



UNITED STATES DEPARTMENT OF DEFENSE  
FISCAL YEAR 2012 BUDGET REQUEST



# OVERVIEW

February 2011





## Preface

This Overview book highlights the funding, programs, and priorities of President Obama's FY 2012 Department of Defense (DoD) budget request. The Overview's purpose is to help inform Congress and the American people on how taxpayer dollars are being invested to strengthen our national security.

The Overview book emphasizes the most significant aspects of each year's budget request – focusing on changes from previous years and subjects likely to be of high interest to Congress and the public. It includes discussions not covered sufficiently in other budget-release products.

This book and extensive other material on this and previous DoD budgets are available from the public web site of the Under Secretary of Defense (Comptroller): [www.comptroller.defense.gov](http://www.comptroller.defense.gov). Especially relevant is the Press Release and Budget Briefing. Also key is the Program Acquisition Costs by Weapons System book, which includes details on major DoD acquisition programs -- e.g., aircraft, ground forces programs, shipbuilding, space systems, etc. Other background information can be accessed though [www.defense.gov](http://www.defense.gov).

Comprehensive information on personnel, capabilities, infrastructure, and more are available on the web sites of each Military Department: [www.army.mil](http://www.army.mil) or [www.navy.mil](http://www.navy.mil) or [www.airforce.mil](http://www.airforce.mil).

**Preparation of this study/report cost  
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## 1. FY 2012 BUDGET SUMMARY

President Obama’s fiscal year (FY) 2012 budget includes the funding the Department of Defense (DoD) needs to secure and advance U.S. security interests around the world in the coming fiscal year. It continues and intensifies the reform agenda of Secretary of Defense Robert Gates – which is seeking to ensure that every dollar budgeted for defense is invested to achieve the greatest security value.

Major Themes
<ul style="list-style-type: none"> <li>• Taking care of people</li> <li>• Rebalancing and enhancing military capabilities</li> <li>• Efficiencies and reforms</li> <li>• Supporting our deployed troops</li> </ul>

The FY 2012 budget and the future plans it supports build upon the substantial changes that the President and Secretary Gates made in the previous two budget requests. This year, DoD proposals include greater focus on reforms for the Department’s organization, infrastructure, and processes. This budget reflects the new efficiencies and investments DoD plans for FY 2012 – FY 2016, which Secretary Gates announced on January 6, 2011.

The themes in the FY 2012 budget request are essentially the same as in last year’s request:

- Taking Care of People. (Chapter 3)
- Rebalancing and Enhancing Military Capabilities. (Chapter 4)
- Efficiencies and Reforms. (Chapter 5)
- Supporting our Deployed Troops. (Chapter 6)

As of the release (February 14, 2011) for this new budget, Congress has not enacted any of the President’s FY 2011 budget request, and DoD is operating under a Continuing Resolution (CR) through March 4, 2011. Therefore, the Department does not know what its FY 2011 appropriations ultimately will be, and so some of the tables show the annualized CR level and the President’s Budget (PB) request, rather than an enacted level.

As shown in Figure 1-1, total defense spending is declining as we complete the combat mission in Iraq. The FY 2012 DoD budget requests a total of \$670.9 billion:

- \$553.1 billion for the DoD base budget, which excludes funding directly related to overseas contingency operations (OCO).
- \$117.8 billion for OCO requirements, which is \$41.5 billion lower than the FY 2011 request. (Details are in Chapter 6.)

**Figure 1-1. Department of Defense Budget**

DoD Budget \$ in Billions	FY 2010 Actual	FY 2011 CR	FY 2011 Request	FY 2012 Request	FY11–12 Change
Base	527.9	526.1	548.9	553.1	+4.2
OCO	*163.1	159.0	159.3	117.8	-41.5
<b>Total Budget</b>	<b>691.0</b>	<b>685.1</b>	<b>708.2</b>	<b>670.9</b>	<b>-37.3</b>

*Discretionary budget authority*

*\* Includes \$0.7 billion in non-OCO funding for Haiti support operations.*

*Numbers may not add due to rounding*

## FY 2012 – FY 2016 TOPLINE

Figure 1-2 shows the proposed FY 2012 – FY 2016 DoD topline in this President’s Budget, compared to last year’s FY 2011 PB. The new topline is \$78 billion lower.

**Figure 1-2. DoD Proposed Outyear Topline**

<i>\$ in Billions</i>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY12–16 TOTAL
FY 2011 PB	566	582	598	616	635	
FY 2012 PB	553	571	586	598	611	
Delta	-13	-11	-11	-18	-24	-78
<b>Real Growth</b>	<b>*3.6%</b>	<b>1.0%</b>	<b>0.5%</b>	<b>0%</b>	<b>0%</b>	<b>1.0%</b>

\*Real growth calculated from the FY 2011 CR level of \$526 billion.

Numbers may not add due to rounding.

\*\*Average annual real growth for FY 12-16.

As Secretary Gates explained on January 6, and as discussed in Chapter 5, DoD accommodated that reduction with \$78 billion in savings and changes for FY 2012 – FY 2016.

- Efficiencies in how DoD is staffed, organized, and operated (\$54 billion).
- Restructuring and repricing the Joint Strike Fighter program (\$4 billion).
- Adjustments to economic assumptions and many other adjustments (\$14 billion).
- Reducing the size of our ground forces in FY 2015 – FY 2016 (\$6 billion).

## TAKING CARE OF PEOPLE

America has asked much of its All-Volunteer Force and the civilians who support that force. Multiple and extended deployments have taken a toll on our people and their families. As a nation, we are obligated to take care of our people to the best of our ability. From wartime force management issues, to recruiting, retention, family support, and Wounded Warrior care, we must tend to the health of the All-Volunteer Force.

The FY 2012 budget robustly supports DoD efforts to take care of its people. It continues to improve care for our wounded warriors and to sustain and enhance our Military Health System and family support programs. It also includes substantial funding to build, renovate, and sustain excellent facilities for our personnel – including added funding for DoD schools for the children of military families. See Chapter 3 for details.

## REBALANCING AND ENHANCING MILITARY CAPABILITIES

The FY 2012 budget continues progress enhancing our military capabilities and rebalancing them to create the optimal mix of capabilities needed for current operations and for future challenges. The budget reflects proposed terminations and restructurings to certain acquisition programs – continuing the scrutiny and rigorous priority-setting carried out over the last 2 years. See Chapter 4 for details.

## EFFICIENCIES AND REFORMS

Chapter 5 details how DoD is reforming how it does business. It highlights the efficiencies and new investments that Secretary Gates directed for FY 2012 – FY 2016. It explains how the Military Services identified \$100 billion in savings through changes in their organization,



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infrastructure, and weapons systems – and how the Services will invest those savings in high priority requirements that support the warfighter. The chapter also describes the \$78 billion of DoD savings used for deficit reduction.

### SUPPORTING OUR DEPLOYED TROOPS

The FY 2012 budget requests funding needed to support our deployed military and ensure continued progress in Afghanistan and Iraq. See Chapter 6 for details.

**Figure 1-3. Department of Defense Topline Since September 11<sup>th</sup> Attacks**

<i>\$ in Billions</i>	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11*	FY12*
Base	297	328	365	377	400	411	432	480	513	528	549	553
OCO	13	17	72	91	76	116	166	187	146	162	159	118
Other**	6	--	--	--	3	8	3	--	7	1	--	--
<b>Total</b>	<b>316</b>	<b>345</b>	<b>437</b>	<b>468</b>	<b>479</b>	<b>535</b>	<b>601</b>	<b>667</b>	<b>667</b>	<b>691</b>	<b>708</b>	<b>671</b>

*Numbers may not add due to rounding*

*Data is discretionary budget authority. FY 01 through FY 10 are actual levels. FY 11 and FY 12 are requests.*

*\* Budget Request*

*\*\* Non-war supplemental appropriations, e.g., funding needed in base budget for higher-than-budgeted fuel costs, Guard equipment for domestic purposes, added C-17s, and Military Personnel rate changes.*

#### *Secretary Gates on the FY 2012 Budget*

*“What is important is to have a budget baseline with a steady, sustainable, and predictable rate of growth that avoids extreme peaks and valleys in defense spending that can be enormously harmful to readiness, planning and financial management. This budget proposal is such a plan: It represents a reasonable, responsible and sustainable level of defense spending for the next five years. But only with continued reform of business practices, reductions in overhead, and smarter acquisitions can we can execute this plan and realize the savings for reinvestment without increasing risk to America’s security – or hollowing out our military. This plan represents, in my view, the minimum level of defense spending that is necessary given the complex and unpredictable array of security challenges the United States faces around the globe – global terrorist networks, rising military powers, nuclear armed rogue states, and much, much more.”*

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## 2. SECURITY CHALLENGES AND STRATEGY

In a complex and dynamic global security environment, the United States must organize, train, and equip armed forces to project power and sustain influence across a wide range of missions. Today, thousands of U.S. uniformed personnel are deployed to Afghanistan, thousands more continue to complete the military mission in Iraq, and many additional personnel are at work across the globe deterring would-be aggressors and building the capacity of like-minded countries. We must ensure that our military forces and personnel are prepared and equipped for today's demanding missions, and that tomorrow's military has the capabilities needed to deter and, if necessary, prevail against future challenges.

### Security Challenges and Strategy

- Threats and Challenges
- National Security Strategy
- U.S. Defense Strategy
- Continued Rebalancing of the Force
- Focusing on Our People

The FY 2012 budget – as well as the FY 2012 – FY 2016 defense program which it advances – reflects priorities outlined in the 2010 Quadrennial Defense Review (QDR). It supports ongoing efforts to prevail in today's conflicts, prevent and deter potential adversaries from challenging U.S. interests, prepare U.S. forces for a wide range of contingencies, and preserve and enhance the force. It also reflects major new efforts to reform how DoD does business.

### THREATS AND CHALLENGES

Disparate challenges threaten the stability and well-being of the global system upon which American and allied security relies. Accordingly, U.S. forces must be adept at confronting threats ranging from strong states, to weak states, to non-state terrorist and criminal actors. In Afghanistan and Iraq, the United States will continue to encounter determined and adaptive adversaries employing weapons ranging from roadside bombs to guided munitions. Moreover, the spread of advanced technologies will force the United States to develop new ways to project and sustain power across the globe.

In the face of global economic uncertainty, U.S. allies and partners overseas as well as families here at home are making hard choices – and so must the Department of Defense. The Department is redoubling its efforts to reduce overhead, find more efficient ways of operating, and ensure that the programs in which it is investing are both well managed and aimed at affordably providing the capabilities most needed by warfighters.

### NATIONAL SECURITY STRATEGY

America's national security strategy calls for comprehensive global engagement aimed at underpinning a just and sustainable international order. This strategic approach has its roots in the central role the United States played in the years following World War II – creating an architecture of international institutions, organizations, and standards establishing certain rights and responsibilities for all nations. This international architecture was a critical enabler of America's successful Cold War strategy against an ideological adversary, and it remains central to the maintenance of international order today.

America's ability to lead stems from the timeless resolve to support liberty, freedom, and open access to markets and ideas. The United States can only lead when others trust it to carry forward their best interests, to listen to their concerns, and to conduct itself in line with the norms and values of the international community.

Strong and versatile U.S. armed forces are a central element of U.S. strategy and foreign policy. As the President's 2010 National Security Strategy states, "The United States remains the only nation able to project and sustain large-scale military operations over extended distances. We maintain superior capabilities to deter and defeat adaptive enemies and to ensure the credibility of security partnerships that are fundamental to regional and global security."

Also fundamental to U.S. security are strong complementary tools of statecraft, most notably – diplomatic, development, economic, and intelligence tools. As has become ever clearer in recent years, the United States is safest when its tools of statecraft are employed together in support of comprehensive approaches to complex problems. There are few security challenges that can be met successfully with military force alone. Creating and sustaining a comprehensive approach remains central to securing and advancing U.S. interests at home and abroad.

### U.S. DEFENSE STRATEGY

As defined in the 2010 Quadrennial Defense Review, U.S. defense strategy supports the National Security Strategy by providing military capabilities that are appropriate to the full range of challenges confronting U.S. interests and that support other instruments of national power and influence. In order to help defend and advance our national interests, the Department of Defense balances resources and risk among four priority objectives:

- Prevail in today's wars.
- Prevent and deter conflict.
- Prepare for a wide range of contingencies.
- Preserve and enhance the All-Volunteer Force.

These priorities reflect the need for a strategic approach that can evolve and adapt in response to a changing security environment. An essential complement to these priorities is the Department's ongoing plan to reform how it does business and achieve savings that can be used to advance them.

**1. Prevail in today's wars:** We must ensure the success of our forces in the field – in Afghanistan, Iraq, and around the world. Along with our allies and partners, America has taken the lead in mounting expanded counterinsurgency operations in Afghanistan and in helping the governments of Afghanistan and Pakistan to disrupt, dismantle, and defeat Al Qaeda and eliminate its safe havens. In Iraq, years of effort have helped enable that government to take the lead in protecting its people and providing essential services. Elsewhere, U.S. forces will continue to work with partners and allies to identify and dismantle terrorist networks.

