Target/ Actual	
Military Readiness (continued)	1.2.13: Flying Hours per Month		
	Army		
	<i>Active</i>	14.5	12.8
	<i>Reserve</i>	9.5	8.5
	<i>National Guard</i>	9.0	6.8
	Navy and Marine Corps		
	<i>Active</i>	22.3	20.9
	<i>Reserve</i>	11.0	11.0
	Air Force Fighter/Attack		
	<i>Active</i>	17.2	15.8
	<i>Reserve</i>	11.1	10.8
	<i>National Guard</i>	11.6	10.4
	Air Force Bombers		
	<i>Active</i>	15.8	18.2
	<i>Reserve</i>	17.2	16.8
	<i>National Guard</i>	14.6	12.3
	1.2.14: Tank Miles per Year		
	<i>Army (active)</i>	800	702
	<i>Army National Guard (Enhanced Separate Brigades)</i>	310	195
	1.2.15: Steaming Days per Quarter		
	<i>Navy (active deployed)</i>	50.5	51.4
	<i>Navy (reserve deployed)</i>	50.5	68.0
	<i>Navy (active nondeployed)</i>	28.0	26.6
	<i>Navy (reserve nondeployed)</i>	18.0	22.1
	1.3.1: Airlift Capacity (Million Ton-Miles per Day)		
	<i>MTM/D (military aircraft)</i>	24.9	24.9
	<i>MTM/D (military plus civil aircraft)</i>	45.4	45.4
	1.3.2: Surge Sealift (Million Square Feet)	8.7	8.4
1.3.3: Land and Sea-Based Prepositioning			
<i>Army heavy brigades (land-based)</i>	6	6	
<i>Army heavy brigades (afloat)</i>	1	1	
<i>Marine expeditionary brigades (afloat)</i>	3	3	
Turbulence From Change	NONE		