**2. Prevent and deter conflict:** America's enduring effort to advance common interests without resort to arms is a hallmark of its stewardship of the international system. Preventing the rise of threats to U.S. interests requires the integrated use of diplomacy, development, and defense, along with intelligence, law enforcement, and economic tools of statecraft, to help build the capacity of partners to maintain and promote stability. This approach also requires working closely with our allies and partners to leverage existing alliances and create conditions to advance common interests.

Our deterrent is rooted in land, air, and naval forces capable of fighting limited and large-scale conflicts against the full range of state and non-state groups in anti-access and irregular environments engaging. These forces depend on a sustainable global posture and a resilient basing infrastructure, and are enabled by cyber, space, and ballistic missile defense capabilities, as well as capabilities to counter weapons of mass destruction (WMD). This

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budget also supports maintaining strategic deterrence and stability at reduced nuclear force levels, strengthening regional deterrence and reassuring U.S. allies and partners.

**3. Prepare for a wide range of contingencies:** If deterrence fails and adversaries challenge our interests with the threat or use of force, the United States must be prepared to respond promptly and effectively. Possible contingencies include supporting a response to an attack or natural disaster at home, defeating aggression by adversary states, supporting and stabilizing fragile states facing serious internal threats, and preventing human suffering due to mass atrocities or large-scale natural disasters abroad.

**4. Preserve and enhance the All-Volunteer Force:** Years of war have significantly stressed our military personnel and their families. Given the continuing need for substantial and sustained deployments in conflict zones, DoD must do all it can to take care of its people – physically and psychologically. For too long, the health of the All-Volunteer Force, the civilian workforce that supports it, and the processes by which DoD provides needed equipment and platforms have been underemphasized. The Department has undertaken efforts to make these processes more efficient and to ensure that such urgent warfighter needs are prioritized. The prolonged wartime period since 2001 has greatly elevated their importance, and the consequences of failure have accordingly become more serious. To reflect the urgency that the DoD leadership places on these issues, they are included as core components of our policy, planning, and programming considerations.

Successfully balancing these four priority objectives requires the Department to make hard choices on the level of resources required, as well as accepting and managing risk in a way that favors success in today's wars.

### CONTINUED REBALANCING OF THE FORCE

Starting in FY 2010 and continuing into the FY 2012 budget, the Department has redirected resources away from lower-priority programs and activities so that more pressing needs could be addressed. These adjustments have, at times, required difficult trade-offs. But the Department has a pressing obligation to make the choices necessary to get the most capability from the resources available. Therefore, in order to successfully protect and advance U.S. interests, the Department is continuing to rebalance the capabilities and capacity of America's armed forces to better enable success in the following priority mission areas:

- **Defend the United States and support civil authorities at home** – by sustaining a high level of vigilance against terrorist threats and readiness to respond to the full range of potential natural disasters. The FY 2012 – FY 2016 defense program provides resources to improve our capacity for consequence management and defense support to civil authorities. with respect to domestic emergency response and domain awareness.
- **Succeed in counterinsurgency, stability, and counterterrorism operations** – by retaining the capability to conduct large-scale counterinsurgency, stability, and counterterrorism operations in a wide range of environments. Our defense program continues the expansion of essential capabilities, such as: rotary wing transport; long-dwell intelligence, surveillance, and reconnaissance (ISR) capacity; and civil affairs.
- **Build the security capacity of partner states** – by assisting allied and partner states and ensuring that U.S. forces have ample opportunities to train with and learn from counterpart forces. Our program further enhances language training, expands DoD's civilian expeditionary workforce, funds additional ministry of defense advisors and institutionalizes rotary wing aviation security force assistance capabilities in the general purpose forces.

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- ***Deter and defeat aggression*** – by maintaining a portfolio of capabilities, basing posture, and regional alliances that together are sufficient to project and sustain military force over extended distances in the face of anti-access challenges. See Chapter 4 on how the FY 2012 budget supports required capabilities for power projection, intelligence, communications, long-range strike, and more.
- ***Prevent proliferation and counter WMD*** – by maintaining and enhancing capabilities designed to detect, interdict, and contain the effects of these weapons. Our program supports efforts to better understand potential threats and to improve planning and command and control for operations to track, secure, and reduce dangerous materials.
- ***Operate effectively in space and cyberspace*** – by maintaining resilient and reliable networks that can operate in contested environments. Our program will enhance the resiliency of key space-based communications systems. To complement the establishment of U.S. Cyber Command, our program supports initiatives that will strengthen computer network defenses, enhance training for the cyber workforce, and expand science and technology efforts relating to military operations in cyberspace.
- ***Maintain the nuclear and strategic deterrent*** – by providing credible deterrence through our nuclear triad and maintaining extended deterrence and assurance to allies. The ratification and implementation of New Strategic Arms Reduction Treaty (START) will further reduce the largest potential nuclear threat to the United States. In combination with efforts in our defense program to modernize U.S. nuclear forces and upgrade our national nuclear infrastructure, the treaty provides a basis for greater stability and security in this crucial area of military competition.
- ***Enhance ballistic missile defense*** – to refocus plans and programs to counter regional threats, while strengthening U.S. homeland defense. Our program expands and accelerates the fielding of proven capabilities for theater missile defense. Additionally, the Department is developing and fielding the capabilities needed to implement its phased adaptive approach for regional missile defense.

## FOCUSING ON OUR PEOPLE

The 2010 QDR focused on areas where DoD needs to improve in order to preserve the All-Volunteer Force, civilian employees, and the broader defense industrial base. People constitute the Department's most important strategic resource. Maintaining cadres of dedicated, educated, and motivated uniformed and civilian personnel across diverse and changing skill sets is the primary means by which the Department of Defense sustains its competitive edge in the face of sophisticated potential adversaries.

Because the All-Volunteer Force is so central to U.S. defense strategy, the Department continues to focus on efforts to improve care of our Wounded Warriors, improving clarity and predictability regarding current and planned deployments, developing recruiting and retention initiatives to ensure the right size and mix of personnel, and ensuring that DoD support to military families is second to none. The Department also continues to improve the performance of the acquisition workforce, including institutionalizing rapid acquisition capabilities.

In recent months DoD has examined the need to enhance the attention paid to generating and sustaining – in DoD and more broadly – cadres of professionals in the space and cyberspace fields to help maintain U.S. advantages. As both of these domains become more contested and complex, the Department must ensure that it pursues human capital strategies that will allow it to continue to recruit and retain personnel with cutting edge knowledge and experience.

### 3. TAKING CARE OF PEOPLE

The FY 2012 budget includes robust funding to ensure that the Department of Defense can take good care of its people – military and civilian – and their families. Even in light of this country’s dire fiscal situation, this budget recognizes that America’s All-Volunteer Force is its greatest strategic asset and must have our full support.

Since wartime operations began after the September 11th attacks, our nation’s defense professionals have faced extraordinary demands. Especially difficult have been frequent and extended deployments on dangerous missions.

To help address this, DoD leaders are trying to increase the time our military people have at home station between deployments. Our planning objective for the Active Component remains 2 years at home station for every 1 year deployed. Our objective for mobilization of Guard and Reserve units remains 5 years demobilized for every 1 year mobilized.

We also must provide our Service members and their families with clarity, predictability, and confidence concerning current and planned deployments. Between deployments, we must also give our personnel sufficient time to recover and prepare.

Even though dangerous overseas deployments have made recruiting and retention more difficult, the Military Services continue to meet their goals. However, this success is partially due to the economic downturn. As the United States recovers economically, we will likely face more recruiting and retention challenges. Taking care of our military people is essential to meeting those challenges.

This chapter highlights ways in which the FY 2012 budget helps take care of our people.

#### SUSTAINING OUR ALL-VOLUNTEER MILITARY

The FY 2012 budget includes an increase of 1.6 percent for military basic pay. This proposed raise is equal to the Employment Cost Index as of September 30, 2010, as prescribed by law, and will keep military pay increases in line with those in the private sector. The budget also funds bonuses and other incentives to meet recruiting and retention quality and quantity goals – especially for our most critical skills and experience levels.

The FY 2012 base budget supports the Active Duty end strength shown in Figure 3-1. It includes funding for the significantly higher Army and Marine Corps end strength levels achieved since FY 2007 – increases that help maintain a more sustainable rotation base and ease the stress on our military members and their families.

#### Major Initiatives

- Sustaining our All-Volunteer Military
- Caring for Wounded, Ill, and Injured
- Enhancing the Military Health System
- Strengthening Military Families
- Building and Sustaining Excellent Facilities
- Supporting DoD Civilians

Figure 3-1. Active Military End Strength

End Strength – Base Budget	FY 2007 Baseline	FY 2012 Request*	Change
Army	482,400	547,400	+65,000
Navy	337,600	325,700	-11,900
Air Force	333,500	332,800	-700
Marine Corps	175,000	202,100	+27,100
<b>Total</b>	<b>1,328,500</b>	<b>1,408,000</b>	<b>+79,500</b>

\* Excludes end strength funded in OCO appropriations. The OCO component of the FY 2012 budget includes funding for 14,600 additional Active Army soldiers – a temporary wartime allowance -- to help the Army meet its commitments in Iraq and Afghanistan.

## CARING FOR WOUNDED, ILL, AND INJURED

The FY 2012 budget continues DoD’s intense focus on the care of our wounded, ill, and injured (WII) military members. The Department’s leaders are working to achieve the highest level of care and management and to standardize care among the Military Services and Federal agencies. Key initiatives include:

- Achieving a seamless transition to Veteran status for members leaving the military and superlative cooperation between the Departments of Defense and Veterans Affairs (VA).
- Ensuring a high standard for facilities caring for Wounded Warriors. Especially key are first rate hospitals as well as facilities and trained staff for the Army’s Warrior Transition Units (WTUs) – designed to ensure exemplary support for Wounded Warriors and their families.
- Enhancing case management of individuals needing care and transition to civilian life.
- Establishing an Integrated Disability Evaluation System (IDES) – to create a simpler, faster, more consistent process for determining which members may continue their military service and helping them become as independent and self-supporting as possible. To date, the IDES has been implemented in 28 locations covering over 58 percent of the eligible population. The DoD and VA have a strategic goal of moving 100 percent of eligible Service members into the IDES by FY 2012.
- Working with the VA to create Virtual Lifetime Electronic Records, a key Administration initiative, which is critical to improving veteran care and services by enhancing the availability of administrative and health information.
- Continuing investments to modernize the Department’s Electronic Health Record, in order to improve provider satisfaction, system speed, reliability, and to record all healthcare encounters from the battlefield through each phase of treatment.

The FY 2012 budget request includes \$2.3 billion for enduring WII programs (Figure 3-2). Of this amount, \$415 million provides for the continued support of cutting edge wounded, ill, and injured medical research, through both the Defense Health Program and the Defense Advanced Research Projects Agency. This research is highly focused on psychological health/Post Traumatic Stress Disorder (PTSD) and Traumatic Brain Injuries (TBI), but also includes prosthetics, vision and hearing loss, and other conditions directly relevant to the injuries our soldiers are currently receiving on the battlefield.

**Figure 3-2. Wounded, Ill, and Injured**  
(Dollars in Billions)

Program	FY 2011 Request	FY 2012 Request
Enhanced Care & Support	1.1	1.2
Traumatic Brain Injury/ Psychological Health*	1.1	1.1
<b>Enduring WII Program</b>	<b>2.2</b>	<b>2.3</b>

*Numbers may not add due to rounding*

*Source: FY 2011 & FY 2012 President’s Budget*

*\* Includes research and development*

## ENHANCING THE MILITARY HEALTH SYSTEM

The FY 2012 budget includes \$52.5 billion for the DoD Unified Medical Budget to support our Military Health System (MHS). The MHS currently has 9.6 million eligible beneficiaries, which include active military members and their families, military retirees and their families, dependent survivors, and certain eligible Reserve Component members and their families. Starting in FY 2011, the MHS will add the TRICARE Young Adult program. This program extends



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TRICARE coverage for certain dependents from age 21 (or 23, if a full-time college student) through age 25 on an at-cost premium basis, in accordance with the National Defense Authorization Act for FY 2011.

Over the past decade, U.S. health care costs have grown substantially, and MHS costs have been no exception. The MHS costs have more than doubled from \$19 billion in FY 2001 to this FY 2012 request of \$52.5 billion. As Secretary Gates stated in his May 2010 speech on defense spending, *“Health care costs are eating the Defense Department alive.”*

To address these rapidly rising costs, the Department has taken a comprehensive look at all facets of the MHS health care model – emphasizing the need to balance the number one priority of continuing to provide the highest quality care and service, while ensuring fiscally responsible management for long-term sustainment of the MHS benefit. Rather than strictly looking to cut services and increase revenues (through higher fees and co-pays), the Department seeks to better manage our health benefit in a way that improves quality and satisfaction, while more responsibly managing costs by building a shared commitment to health care.

What does this **shared commitment to health care** mean, and how do we build it? Our plan:

### **Continually improve services by investing in ideas that work and improving access:**

- Implementing Patient-Centered Medical Home model for primary care.
- Adding urgent care centers and behavioral health care providers.
- Expanding access to health information through a nationwide Nurse Advice Line and enhancements to TRICARE Online.

### **Streamline operations and business processes to avoid passing on costs:**

- Reducing overhead by sharing services and consolidating activities such as standardizing the procurement of medical supplies, equipment, and devices, which leverages the Department’s buying power.
- Improving contracts, e.g., third generation of TRICARE Contracts (T-3).
- Standardizing TRICARE payment system for future Medicare-eligible retirees within the U.S. Family Health Plan (USFHP) programs and aligning with Medicare for treatment of Sole Community Hospitals.

### **Partner with beneficiaries to build toward a more affordable, shared health benefit by promoting healthy lifestyles and modest adjustments in fees and co-pays:**

- Supporting preventative care through no cost immunizations, cancer screenings, and well-child visits.
- Continuing new programs to combat obesity, tobacco, and alcohol misuse and abuse.
- Implementing a modest increase to TRICARE Prime enrollment fees for working age retirees: \$2.50 per month for individuals and \$5.00 per month for families in FY 2012 and then indexed to Medicare inflation in future years (increases do not apply to survivors or medically retired members and their beneficiaries).
- Making small adjustments to retail and mail order pharmacy co-pays to incentivize the use of generic drugs and the most efficient source to fill prescriptions. Co-pay for prescriptions filled in retail pharmacies will increase by no more than \$3.00, while the co-pay for generic drugs filled through mail order will be eliminated. There continues to be no co-pay for prescriptions filled at military treatment facilities.

## Overview – FY 2012 Defense Budget

Even in this fiscally challenging environment, the Department understands the importance of continually improving the MHS benefit for the long-term. The FY 2012 budget recognizes this through robust military construction funding of over \$1.3 billion for the improvement and replacement of numerous MHS medical facilities, and through continued investments to modernize the Department's electronic health record systems.

With the impending completion of the National Capital Region (NCR) BRAC movements to the new Walter Reed National Military Medical Center (WRNMMC) at Bethesda, MD, and Fort Belvoir Community Hospital, VA, in FY 2011 DoD recognizes that there is more work to be done within the NCR and has fully funded the \$829 million in additional medical projects at Bethesda over the next 6 years as recommended in the Comprehensive Master Plan submitted Congress in August 2010.

### STRENGTHENING MILITARY FAMILIES

Support for military families is firmly established as a top priority for the Administration and has been personally endorsed repeatedly by the President, the First Lady, and the Vice President.

The Department remains fully committed to providing assistance to the All-Volunteer Force and their families particularly in light of the unprecedented demands that have been placed on them. The fact that families play a crucial role in supporting military members is not a new concept for family support policy makers or program developers. The family assistance programs serve a critical need in direct mission support for the mobilization and deployment of Active Duty military and the Guard and Reserve.

To that end, the Department has undertaken major initiatives to improve the quality of life of its military members and their families. Some initiatives focus primarily on the military member, while others – like child care and school programs – focus on their children and youth. Others are devoted to spouses. All are inextricably interwoven. All affect the family in total and are designed to reduce the burdens during all phases of deployment.

The Department is vigorously supporting the new commitments to military families announced by the White House on January 24, 2011. The Obama Administration is concentrating on four areas: improving psychological health resources for military families, ensuring excellence in education for children of Service members, developing career and education opportunities for military spouses and increasing the availability of child care.

The Military Services recognize the need to continue their higher investments in family assistance programs, and that is reflected in the FY 2012 DoD base budget request, which funds vital family assistance for military members and their families on more than 300 installations worldwide.

The FY 2012 budget continues to reflect the decision to shift funding for family support programs that are enduring – i.e., programs that will not disappear as combat deployments and

**Figure 3-3. Military Health Care Costs<sup>1</sup>**

(Dollars in Billions)

Program	FY 2011 Request	FY 2012 Request
Defense Health (DHP)	30.9	32.2
Military Personnel <sup>2</sup>	7.9	8.3
Military Construction <sup>2</sup>	1.0	1.3
Health Care Accrual <sup>3</sup>	10.9	10.7
<b>Unified Medical Budget</b>	<b>50.7</b>	<b>52.5</b>
Treasury Receipts for Current Medicare-Eligible Retirees <sup>4</sup>	9.4	9.9

Source: FY 2011 & FY 2012 President's Budget.

1/ Excludes OCO funds and other transfers.

2/ Funded in Military Personnel & Construction accounts.

3/ Includes health care accrual contributions into the Medicare-Eligible Retiree Health Care Fund to provide for the future health care costs of our personnel currently serving on active duty – and their family members – when they retire.

4/ Transfer receipts in the year of execution to support 2.1 million Medicare-eligible retirees and their family members.

## Overview – FY 2012 Defense Budget

war funding decline – from the OCO budget to the base budget.

The FY 2012 budget includes \$8.3 billion (Figure 3-4) for family support programs vital to the morale and well-being of our military members and their families. Key programs include:

- **Child Care and Youth Programs:** Includes funding for child care, child and youth development programs, National Guard Youth Challenge Program, and child development centers. The FY 2012 funding provides childcare spaces for over 200,000 children.
- **Morale, Welfare, and Recreation:** Includes funding for Community Support activities, recreation programs, voluntary education and tuition assistance, temporary duty lodging, and revenue generating programs.
- **Warfighter & Family Services:** Includes funding for Family Support Centers and for counseling support services for Active Duty, National Guard, and Reserve members and their families.
- **Commissary:** Operations are appropriated with the Defense Commissary Agency (DeCA) Working Capital Fund. The DeCA operates 250 stores at military installations around the world and employ a workforce that consists of over 14,700 civilian full-time equivalents.
- **Department of Defense Education Activity (DoDEA) Schools:** FY 2012 budget supports the education of 94,503 students in 124 schools in 12 countries and 33,779 students in 70 schools in 7 states, Puerto Rico, and Guam.
- **Spouse Employment:** Funds tuition assistance and intern programs to support military spouses' employment opportunities, with full funding for the My Career Advancement Account (MyCAA) Program (\$190 million) and funds to support the Military Spouse Federal Intern Program to assist in securing positions in other Federal agencies (\$17 million).

**Figure 3-4. Military Family Support Programs**

*(Dollars in Billions, Base Budget only)*

Program	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Child Care and Youth Programs	1.1	1.1	1.2
Morale, Welfare and Recreation	1.7	1.8	1.6
Warfighter and Family Services	1.2	1.5	1.5
Commissary	1.3	1.3	1.4
DoDEA Schools	2.1	2.3	2.4
Military Spouse Employment	0.2	0.1	0.2
<b>Total – Family Support Programs*</b>	<b>7.6</b>	<b>8.1</b>	<b>8.3</b>

*Numbers may not add due to rounding*

### Upgrading DoDEA Schools

The FY 2012 budget continues the Department's efforts to replace and recapitalize DoD schools in poor and failing condition. In FY 2012, the Military Construction investment for DoDEA is \$550 million, which will replace and modernize 15 schools at: Fort Benning, GA; Fort Knox, KY; Hanscom Air Force Base, MA; Fort Bragg, NC; New River, NC; Dahlgren, VA; Germany (5); Italy; Japan (2); and the United Kingdom.

## BUILDING AND SUSTAINING EXCELLENT FACILITIES

Caring for our military people, their families, and the facilities in which they work and live is a high priority for the Department. Accordingly, the FY 2012 budget funds critical military construction and family housing requirements. The FY 2012 Military Construction (MilCon) investment funding is significantly less than the past 4 years due to peak investments in Base Realignment and Closure (BRAC), Global Defense Posture, and Grow the Force initiatives during those years (Figure 3-5). The FY 2012 budget:

- **Military Construction (\$12.5 billion):** Includes funds to modernize DoD facilities to support U.S. military and their families. Includes construction to support the beddown of new weapons systems, e.g., the F-35, F-22, MH-60, MV-22, E-2D, and P-8A and the recapitalization of aging facilities (worst first), to include schools, dorms/barracks and medical facilities.
- **BRAC:** Funds environmental and caretaker costs for property not yet conveyed in prior rounds and BRAC 2005.
- **Family Housing:** Funds construction, improvements, operation and maintenance of government-owned family housing worldwide, providing quality, affordable housing to U.S. military and their families.

**Figure 3-5. MilCon and Family Housing**

*(Dollars in Billions)*

Base Budget	FY 2010 Actual	FY 2011 Request	FY 2012 Request
MilCon (no BRAC)	12.6	14.2	12.5
BRAC	7.9	2.7	0.6
Family Housing	2.3	1.8	1.7
<b>MilCon-VA Bill*</b>	<b>22.8</b>	<b>18.7</b>	<b>14.8</b>

*Numbers may not add due to rounding*

*\*The Military Construction and Family Housing titles are appropriated as part of each year's Military Construction and Veterans Affairs Appropriations Act*

## SUPPORTING DOD CIVILIANS

The FY 2012 budget supports the DoD civilian workforce, which is vital to DoD operations and to the success of America's armed forces. Our budgets and policies will continue to enable our civilian workforce to excel in its critical role. The budget reflects the government-wide freeze on civilian salaries in calendar years 2011 and 2012.

As part of the drive to reduce overhead and increase productivity, this budget reflects many efficiency initiatives that impact DoD civilians. DoD is assessing civilian staffing levels to ensure the right workforce level and skill set distribution to support our warfighting mission. Actions may include temporary suspension of recruitment actions to allow Components to more fully assess the impact of mission set changes and the introduction of process efficiencies on their workforce composition. DoD intends to hold the civilian workforce at FY 2010 budgeted levels. This action does not apply to our ongoing acquisition workforce improvement strategy to hire about 10,000 new DoD acquisition civilians by 2015, as measured from FY 2008 levels. The action may impact our continuing conversion of contractor filled positions to new DoD civilians (includes 3,000 acquisition positions so far). However, DoD will continue to ensure that inherently Governmental functions are performed by career federal employees. DoD continues to support its civilian workforce through numerous other actions, including:

- Increasing opportunities for flexible work schedules and working from home.
- Supporting leadership development, education, training, and employee wellness.
- Creating challenging job opportunities both abroad and in the United States.
- Budgeting for strong support of DoD civilians deployed in support of combat operations.

## 4. REBALANCING AND ENHANCING MILITARY CAPABILITIES

This chapter highlights DoD efforts to enhance U.S. military capabilities and achieve optimal balance between those needed for current operations and those needed for future challenges. It illustrates the rigorous setting of priorities by DoD leaders to ensure the most “bang for the buck” – the best security payoff for every taxpayer dollar invested.

Our U.S. forces need the right mix of weapons and systems to deal with the span of threats we will likely face. The goal of our acquisition programs should be to develop a portfolio – a mixture of capabilities whose flexibility allows us to respond to a full spectrum of contingencies.

### Major Initiatives

- Buying the Right Capabilities
- Proposed Terminations and Restructurings for FY 2012
- Rebalancing for Current Operations
- Enhancing Capabilities to Meet Future Challenges
- Missile Defense
- Reserve Components

### BUYING THE RIGHT CAPABILITIES

During the last 2 years, President Obama and Secretary Gates have acted decisively to change what weapons and systems DoD buys, and how DoD acquires them. The aim has been to end troubled programs and to achieve a better balance between capabilities needed to succeed in current or most likely conflicts and capabilities needed to prepare long-term for possible future conflicts.

#### FY 2010 budget terminations/changes

The President’s FY 2010 budget request reflected the termination of eight major programs and the restructuring of numerous others. Major terminations included F-22 fighter production, Transformational Satellite, Combat Search and Rescue Helicopter, VH-71 Presidential Helicopter, Multiple Kill Vehicle, and Kinetic Energy Interceptor. Additionally, the Army’s Future Combat Systems (FCS) program was restructured. The FY 2010 terminations and restructurings – along with business process efficiencies – produced savings that were reinvested in programs most needed by current and future warfighters.

These and subsequent terminations and restructurings do not necessarily diminish the importance of the missions affected. Usually the missions are still critical, but a new approach is needed. For example, we still need a highly capable Presidential Helicopter, so we have been validating requirements and developing a new program to replace the terminated VH-71 program.

#### FY 2011 budget terminations/changes

The FY 2011 budget request built on the previous year’s program changes. Secretary Gates proposed to end production for or terminate several programs primarily because they are unneeded including: C-17 procurement, a second Joint Strike Fighter engine, Large Cruiser CG(X), Navy Intelligence Aircraft EP(X), and Third Generation Infrared Surveillance (3GIRS). The budget also ended programs primarily because of poor performance – i.e., insufficient results or promise of results for the money spent or needed. These poor performing programs included: the Defense Integrated Military Human Resources System (DIMHRS) and the Net Enabled Command and Control (NECC) program.

### Principles guiding what DoD buys

The terminations and restructurings in the FY 2010 and FY 2011 budgets, and new ones now proposed, reflect the application of five principles that Secretary Gates has used in evaluating DoD programs. The five principles:

- 1. Emphasize proven technologies:** We should consider halting or delaying production on systems that rely on as-yet unproven technologies, while continuing to produce and, as necessary, upgrade systems that we know work and that are the best at what they do (best in class).
- 2. Seek joint, not single Service solutions:** Where different modernization programs within the Military Services exist to counter roughly the same threat, or accomplish roughly the same mission, we must look more to programs that will serve all the Services.
- 3. Incorporate combat experience:** Our DoD leaders must determine if modernization programs have sufficiently incorporated the experiences of combat operations since the September 11th terrorist attacks. This is particularly important to the ground forces, which will remain in the lead for irregular and hybrid campaigns of the future.
- 4. Beware the exquisite solution:** The Department must shift away from seeking 99 percent “exquisite” systems – especially Service-centric systems. Such exquisite solutions usually are so costly and complex that they take too long to develop and build, then can be deployed only in very limited quantities because of their exorbitant cost. With the fast pace of technological and geopolitical change, and the range of contingencies, we must look more to the 80 percent multi-Service solution that can be produced on time, on budget, and in sufficient numbers.
- 5. Seek better balance and maximum flexibility:** The U.S. military faces a more complex future, where conflicts will range across a broad spectrum of operations and lethality. Adversaries large and small will use irregular or asymmetric tactics that target our traditional military strengths, and where non-state actors like terrorist organizations may have weapons of mass destruction or sophisticated missiles. This kind of warfare will require capabilities with the maximum possible flexibility to deal with the widest possible range of conflict.

### PROPOSED TERMINATIONS AND RESTRUCTURINGS FOR FY 2012

This year, the Department’s major efficiencies included termination of several programs including procurement of the Army’s Surface-Launched Advanced Medium-Range Air-to-Air Missile (SLAMRAAM), the Non Line of Sight Launch System (NLOS-LS), plus the Marine Corps’ Expeditionary Fighting Vehicle (EFV). The Army terminated SLAMRAAM procurement and the NLOS-LS program because it judged their promised capabilities to be non-essential, especially in view of their likely cost. The Army is reinvesting the savings into higher priority programs focused on the most probable threats. EFV termination is discussed below, as is the DoD plan to restructure the Joint Strike Fighter program and increase F/A-18 production.

#### Expeditionary Fighting Vehicle

Based on the recommendation of the Secretary of the Navy and the Commandant of the Marine Corps, Secretary Gates proposes to cancel the EFV. The rationale, summarized below, is especially illustrative of the Secretary’s reform agenda.

The EFV’s demanding requirements has resulted in an 80,000 pound armored vehicle that skims the surface of the ocean for long distances at high speeds before transitioning to combat operations on land. Meeting these demands has over the years led to significant technology problems, development delays, and cost increases. The EFV has already consumed more than \$3 billion to develop and will cost another \$12 billion to build – all for a fleet with the capacity to

## Overview – FY 2012 Defense Budget

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put 4,000 troops ashore. If fully executed, the EFV – which costs far more to operate and maintain than its predecessor – would essentially consume the Marine Corps' entire vehicle budget and most of its total procurement budget for the foreseeable future.

If pursued to completion without regard to time or cost, the EFV would be a capable vehicle. However, recent analysis by the Navy and Marine Corps suggests that most plausible scenarios requiring power projection from the sea could be handled through a mix of existing air and sea systems employed in new ways along with new vehicles – scenarios that do not require the exquisite features of the EFV. As with several other high end programs cancelled in recent years, the mounting cost of acquiring this specialized capability must be judged against other priorities and needs.

This decision does not call into question the Marine Corps amphibious assault mission. Indeed, DoD will fund development of a more affordable and sustainable amphibious tractor to provide the Marines a ship-to-shore capability for the future. Proposed funding also will upgrade the existing amphibious vehicle fleet with new engines, electronics, and armaments to ensure that the Marines will be able to conduct ship-to-shore missions until the next generation of systems are brought on line.

### Joint Strike Fighter Restructuring and Increased F/A-18 Production

The FY 2012 budget reflects the restructuring of the F-35 Joint Strike Fighter (JSF) development and production programs. The Department has adjusted the F-35 procurement profile based on an extended System Development and Demonstration (SDD) schedule and to give time for production processes to mature adequately.

This is DoD's largest acquisition program, with the procurement of over 2,400 aircraft for the U.S. Services and over 700 aircraft for the eight international partners. The U.S. Services are re-evaluating their Initial Operational Capability (IOC) dates based on the new SDD schedule and production profiles. The restructuring proposes to:

- Cut planned procurement for FY 2012 – FY 2016 by 124 aircraft, from 449 planned in the FY 2011 budget plan to 325 in this FY 2012 request. (This cut was key to achieving net savings of \$4 billion for FY 2012 – FY 2016.)
- Add over \$4 billion to SDD. These funds are required to account for additional Development Testing (DT) and a more realistic cost estimate to complete SDD. The DT phase of SDD should be completed in FY 2016 with a follow-on Operational Test (OT) phase.
- Hold F-35 procurement in FY 2012 at the expected FY 2011 level: 32 U.S. aircraft. (FY 2011 request was for 42 F-35s in base budget and 1 in OCO request, but some of its actions suggest that Congress will fund no more than 32 F-35s.)
- Beginning in FY 2013, ramp up production by a factor of approximately 1.5 per year, in accordance with the recommendations of the Manufacturing Review Team. The 1.5 factor balances development and concurrency risk while leaving room for international partner and foreign military sales procurement.
- Put the Short Take-Off and Vertical Landing (STOLV) model on a 2-year “probation” by holding its production rate to 6 in FY 2012 and FY 2013 to allow the SDD program to resolve STOLV unique technical issues. At the end of the “probation” period, DoD leaders will make an informed decision on how to proceed with STOLV.
- Assume modest price savings for procurement based on recent cost-reduction experience.
- Increase procurement of F/A-18s by 41 aircraft (FY 2012 – FY 2014) to compensate JSF delays.

## Overview – FY 2012 Defense Budget

### Figure 4-1. Major Tactical Aircraft

(Dollars in Billions)

Program Base Budget	FY 2010 Actual	FY 10 Qty	FY 2011 Request	FY 11 Qty	FY 2012 Request	FY 12 Qty
F-35	10.7	30	11.0	42	9.4	32
F/A-18E/F	2.2	18	2.4	22	3.1	28
E/A-18G	1.7	22	1.1	12	1.1	12
Other	1.1	–	1.4	–	1.2	–
<b>Total</b>	<b>15.7</b>	<b>70</b>	<b>15.9</b>	<b>76</b>	<b>14.9</b>	<b>72</b>

Includes base budget Procurement and RDT&E

Numbers may not add due to rounding

Secretary Gates opposes funding for a second engine for the Joint Strike Fighter program. Last December Congress passed yet another Continuing Resolution to keep the Government operating through March 4, 2011. As a result of this stopgap action and looming funding shortfalls, the Department continues to assess the best way to proceed in FY 2011 with this particular issue and its many other competing interests.

## REBALANCING FOR CURRENT OPERATIONS

This section highlights FY 2012 budget programs that are especially important for enhancing military capabilities needed for current conflicts and missions.

### ISR and UAS Capabilities

The FY 2012 budget continues intense efforts to enhance Intelligence, Surveillance, and Reconnaissance (ISR) capabilities – which are critical to our deployed forces. Particularly important is ongoing strong funding for unmanned aircraft systems (UAS). Our UAS complement space and other airborne ISR collectors during peacetime, crisis, and warfighting scenarios. (While UAS are mostly for ISR support, some have expanded their missions to include strike, force protection, and signals collection.)

The FY 2012 base budget includes \$4.8 billion to develop and procure UAS. The budget supports three UAS categories:

- Global Hawk Class (RQ-4): The Air Force RQ-4 is similar to the U-2 in mission and design – providing high-altitude, near-real-time, high-resolution ISR imagery. The RQ-4 can survey large geographic areas with pinpoint accuracy over land and water. The Broad Area Maritime Surveillance (BAMS) system is a maritime variant of Global Hawk.
- Predator Class (MQ-1/9): These UAS operate over-the-horizon at medium altitude for long endurance. The MQ-1 (Predator for USAF and SOCOM, Gray Eagle for Army) has a primary mission of reconnaissance against perishable targets. The MQ-9 Reaper (USAF and SOCOM) has a hunter-killer primary mission.
- Other: These are less-expensive low altitude systems – including some available to front-line commanders at battalion level or lower.

The new budget supports the achievement of 65 Predator-Class Combat Air Patrols (CAPs)/orbits by the end of FY 2013. (CAPs are the best measure of DoD's ongoing increase in ISR capabilities.) The budget also supports sustainment of maximum production for Predator-Class UAS.



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### Figure 4-2. Funding and Quantities for UAS

(Base budget ,dollars in Billions)

Program Base Budget	FY 2010 Enacted	FY 10 Qty	FY 2011 Request	FY11 Qty	FY 2012 Request	FY12 Qty
Global Hawk/BAMS (RQ-4)	1.7	6	2.0	4	1.7	3
Predator-Class (MQ-1/9)	1.6	48	2.4	62	2.5	84
Other, smaller UAS	1.2	1491	0.7	393	0.6	1308
Total UAS programs	4.5	1545	5.1	459	4.8	1395

*Includes modifications, spares, and RDT&E funding. Excludes OCO funding. Numbers may not add due to rounding*

The Department also is strengthening its ISR capabilities by acquiring more MC-12 aircraft – a four-person, twin-engine propeller plane. Since 2009, Secretary Gates has been working to field more of these aircraft, which have produced valuable battlefield intelligence in Iraq and Afghanistan. In this budget, Army is using some of its savings from efficiencies to procure and sustain more MC-12s – adding over \$0.3 billion for 12 aircraft in FY 2012. The Air Force also supports the ISR mission with its variant of the MC-12.

In addition to this base budget funding, the FY 2012 Overseas Contingency Operations (OCO) budget includes nearly \$1 billion for Secretary Gates’s ISR Task Force. See Chapter 6.

### Improved Cyber Capabilities

The FY 2012 budget supports strong efforts to improve our cyber capabilities – e.g., it will:

- Continue to strengthen the new U.S. Cyber Command (CYBERCOM), which became operational in May 2010 as a sub-unified command subordinate to the U.S. Strategic Command. The CYBERCOM plans, coordinates, integrates, synchronizes and conducts activities to direct the operations and defense of the Global Information Grid and, when directed, attack adversaries in and through cyberspace to enable actions in all domains, to ensure U.S./allied freedom of action in cyberspace, and to deny the same to our adversaries. The FY 2012 request includes \$0.5 billion that, during FY 2012 – FY 2016, will finance the planning and design, construction, and outfitting of the Joint Operations Center for CYBERCOM at Fort Meade.
- Add \$0.5 billion in FY 2012 RDT&E funding for Defense Advanced Research Projects Agency (DARPA) to invest in cyber technologies.
- Increase funding to the Defense Information Systems Agency (DISA) for cyber identity, monitoring and enforcement.
- Increase funding for the training of cyber analysts, for improving Global Information Grid-wide situational awareness, for developing pilot programs for supply chain risk management, and for improving intrusion detection and analysis.

### Helicopter Recapitalization

The FY 2012 budget includes more than \$10 billion to modernize our rotary wing aircraft, which continue to be essential to U.S. operations around the globe. Highlights include:

- Army: Continued multiyear procurement of Chinook CH-47s and Blackhawk UH-60s. Funding is also ramping up for a more advanced Apache AH-64 attack helicopter.
- Navy/USMC: Continued multiyear procurement of MH-60R, MH-60S and MV-22 Osprey. Continued acquisition of H-1 upgrades, and CH-53K aircraft. Funding also is ramping up for

## Overview – FY 2012 Defense Budget

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development of a replacement presidential helicopter.

- Air Force: Continued multiyear procurement of CV-22 Osprey, beginning recapitalization of the HH-60 fleet, and development of a future search and rescue helicopter.

The Department also is continuing the Helicopter Survivability Task Force effort to field as quickly as possible modifications to improve survivability of aircraft involved in overseas contingency operations. The Department is also pursuing efforts to define a joint approach for future vertical lift development for all Services.

### Chemical Biological Defense

The FY 2012 budget includes \$1.5 billion for the Chemical and Biological Defense Program (CBDP). This program is a key part of a comprehensive national strategy to prevent, protect and respond to emerging 21st Century threats posed by an ever evolving spectrum of chemical and biological agents, and radiological and nuclear (CBRN) challenges. The program includes measures to better understand potential threats, secure and reduce dangerous materials whenever possible, prevent potential attacks, and develop a layered, integrated defense against CBRN threats.

Significant efforts include:

- New vaccines, therapeutics, and diagnostics.
- New technologies and capabilities to develop and manufacture medical countermeasures.
- Pro-active responses to global infectious disease threats through advanced diagnostics and disease surveillance
- Capabilities and technologies to prevent, protect and respond to current and emergent CBRN threats.
- Dual use capabilities for our warfighters and the Nation.

## ENHANCING CAPABILITIES TO MEET FUTURE CHALLENGES

Formulating the FY 2012 budget, DoD leaders sought to balance capabilities vital to current operations – highlighted previously – and capabilities especially critical to preparing for future challenges – highlighted in this section.

### Nuclear Deterrence and Infrastructure

The FY 2012 budget and our outyear plans include strong funding to ensure our nuclear posture covers the broad spectrum of deterrence and strategic stability as we implement New START, ratified by the Senate in December 2010.

We are robustly funding all parts of our nuclear triad – consisting of aircraft, ballistic missile submarines (SSBNs), and land-based ballistic missiles. We continue to modernize these U.S. nuclear forces with programs that include: initiation of a new bomber program, upgrades to the B-2A and B-52H bombers, continuation of life extension programs to our nuclear weapons, upgrades to our intercontinental and submarine-launched ballistic missiles, continuation of the research and development program that will result in the acquisition of the next generation of SSBNs (OHIO Replacement), and addressing options for maintaining the capabilities of a long range standoff weapon.

Additionally, DoD is strongly supporting ongoing efforts to upgrade our nuclear components and national nuclear infrastructure maintained by the Department of Energy's National Nuclear

## Overview – FY 2012 Defense Budget

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Security Administration (NNSA) to ensure that our smaller nuclear arsenal under New START remains safe, reliable, and secure.

### Long-Range Strike: Family of Systems

The FY 2012 budget supports a Long-Range Strike family of systems, which must be a high priority for future defense investment given the anti-access challenges our military faces.

A key component of this joint portfolio will be a new Air Force bomber. It will be designed and developed using proven technologies, an approach that should make it possible to deliver this capability on schedule and in quantity. It is important that we begin this project now to ensure that a new bomber can be ready to meet future threats. The bomber will be long-range, nuclear-capable, able to penetrate hostile airspace, and have the option of being piloted remotely.

The Department continues to study and fund other options for long-range strike missions, e.g., the FY 2012 budget funds Conventional Prompt Global Strike (CPGS). The CPGS program is critical because existing non-nuclear strike capabilities cannot meet our current requirements for promptly engaging targets at global ranges. The CPGS capabilities would allow U.S. forces to neutralize high-value, time-urgent targets in distant or heavily defended regions.

DoD is supporting these long-range strike initiatives with related efforts to: Invest in new ISR systems, modernize the B-2 bomber to improve its survivability, expand inventories of standoff cruise missiles, and enhance survivable communications and electronic warfare systems.

### Army Modernization

The Army's modernization plan takes into account nearly a decade of persistent conflict, the uncertain operational environment, the increasing cost of labor and material, and constrained funding. This plan ensures that Army equipment is adaptable, expansible, interoperable and protects soldiers. Highlights include:

- Modernizing the Army's helicopter fleet with enhancements like a digitized cockpit, new engines for improved lift and range, and an advanced flight control system.
- Modernizing our Combat Vehicles to include: development efforts for the Ground Combat Vehicle and a replacement to the M113 Family of Vehicles; procuring Nuclear, Biological, Chemical Reconnaissance Stryker Vehicles; upgrading the engine and armor on the Abrams tank; and improving the lethality, survivability, and sustainability of the Bradley Fighting Vehicle.
- Fielding of the Army's new tactical communications network down to the soldier level.
- Funding the equipment for a 13th Combat Aviation Brigade.
- Procuring PAC-3 air defense missiles and upgrading Stinger missiles with enhanced lethality and range.

This modernization strategy will emphasize capabilities that Network the Force, Deter and Defeat Hybrid threats, and Protect and Empower our Soldiers. These systems will support full spectrum operations for both today and tomorrow.

### Shipbuilding

The FY 2012 budget includes \$24.6 billion – which includes new ship research and development, construction, refueling, and overhaul – to support a realistic, executable shipbuilding portfolio. It funds the capabilities necessary to provide the global reach; persistent presence; and strategic, operational, and tactical effects expected of our Maritime forces. It

## Overview – FY 2012 Defense Budget

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balances the capabilities needed, affordability, and industrial base stability. The FY 2012 budget includes \$19.9 billion in Procurement funding and \$4.7 billion in RDT&E funding.

The budget supports procurement of 11 ships in FY 2012, and 56 ships for FY 2012 – FY 2016, averaging 11 ships per year over 5 years (excluding oceanographic ships). As part of the FY 2012 total, the Army will procure one Joint High Speed Vessel (JHSV) in FY 2012, which is the last of 5 Army JHSVs.

The FY 2012 budget would allow the Department to:

- Build one DDG 51 destroyer, two Virginia class submarines, four of the Littoral Combat Ship (LCS), the last LPD-17 Amphibious Transport Dock ship, two JHSVs (one Army funded and one Navy funded), and one Mobile Landing Platform (MLP).
- Fund Advance Procurement for the CVN 79 aircraft carrier, Virginia class submarines, and the FY 2013 DDG 51 class destroyer.

### KC(X) Tanker

The Department continues toward award of a contract to acquire 179 new KC-X aerial refueling tankers. The 179 KC-Xs, which would be procured at a maximum rate of 15 aircraft per year, would replace about 1/3 of the current tanker fleet. The current fleet, consisting of 415 KC-135s and 59 KC-10s, averages 48 years of age and presents operational risks due to its lack of defensive systems, night vision, advanced communications networks, receiver capabilities and its limited probe refueling. The FY 2012 budget includes \$0.9 billion to support tanker acquisition. Estimated total value of the 179-aircraft KC-X program is \$35 billion.

### Space Programs

The FY 2012 budget includes \$10.2 billion for the DoD Space Program to maintain U.S. supremacy in space – providing communications, navigation, missile warning, and environmental monitoring capabilities. This includes nearly \$0.5 billion to develop spacecraft and sensors for the Defense Weather Satellite System (DWSS). The budget also supports the Obama Administration's restructured strategy for the National Polar-orbiting Operational Environmental Satellite System (NPOESS) involving three agencies: DoD, Department of Commerce, and NASA.

This year the Department is proposing a new approach for acquiring space systems: Evolutionary Acquisition for Space Efficiency (EASE). The EASE strategy will improve our acquisition processes to drive down costs, improve stability to the fragile space industrial base, and invest in technology that will lower risk for future programs. Major tenets of this new approach include block buys of satellites, fixed price contracting, stable RDT&E investment, and full funding through advance appropriations. The Department plans to avoid costly production breaks and greatly reduce non-recurring engineering costs. It will apply EASE to the next blocks of two satellite programs – Advanced Extremely High Frequency (AEHF) in FY 2012 and Space Based Infrared System (SBIRS) in FY 2013.

### Science and Technology (S&T)

The FY 2012 budget includes robust funding (\$12.2 billion) for S&T programs. To enable our forces to sustain their technological superiority, the DoD plans for FY 2012 – FY 2016 enforce Secretary Gates's direction to fund 2% real growth in Basic Research (Budget Function 6.1) and maintains stable funding in the rest of S&T (Functions 6.2 and 6.3). In real terms, the FY 2012 S&T budget request is almost 25 percent higher than the FY 2000 request.

The mission of the Science and Technology (S&T) Program is to discover new scientific

## Overview – FY 2012 Defense Budget

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knowledge and invest in technologies that support development of priority warfighting capabilities for ongoing efforts to combat terrorism and counter new security threats, i.e. irregular warfare.

The FY 2012 S&T budget builds on priorities reflected in President Obama’s previous two DoD requests. It funds diverse areas such as reducing time from data collection to decision; engineering sciences; cyber security; autonomy; human systems; electronic warfare/electronic protection, and within cross-cutting areas of science, technology, engineering and mathematics (STEM).

### Figure 4-3. Science and Technology (S&T) Program

(Dollars in Billions)

Program Base Budget	FY 2010 Enacted	FY 2011 Request	FY 2012 Request	FY11–12 Change
Basic Research (6.1)	1.8	2.0	2.1	+0.1
Applied Research (6.2)	5.0	4.5	4.7	+0.2
Advanced Technology Development (6.3)	6.5	5.3	5.5	+0.1
<b>Total</b>	<b>13.3</b>	<b>11.8</b>	<b>12.2</b>	<b>+0.4</b>

*Numbers may not add due to rounding.*

## MISSILE DEFENSE

The FY 2012 budget supports the following policy priorities: defend the Homeland against limited ballistic missile attacks; defend against regional missile threats to U.S. forces, allies and partners; rigorously test new capabilities before they are deployed; develop new capabilities that are fiscally sustainable; field missile defenses that are adaptable and flexible to adjust to future threats; and expand our international efforts.

The budget balances capabilities and risks to deter aggression, project power, protect U.S. and allied interests, respond to war fighter requirements, and pursue cost- and operationally-effective capabilities to hedge against future threat uncertainties. This budget includes funding to maintain and improve our current homeland ballistic missile defense capabilities.

In addition, the budget continues to align capabilities and programs with the Administration’s phased adaptive approach to regional ballistic missile defense (BMD). This has resulted in increased investment and focus on regional BMD capabilities that can defend against existing short- and medium-range ballistic missiles threats. This approach puts in place missile defenses, including sensors, interceptors, and command and control systems, that are tailored to individual regions and allows opportunities for international cooperation.

As an example of this cooperation, NATO Allies have agreed to pursue a territorial missile defense capability to protect NATO European populations and territories. The European Phased Adaptive Approach (EPAA) will become the U.S. contribution to the Alliance’s territorial missile defense capability.

To advance the Administration’s BMD approach, the FY 2012 budget includes \$10.7 billion for BMD programs – including \$8.6 billion for the Missile Defense Agency. This funding includes an additional \$0.8 billion to increase the number of AN/TPY2 radars available for regional deployment, expands the flight test program to ensure that our missile defenses are proven, procures additional ground-based interceptors for a total of 52, and develops hedge capabilities against potential growth in the threat from ballistic missiles.

## RESERVE COMPONENTS

The National Guard and Reserve provide forces that can be used on a regular basis, while ensuring strategic depth in the event of mid- to large-scale contingencies or other unanticipated national crises when they are not being employed. Reserve Component (RC) forces:

- Provide vital capabilities for meeting national defense objectives.
- Augment and reinforce the Active Component appropriately.
- Reduce stress on the Total Force.
- Preserve RC readiness gains made over the last decade as an integrated operational force.

Reserve Component units and individuals are heavily utilized across the full spectrum of current military operations – ranging from combat in support of OCO missions to homeland emergencies – and have demonstrated their readiness and importance. The Reserve Components add significant cost-effective value to the all-volunteer force and must continue to be able to serve in an operational capacity – available, trained, and equipped for predictable routine deployments – as well as in a strategic capacity. Preventing and deterring conflict will likely necessitate the continued use of RC elements to protect and serve the Total Force.

The Department will use the Guard and Reserve where needed as a vital part of the operational force, and where it makes sense as a force of first choice. Today’s Citizen Warriors have made a conscious decision to serve, with full knowledge that their decisions mean periodic recalls to active duty under arduous and hazardous conditions.

The FY 2012 budget supports (Figure 4-4) the National Defense Strategy and will enable our Reserve Component to continue to fulfill its vital National Security role. The Department’s Ready Reserve totaling about 1.1 million members contributes 43% of total military end strength (Figure 4-5) at a cost of 9% of the total base budget. (Active end strength is 1.4 million.) In approximate numbers, the Ready Reserve currently consists of:

- Selected Reserve – 847,100.
- Individual Ready Reserve – 250,000.
- Inactive National Guard – 2,000.

**Figure 4-4. Reserve Component Funding**

(Dollars in Billions)

Program (Base Budget)	FY 2011 Request	FY 2012 Request
Army Reserve	9.4	9.2
Navy Reserve	3.7	3.7
Marine Corps Reserve	1.1	1.1
Air Force Reserve	5.3	5.4
Army National Guard	19.9	20.1
Air National Guard	10.3	10.0
<i>Subtotal Reserve</i>	19.5	19.3
<i>Subtotal National Guard</i>	30.2	30.2
<b>Total</b>	<b>49.6</b>	<b>49.5</b>

Numbers may not add due to rounding

**Figure 4-5. Reserve Component End Strength**

(E/S in Thousands)

Selected Reserve	FY 2011 Authorized	FY 2012 Request
Army Reserve	205.0	205.0
Navy Reserve	65.5	66.2
Marine Corps Reserve	39.6	39.6
Air Force Reserve	71.2	71.4
Army National Guard	358.2	358.2
Air National Guard	106.7	106.7
<b>Total</b>	<b>846.2</b>	<b>847.1</b>

Numbers may not add due to rounding

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Since the September 11<sup>th</sup> terrorist attacks, nearly 800,000 Reserve Component members have been mobilized/served on active duty in support of Operations Noble Eagle, Enduring Freedom, Iraqi Freedom, and New Dawn.

As the Services refine their rotational readiness models, units will receive notification of upcoming missions up to 2 years in advance. Innovative force generation models have streamlined the mobilization, pre-deployment training, and post deployment processes to better support RC units and Service members. The FY 2012 budget supports preparation of both units and individuals to participate in missions, across the full spectrum of military operations, in a cyclic or periodic manner that provides predictability for the combatant commands, the Services, service members, their families and civilian employers, while increasing DoD's capacity and ability to expand and contract forces at a reduced cost. The RC must be ready, manned, trained, medically prepared, and equipped when their scheduled availability comes up, and must be funded accordingly.

### **Equipping and Basing Operational Reserve Forces**

The FY 2012 budget requests \$4.8 billion for RC equipment procurement funded by the Military Services as a subset of their procurement budget. Reserve Components and their assigned units should expect at a minimum to have access to enough modern equipment to train at home station, deploy for contingency/crisis response, and react to domestic consequence management events. Additionally, access to modern equipment will provide more opportunity for operational use in non-contingency deployments as needed. Support of Critical Dual Use (CDU) equipment (those items that are essential for both domestic and warfighting missions) will ensure the Nation's RCs can always answer the call.

The FY 2012 RC budget includes \$1.2 billion for military construction to meet both current and new mission requirements for RC operations, readiness, and training facilities. The budget also funds sustainment, which is essential to maintaining facilities at a level that supports readiness and preserves the substantial investment the country has made in infrastructure.

### **Family Support of the Guard and Reserve**

The budget strongly supports RC families. Of particular interest are outreach efforts for National Guard and Reserve families who are geographically dispersed across the United States. This outreach provides a robust family support component during the entire deployment cycle. The Yellow Ribbon Reintegration Program and other programs are adequately funded and essential to taking good care of our RC members and their families.

### **Homeland Defense and Civil Support**

The FY 2012 budget continues requisite support for the National Guard and Reserve's critical role in mitigation of potential disasters, from terrorist attacks to domestic emergencies – demonstrating that civil authorities continue to rely upon the Department for support in times of crisis. Local and community-oriented units in every state, territory, and region from the National Guard and Reserve are uniquely positioned to make a substantive contribution to Homeland Defense and Civil Support missions. The Department continues to work with the Department of Homeland Security and other Federal agencies, various state governors, and others to define specific military requirements. The budget request funds the Air National Guard CONUS Air Sovereignty missions, Civil Support Teams, and a total of ten HRF (Homeland Response Forces), one in each of the ten FEMA regions. Two HRFs were established in FY 2011, and the final eight are scheduled to be operationally ready by the end of FY 2012.

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## 5. EFFICIENCIES AND REFORMS

As detailed in this chapter, Secretary Gates has proposed \$178 billion in savings and changes, which are reflected in the FY 2012 budget. The Military Services were allowed to keep their savings of \$100 billion and invest them in high priority requirements. The other \$78 billion was essentially used for deficit reduction, because DoD used those savings to accommodate a topline reduction of \$78 billion for FY 2012 – FY 2016.

### Major Initiatives

- Efficiencies and Investment Initiatives – FY 2012 Budget Plans
- Reforming Defense Acquisition
- Improving Financial Management
- Improving Contingency Contracting

The FY 2012 budget continues the reform agenda advanced by Secretary Gates in the previous two budgets, but with greater emphasis on changing how DoD does business:

- FY 2010 Budget: Focused on weapons programs, e.g., terminating F-22 fighter production and the VH-71 Presidential helicopter. Also began insourcing (replacing contractors with DoD civil servants).
- FY 2011 Budget proposal: Again focused on weapons programs, e.g., ended C-17 production and stopped pursuit of a second engine for the Joint Strike Fighter. Also proposed military health care changes.
- FY 2012 Plans: Much more focus on DoD business operations, but plans do include some changes in weapons programs.

This chapter summarizes ongoing major DoD areas of reforms. For all these initiatives, a major objective beyond generating monetary savings was to make this Department less cumbersome, less top-heavy, and more agile and effective in the execution of its important responsibilities.

### EFFICIENCIES AND INVESTMENT INITIATIVES – FY 2012 BUDGET PLANS

In the months leading to release of the FY 2012 budget, Secretary Gates directed efforts – within the Military Services, and in DoD as a whole – to generate efficiency savings by reducing overhead costs, improving business practices, or culling excess or troubled programs. This section summarizes the substantial investments the Military Services will be able to make in high priority capabilities and programs – investments made possible by the savings identified by the Service leadership. These changes – if followed through to completion – will make it possible to protect the U.S. military's size, global reach, and fighting strength despite the declining rate of growth, and eventual flattening, of the defense budget over the next 5 years.

Redirecting savings from better business operations and scrutiny of weapons programs, DoD leaders are continuing to increase investments in proven capabilities most relevant both to current wars and to the most likely and lethal future threats. This follows the overall approach to budgeting set by President Obama: to use precious taxpayer dollars to invest in key priorities critical to the DoD core mission – while cutting or reforming programs that are outdated, duplicative, or ineffective.

To continue this DoD reform agenda, and in recognition of the fiscal pressures the country is facing, in spring 2010, Secretary Gates launched a comprehensive effort to reduce the Department's overhead expenditures. The goal was – and is – to sustain the U.S. military's size and strength over the long term by reinvesting those efficiency savings in force structure and other key combat capabilities. The results of this latest reform effort were announced by Secretary

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Gates on January 6, 2011, and are reflected in the FY 2012 budget. The reforms include:

- Savings identified by the Services (\$100 billion), which are used for high priority investments.
- DoD-wide savings/changes (\$78 billion) used to accommodate a lower budget topline.

### Military Services Savings (\$100 Billion)

Last spring, when Secretary Gates directed the Military Services to find at least \$100 billion in savings, he gave them maximum incentive to do so by saying that they could keep their identified savings and shift those dollars to higher priority programs. The Services identified savings totaling \$100 billion over 5 years (FY 2012 – FY 2016). Major examples of Military Service efficiencies and their FY 2012 – FY 2016 projected cumulative savings include:

#### Army (\$29.5 billion)

- Reduce infrastructure civilian and military manning (\$1.1 billion).
- Save on military construction costs by sustaining existing facilities (\$1.5 billion).
- Consolidate e-mail infrastructure and data centers (\$0.5 billion).
- Cancel procurement of SLAMRAAM (\$1.0 billion).
- Terminate Non-line of Sight Launch System (\$3.2 billion).
- Reduce recruiting and retention incentives and other manning initiatives (\$6.7 billion).

#### Navy (\$35.1 billion)

- Reduce ashore manpower, reassign personnel to operational ships & air units (\$4.9 billion).
- Increase use of multiyear procurement contracts for ships and aircraft (\$4.0 billion).
- Disestablish Second Fleet headquarters; staffs for submarine, patrol aircraft, and destroyer squadrons; and one carrier strike group staff (\$1.0 billion).
- Terminate Expeditionary Fighting Vehicle (\$2.8 billion).
- Reduce fossil energy consumption (\$2.3 billion).

#### Air Force (\$33.3 billion)

- Reorganization (\$4.2 billion), e.g., consolidate four operations and three numbered Air Force staffs, and streamline the Installation Support Center.
- Improve depot and supply chain business processes (\$3.0 billion).
- Reduce fuel and energy consumption within the Air Force Mobility Command (\$0.7 billion).
- Reduce or terminate programs (\$3.7 billion), e.g., terminate Air Force Infrared Search and Track Program.
- Reduce facility sustainment (\$1.4 billion).
- Reduce cost of communications infrastructure by 25 percent (\$1.3 billion).

#### SOCOM (\$2.3 billion)

- Terminate the Joint Multi-Mission Submersible program (\$0.8 billion).
- Consolidate multiple task orders into a single Special Operations Forces Information Technology Contract (\$0.4 billion).
- Reduce programs where Service-common equipment meets requirements (\$0.2 billion).

**Figure 5-1. Efficiencies Summary**

Services' Savings by category (\$ billions)	FY 12	FY 12 – 16	Services' Savings by Component (\$ billions)	FY 12	FY 12 – 16
Reorganizations	3.5	25.0	Army	2.7	29.5
Better business practices	3.9	45.5	Navy	4.3	35.1
Program reductions / terminations	2.6	21.5	Air Force	3.4	33.3
Reduced lower priority programs	0.7	8.2	SOCOM	0.4	2.3
<b>Total</b>	<b>10.7</b>	<b>100.2</b>	<b>Total</b>	<b>10.7</b>	<b>100.2</b>

*Numbers may not add due to rounding*

**Investment Initiatives by the Military Services**

Of the \$100 billion identified by the Military Services for FY 2012 – FY 2016, about \$28 billion will fund what can be termed “must pay” bills and \$70 billion will go to high priority investments. The SOCOM will redirect its \$2 billion in savings to high priority investments.

Must-Pay Bills: The Services will use \$28 billion in savings to deal with higher than expected operating costs. These costs include pay and housing allowances, sustainment of weapons systems, depot maintenance, base support, and flight hours and other training. Using the savings in this way was not Secretary Gates’s original intent or preference, but DoD leaders have little choice but to deal with these so-called must-pay bills. It is better to address these costs honestly now, than to scramble to try to deal with them later – most likely by the draining of acquisition accounts as in the past.

New Investments: The Services’ reforms yield about \$70 billion to spend on high priority military capabilities – funds that would not otherwise be available. New investments include:

Army

- Provide improved suicide prevention and substance abuse counseling for soldiers.
- Modernize battle fleet of Abrams tanks, Bradley Fighting Vehicles, and Stryker vehicles.
- Accelerate fielding of the Army’s new tactical communications network to the soldier level.
- Enhance intelligence, surveillance, and reconnaissance (ISR) assets: Buy more MC-12 reconnaissance aircraft, accelerate procurement of the Army’s most advanced Grey Eagle UAS, and develop a new vertical unmanned air system.

Navy

- Accelerate development of a new generation of electronic jammers.
- Increase the repair and refurbishment of Marine equipment.
- Allocate savings from Expeditionary Fighting Vehicle (EFV) termination to enhance Marine ground combat vehicles.
- Develop a new generation of sea-borne unmanned strike and surveillance aircraft.
- Buy more of the latest model F-18s and extend the service life of 150 of these aircraft as a hedge against more delays in the deployment of the Joint Strike Fighter.

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- Purchase six additional ships – including a destroyer, a Littoral Combat Ship, an ocean surveillance vessel, and three fleet oilers.

### Air Force

- Buy more of the advanced Reaper Unmanned Aerial Vehicles (UAVs). Going forward, advanced unmanned strike and reconnaissance capabilities will become an integrated part of the Air Force's regular institutional force structure.
- Increase procurement of the Evolved Expendable Launch Vehicle to assure access to space for both military and other government agencies while sustaining our industrial base.
- Modernize the radars of F-15s to keep this key fighter viable well into the future.
- Buy more simulators for Joint Strike Fighter air crew training.
- Initiate a program to develop and procure a new bomber that will be long-range, nuclear-capable, and capable of penetrating hostile airspace. This aircraft will have the option of being piloted remotely. It will be developed using proven technologies, an approach that should make it possible to deliver this capability on schedule and in quantity.

### DoD-Wide Savings for FY 2012 – FY 2016 (\$78 Billion)

Last year DoD leaders examined how the Department is staffed, organized, and operated as a whole. Special attention was paid to DoD headquarters, administration and support elements outside the four Military Services: the Office of the Secretary of Defense (OSD), Joint Staff, Combatant Commands, and defense agencies and field activities. All these have seen significant growth in budget, staff, and contractors over the last decade.

This reform effort – combined with a government-wide freeze on civilian salaries and other changes – should yield about \$78 billion in savings over the next 5 years. Several actions do not require budgetary approval, and we will begin implementation immediately. As detailed in Chapter 1, DoD used these savings to accommodate the topline reduction of \$78 billion in its proposed budget topline for FY 2012 – FY 2016. The DoD-wide reforms include:

Hold DoD civilian hiring at FY 2010 levels (\$13 billion). A DoD-wide freeze on civilian workforce levels through FY 2013. Only limited exceptions – most notably, increases in the acquisition workforce in support of DoD's ongoing acquisition improvement strategy.

Civilian pay freeze (\$12 billion). Following the President's proposal, Congress has enacted a government-wide freeze on civilian salaries in CY 2011 – CY 2012.

Defense Health Program (\$8 billion). Our DoD leaders are proposing reforms in military health care to better manage medical cost growth and better align the Department with the rest of the country. These will include initiatives to become more efficient, as well as modest increases to TRICARE fees for working age retirees – with fees indexed to adjust for medical inflation. Details are in Chapter 3.

Defense Agency/Office of the Secretary of Defense (\$11 billion). Initiatives include reducing overhead, staffing, and expenses; more efficient contracting and acquisition; and more.

Disestablish Joint Forces Command (\$2 billion).

Disestablish Business Transformation Agency/reduce intelligence organizations (\$0.6 billion).

Reduce service support contracts (\$6 billion). For example, the offices of the Under Secretary of Defense for Policy and for Acquisition, Technology and Logistics between them will cut nearly 270 contractors. The Defense TRICARE Agency will cut more than 780 contractors, and the

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Missile Defense Agency more than 360.

Reports, studies, boards, and commissions (\$1 billion). Eliminate about 400 internally-generated reports and cancel all internal and DoD-generated reports with date prior to 2006. Starting in February 2011, every report must include the cost of its production, which will be tracked by a costing database.

Reduce senior leadership positions (\$0.1 billion). Reduce more than 100 flag officers (out of 900) and about 200 Senior Executive Service or equivalent positions (out of about 1,400).

F-35 JSF restructuring and repricing (\$4 billion). (Details in Chapter 4.)

End strength cut for Army and USMC in FY 2015 – FY 2016 (\$6 billion).

Adjustments to economic assumptions and other changes (\$14 billion). Economic adjustments include decreases in inflation rates and lower projected military pay raises for FY 2012 – FY 2016 compared to previously assumed levels. Numerous other changes across a variety of activities account for the rest of this \$14 billion in savings.

### REDUCING GROUND FORCES IN FY 2015 – FY 2016

On January 6, Secretary Gates explained his decision to reduce the size of the Active Army and Marine Corps in FY 2015 and FY 2016, saving about \$6 billion. The U.S. Army's permanent active duty end strength would decline by 27,000 troops, while the Marine Corps would decline by somewhere between 15,000 to 20,000, depending on the outcome of their force structure review. These projected reductions are based on an assumption that America's ground combat commitment in Afghanistan would be significantly reduced by the end of 2014 in accordance with the President's strategy.

Figure 5-2 shows these end strength reductions compared to FY 2012 levels, and the FY 2007 baseline levels at which the Army and Marine Corps had been operating. As shown, after these proposed reductions in FY 2015 and FY 2016, both Services will be well above FY 2007 levels.

**Figure 5-2. Active Military End Strength**

End Strength-Base Budget (thousands)	FY 2007 Baseline	FY 2012 Request	Change	FY 2015 – FY 2016 Proposal		
				Plan	Change from FY 2012	Change from FY 2007
Army*	482	547	+65	520	-27	+38
Marine Corps**	175	202	+27	187	-15	+12
				182	-20	+7

\* Excludes end strength funded in FY 2012 OCO budget for 14,600 additional Active Army soldiers – a temporary wartime allowance – to help the Army meet its commitments in Iraq and Afghanistan.

\*\* Marine Corps will decline somewhere between 15,000 and 20,000 in FY 2015 – FY 2016.

### REFORMING DEFENSE ACQUISITION

Acquisition reform is the process by which DoD is changing how it buys its weapons and other important systems and investments. The Department is focused on acquisition reform at the strategic and tactical level.

- At the strategic level, we are ensuring investments are affordable and consistent with warfighting priorities.
- At the tactical level, we are focused on acquiring warfighting capability via a disciplined,

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effective, and knowledge-based acquisition process.

Our objective is to achieve predictable cost, schedule, and performance outcomes based on mature, demonstrated technologies and realistic cost and schedule estimates. We are also implementing initiatives that will increase the numbers and capabilities of the acquisition workforce, improve funding stability, enhance the source selection process, and improve contract execution. Our intent is to provide the warfighter with world class capability while being good stewards of the taxpayer dollar.

### **Assessing the Problem**

The first step in genuine reform of the DoD acquisition system is a firm grasp on the major problems.

Too often, DoD establishes unrealistic requirements for its future systems that are at the far limit of the technological boundaries. Sometimes these can lead to breakthrough developments that can revolutionize warfare. But far more often, the result is disappointing initial performance followed by cost and schedule overruns to correct those performance failures.

The Department needs to add critical skills to its acquisition workforce. Over the last 10 years, defense spending on contracts for weapons and other systems nearly tripled – while the DoD acquisition workforce fell by about 10 percent. More important, the Department lacks sufficient numbers of technically trained personnel to conduct effective oversight. The Department needs additional contracting officers, cost estimators, systems engineers and acquisition managers.

The Department must no longer rely on overly optimistic cost estimates. To produce weapon systems efficiently, it is critical to have budget stability. But it is impossible to attain that stability in our modernization budgets if the cost of our weapons systems is underestimated from the start.

To address these problems, the Department is undertaking a far reaching set of reforms.

### **People**

To operate effectively, the acquisition system must be supported by an appropriately sized cadre of acquisition professionals with the right skills and training to successfully perform their jobs. To achieve this and improve the quality of the acquisition workforce, DoD is in the process of increasing the number of its acquisition personnel from its FY 2008 level of about 127,800. The Department is on track to hire about 10,000 new DoD acquisition civilians by 2015 and has added 3,000 more through in-sourcing (converting contractor positions to DoD civilian billets). We are also making significant increases in training and development programs to bolster the capability of the acquisition workforce.

### **Strengthening the Front End of the Process**

Each major program will be subject to a mandatory process entry point, the Materiel Development Decision Milestone prior to Milestone A. This will ensure programs are based on approved requirements and a rigorous assessment of alternatives. To reduce technical risk, our standard practice will be to conduct a Preliminary Design Review before Milestone B. Independent reviews must certify the maturity of program technologies for a program to progress to the costly final phase of development – Engineering and Manufacturing Development. We will use competitive prototypes when possible and cost effective.

### **Improved Cost Estimation**

To strengthen DoD's cost analysis capability, we plan to fully implement the provision of the

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Weapons System Acquisition Reform Act of 2009 by expanding the capabilities and scope of our new Cost Assessment and Program Evaluation (CAPE) organization in the Office of the Secretary of Defense. We will also modernize cost and price analysis education and training programs. To strengthen our cost database, we will improve contractor data reporting of actual costs, earned value management, and pricing.

### ***Executing Programs Properly***

The Department also needs to strengthen the execution phase of its weapons development programs.

- First, we plan to emphasize use of the most appropriate contract type that would result in the best value for the warfighter and taxpayer.
- Second, to address the issue of “requirements creep,” we will continue to employ Configuration Steering Boards that were required by the FY 2009 National Defense Authorization Act.
- Third, to align profitability with performance, we have several initiatives. Contract fee structures will be tied to contractor performance. We will also rigorously examine the Services’ contract strategies to ensure an alignment of fee earned and services provided. We will eliminate the use of unpriced contractual actions, whenever possible. And, we will ensure the use of multiyear contracts is limited to instances when real, substantial savings are accrued to the taxpayer.

### **Summary**

In short, DoD needs to match requirements with mature technologies, maintain disciplined systems engineering integrated with testing, and avoid sacrificing cost and schedule for promises of improved performance.

The Department of Defense is determined to improve the effectiveness of its acquisition system – a key element of its overall national security capability. Critical initiatives are underway. We agree with the strategic intent of recent legislation and will work closely with Congress to achieve our collective intent.

## **IMPROVING FINANCIAL MANAGEMENT**

DoD Financial Improvement and Audit Readiness (FIAR) activities are focused on two goals:

- Improving information and achieving audit readiness for the information used most often by decision makers to manage the Department.
- Achieving fully auditable financial statements no later than September 30, 2017.

The Department is committed to achieving audit readiness prior to September 30, 2017, and has taken significant steps to meet this goal. Such steps include:

- Engaging the Deputy Chief Management Officers (CMOs) and senior leaders from both business and financial communities.
- Integrating the Enterprise Resource Planning (ERP) deployments with FIAR activities and performing incremental audit readiness testing at ERP sites.
- Requiring Component plans to better reflect interim steps (milestones) to achieve audit readiness goals.
- Applying additional resources (people and funding) within the Office of the Under Secretary

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of Defense (Comptroller) to better monitor and provide assistance and within the Components to execute improvement plans.

- Implementing a Change Management strategy, since achieving this goal requires significant DoD-wide changes to processes, controls, and systems.

To achieve the goal of improved financial information for decision makers, the Department's FIAR priorities are:

- **Budgetary Information:** Improve processes, controls, and systems used to manage the Department's budgets, appropriations, funds availability, and expenditure information, which are critical to effectively managing operations and acquisitions. This priority will result in:
  - Strong control over funds management.
  - Accurate obligation and disbursement data for Planning, Programming, Budgeting, and Execution.
  - Reduced improper payments and unmatched disbursements.
  - Unqualified audit opinions on Statements of Budgetary Resources (SBR).
- **Mission Critical Asset Information:** Improve and validate the accuracy of information (e.g., location, numbers) of mission critical assets (military equipment, real property, inventory, and operating materials and supplies) by improving the processes, controls and systems used to acquire, manage, and maintain these assets. This priority will benefit the Warfighters and those that support them by ensuring that they are properly equipped and supplied by:
  - More accurate and complete asset visibility.
  - Better asset lifecycle management (e.g., utilization, maintenance, disposition).
  - Improved capital budget planning.

Essential to achieving and sustaining these priorities, the Department is making progress in modernizing its financial systems with the deployment of Enterprise Resource Planning systems in the Military Departments and Defense Agencies. Recognizing the importance of the ERPs, the Department has synchronized FIAR activities with the ERP deployments. The FY 2012 budget provides resources to continue the deployment of the ERPs as follows:

- The Army ERP General Fund Enterprise Business System (GFEBS) will be deployed to approximately 15,000 additional users at more than 100 sites and reach Full Operating Capability during FY 2012.
- The Navy ERP will continue deployment to the Naval Sea Systems Command (Working Capital Fund) and Fleet and Industrial Supply Centers in FY 2012.
- The Air Force ERP Defense Enterprise Accounting and Management System (DEAMS) will be deployed to the Air Mobility Command and begin deployment to Air Force installations by FY 2012.
- The Defense Agencies' ERP Defense Agencies Initiative (DAI) is being deployed now at the Missile Defense Agency.

The Department has made progress in achieving the FIAR goals and priorities and that progress will continue throughout FY 2011 and FY 2012. Specifically, the Marine Corps is expected to achieve an audit opinion on its FY 2011 SBR. In addition, the Army, Navy and Air Force have asserted audit readiness on Appropriations Received, an important element of the



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SBR. During FY 2011, the Department will seek validation of these critical results. Furthermore, during FY 2011, the Navy and Air Force will achieve existence and completeness audit readiness for their military equipment assets, and the Army for its Apache helicopters and several other major asset types.

The ultimate goal of this important initiative is to provide accurate, reliable, and relevant financial information to decision makers validated by unqualified opinions of DoD financial statements no later than September 30, 2017. Achieving this goal is more important than ever as the Department fights wars and maintains a global presence to defend the Nation and conduct peacekeeping and contingency operations in challenging economic times.

### IMPROVING CONTINGENCY CONTRACTING

Contractors have been essential to supporting U.S. combat operations since they began in 2001. Contractor support allows our military to focus on operational missions. Additionally, the downsizing of our military after the end of the Cold War included significant reductions to military logistical and other support personnel. Contractors fill the resulting shortfalls in support.

The Department is working to improve contracting in support of deployed forces and humanitarian operations through innovative policy, guidance, and oversight. The Department has initiatives underway addressing almost all of the observations from the interim report (June 2009) of the Commission on Wartime Contracting.

Specific DoD actions include:

- The DoD Task Force on Wartime Contracting is tracking implementation of DoD initiatives dedicated to improving contingency contracting operations, facilitating the exchange of information between the Services and Defense Agencies regarding the current status of efforts. This will enable DoD to remove, with the help of Congress, any roadblocks to ensure accomplishment of the stated efforts/milestones.
- The Department leaders have implemented new policy, training and procedures across the Department designed to increase the emphasis on ethics, governance, identifying and combating fraud, and improving contract surveillance.
- A partnership with the Defense Acquisition University (DAU) will enhance synergies and exploit core strengths. The DAU recently implemented a new contingency contracting course using the Joint Contingency Contracting Handbook as the foundation.
- In concert with the Services and DAU, DoD created a Joint Contingency Contracting Officer Representative (COR) Handbook, and accompanying DAU training. This Handbook will be used by CORs in the field during contingency operations and will contain checklists, “how to” guides, and form procedures and examples.
- The Department is developing a Standardized Contingency Contracting After Action Report to better capture experiences and lessons learned from contingency contracting members.
- The Department is establishing contract management business systems to provide improved visibility in an expeditionary environment. The goal is to provide the appropriate electronic tools for contracting deployment phases, which include initial, build-up, sustainment, and termination/redeployment. These systems will provide electronic tools to address requirements definition, contract writing, and receipt/acceptance of supplies and services.

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## 6. SUPPORTING OUR DEPLOYED TROOPS

President Obama’s FY 2012 budget includes \$117.8 billion for overseas contingency operations (OCO) to support Operation Enduring Freedom (OEF) – mostly in Afghanistan – and Operation New Dawn (OND) – mostly in Iraq. The request strongly supports our deployed troops to ensure they have everything they need to achieve their important and dangerous missions.

### Supporting our Deployed Troops

- Achieving Success in Afghanistan
- Supporting Transition in Iraq
- Overseas Contingency Operations Funding
- Force Level Assumptions

In Afghanistan, we must continue to fund our increased activities to bring to bear the coordinated efforts of the U.S. and its allies, and to support Pakistan in denying safe haven to the extremists that threaten the democratic government in Islamabad, our regional partners, and the U.S. homeland.

In Iraq, FY 2012 funding supports the completion of our military mission and the responsible drawdown of forces and transition of authority, building on Iraq’s improving security gains.

### ACHIEVING SUCCESS IN AFGHANISTAN

Our goal in Afghanistan remains to disrupt, dismantle, and eventually defeat al Qaeda and to prevent their return to either Afghanistan or Pakistan. To do so, the President detailed a targeted strategy that added forces focused on securing key population centers, training Afghan forces, transferring responsibility to a capable Afghan partner, and increasing partnership with the Pakistani people who are facing the same threats.

The FY 2012 OCO request includes the funding needed to continue the President’s strategy and meet U.S. goals in Afghanistan.

Afghanistan and Pakistan continue to be the heart of global violent extremism pursued by al Qaeda, and the region from which the U.S. was attacked on 9/11. The President stated that the United States must prevent the Taliban from turning Afghanistan back to a safe haven from which international terrorists can strike at our allies or at us.

**Figure 6-1. OCO Funding by Military Operation**  
(Dollars in Billions)

Operation	FY 2011 Request	FY 2012 Request
Operation Enduring Freedom (OEF)	113.5	107.3
Operation New Dawn (OND)	45.8	10.6
<b>Total</b>	<b>159.3</b>	<b>117.8</b>

*Numbers may not add due to rounding*

Against a backdrop of safe havens in Pakistan, and continued challenges in Afghanistan, the United States continues to work with the Afghan Government and our international partners to ensure that Afghanistan remains inhospitable for international terrorists. Achieving this strategic goal requires coordinating the security, governance, and development efforts of the United States and the international community.

The United States will continue to support the Afghan Government, building the capacity of the Afghan National Security Forces (ANSF) and government institutions in support of the transition process. The United States and international presence will persist as we begin to transition from a lead combat role to a supporting role in some areas. The United States also assists the Government of Pakistan in defeating extremists harbored in the border regions between the two countries.

### Military Achievements and Challenges

In 2010, the United States deployed an additional 30,000 troops and international partners deployed an additional 7,000 troops in support of the new strategy. The Government of Afghanistan, with U.S. support, fielded an additional 65,000 ANSF personnel. Details on U.S. force levels are at the end of this chapter.

The increase in forces enabled Afghan and international forces to arrest, and in some cases reverse, the Taliban's momentum in key locations. Further, the force uplift allowed the Afghan National Army (ANA) to assume more leadership in planning and executing combat operations—a direct result of the increased partnership and accelerated growth of the ANA. The Afghan National Police (ANP) faces serious challenges in its development and, despite high casualty levels, is now making slow progress.

The International Security Assistance Force (ISAF) is seeing clear indications that focused counterinsurgency operations are having localized positive effects and are producing initial signs of progress. Indications of local resistance to insurgents continue to emerge alongside other positive indicators, such as newly opened schools and police stations.

The ISAF and ANSF have driven insurgents to the edges of secured population areas in a number of important locations that have long represented centers of gravity for the Taliban. The Afghan Government and ISAF continue to face a resilient enemy that exploits governance gaps and continues fighting to regain areas where the insurgency historically has had strong roots. Yet, the insurgent-generated violence remains largely localized and does not threaten all of Afghanistan.

The ISAF operational main effort is focused on expanding security for the most threatened population in the heart of the Taliban-led insurgency in Helmand and Kandahar Provinces. Civil-military efforts in Regional Command-South and Regional Command-Southwest are making slow but steady progress. Initial signs of this progress are evident especially in Central Helmand, where ISAF and ANSF have been conducting counterinsurgency operations for over a year. Despite the enemy's continued efforts to counter coalition and ANSF actions to expand security in the south, slow and incremental gains are being achieved. Six months ago, Marjah was an insurgent command-and-control center, a base for Improvised Explosive Device (IED) assembling, and a nexus for illegal narcotics industry activities. The Afghan Government controls the city now. Signs of progress in Marjah include voter registration, increased activity in local marketplaces, and the reopening of schools that were closed for several years.

The ISAF operations in Regional Command-East (RC-E) have continued to apply pressure and disrupt the leadership of the Haqqani and Taliban Networks. Combined forces in RC-E are securing critical lines of communication and infrastructure that supports the commerce to and from Pakistan. Efforts in RC-E will further increase the pressure on some of Afghanistan's most lethal enemy networks, expand population security from Kabul to key population centers in Wardak and Logar, neutralize the Haqqani Network's footholds and disrupt its access to Kabul, and secure the main economic border crossing point at Torkham.

Although security remains fragile and reversible in many parts of Afghanistan, the counterinsurgency (COIN) operations approach has successfully demonstrated how combining military and civilian resources can diminish insurgent capacity, establish security, and link the Afghan people to their government. Proposed FY 2012 OCO funding is essential to finance U.S. forces' operations and to grow and strengthen the ANSF.

### Political and Economic Achievements and Challenges

A crucial element of our strategy is to help build a responsible Afghan government at the national and sub-national levels. An effective government serves as the most valuable partner for the United States and international community to maintain security gains, earn the loyalty of the population, enable continued economic growth and development, and deliver services. Although notable progress has been made, most Afghan ministries continue to lack sufficient administrative capacity necessary for effective program implementation. The United States and its international partners will continue to pursue a governance assistance strategy that strengthens the Afghan government by building the human capital of the executive, legislative, and judicial branches, focusing on key ministries, while also increasing a focus on sub-national governance.

The United States and ISAF, together with the United Nations Mission in Afghanistan (UNAMA) and Non-Governmental Organizations (NGOs), continue to work with the Afghan Government to help improve governance and accelerate development. The Karzai Administration has improved its stance against corruption by prosecuting several high-profile senior officials. However, progress remains uneven and incremental. The Afghan Government also has improved inter-ministerial coordination, but faces several challenges and has yet to establish unified control over border control and customs – one of the primary sources of government revenue.

The United States is also funding strategic infrastructure projects that are critical to the counterinsurgency fight. These projects serve to consolidate security gains, increase freedom of movement, and lay the foundation for economic development and job creation. They are focused in the critical, contested districts and provinces that support the counterinsurgency effort and are complementary to national-level projects funded by the U.S. Agency for International Development (USAID). The FY 2011 National Defense Authorization Act (NDAA) provided authority for the Secretaries of Defense and State to establish a program to jointly develop and carry out infrastructure projects in Afghanistan. These will be high priority, infrastructure projects in support of the civil-military campaign to include water, power, transportation, and other projects in support of the Afghanistan counterinsurgency strategy. For FY 2011, the Secretary of Defense is authorized to use up to \$0.4 billion of his available operation and maintenance funds to finance these projects. Other resources, such as economic support funding from the Department of State (DoS) and USAID may be used. In FY 2012, DoD is requesting \$0.5 billion in an Afghanistan Infrastructure Fund (AIF) for these high priority infrastructure projects in Afghanistan that are jointly developed with the DoS.

The international community is working with the Afghan Government to increase efforts to establish an economy that supports private sector trade and investment, generates sustainable employment and expands markets. The Task Force for Business Stability Operations (TFBSO) is another powerful tool in the U.S. efforts to accelerate foreign investment in Afghanistan and promote economic growth.

Sustained security achievements and accountable governance provide the groundwork for reconstruction and development efforts to take hold. The Provincial Reconstruction Teams (PRTs) are instrumental to these efforts, ensuring coordination among different contributing entities and responsiveness to the needs of the population. In addition, the Commander's Emergency Response Program (CERP) continues to be a critical tool to support urgent reconstruction and counterinsurgency projects in Afghanistan.

The successful execution of an integrated campaign requires a reintegration mechanism to bring fighters back into society and provide alternatives to engaging in the insurgency. Such an

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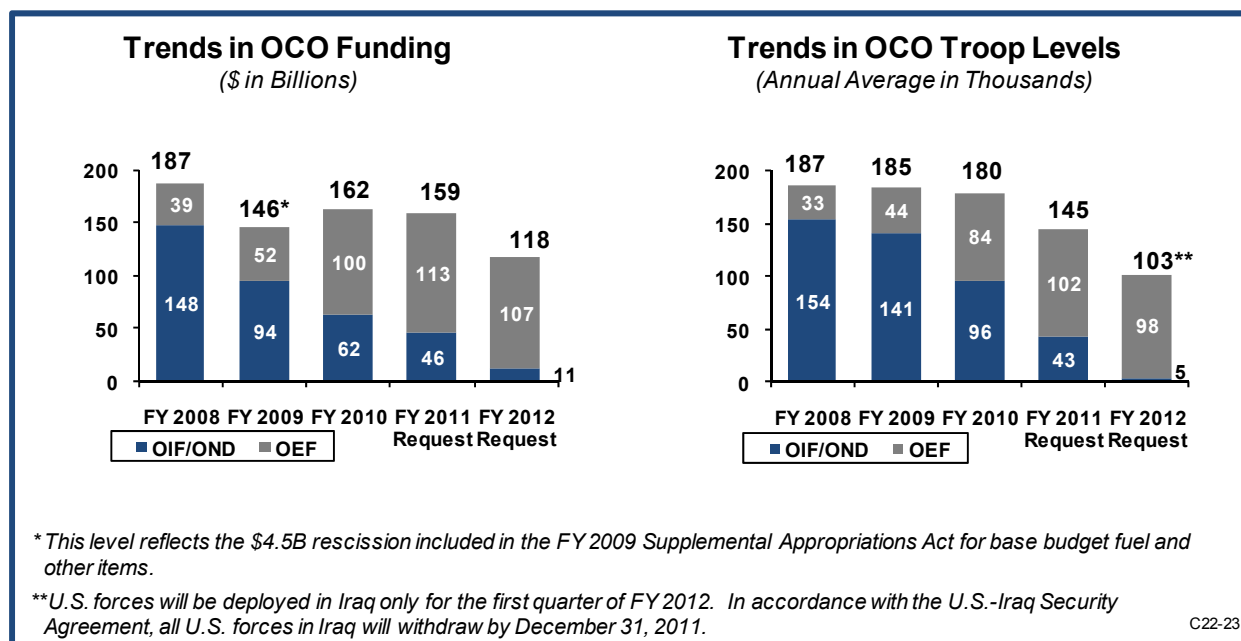
effort requires support to national and local-level efforts that are Afghan-led and coordinated with interagency and international partners. It is vital that the Department be able to provide its ground commanders with the ability to support peaceful reintegration of insurgents willing to cease violence against the Afghan government.

During 2010, the Afghan Government made significant progress in developing its peace and reintegration program. Additionally, the U.S. funding for the Afghan Reintegration Program (ARP) is starting to deliver support for Afghan-led reintegration; since July 2010, funds have been used to support reintegration of detainees into their communities and have provided secure housing for ex-combatants. As the civil-military campaign gains momentum, reintegration opportunities are expected to increase, making the ARP another critical element to achieving overall success in Afghanistan.

The battle against drug traffickers is ongoing and will continue for some time. The Afghan government's own Afghan National Drug Control Strategy (NDCS) establishes the basic framework for counter-narcotics success in Afghanistan. The aim of the strategy is to stop current poppy cultivation and trafficking in order to dissuade Afghans from participation in the narco-economy. The U.S. and international community efforts support the Afghan NDCS.

Figure 6-2 depicts the higher proportion of funding and troops going to OEF – consistent with President Obama's changes in strategy in the CENTCOM area of operations – and the transition in Iraq as described in the section below.

**Figure 6-2. OCO Funding and Troop Level Trends.**



## SUPPORTING TRANSITION IN IRAQ

On September 1, 2010, we fulfilled the President's commitment to draw down to below 50,000 troops and ended the combat mission, making the transition from Operation Iraqi Freedom (OIF) to Operation New Dawn (OND), and further cementing the Iraqis' lead security role. The U.S. Government continues working to implement the President's strategy of a responsible drawdown of U.S. military forces in Iraq through a full transition to Iraqi responsibility and establishing a long-term partnership with the Iraqi people. In accordance with the Security

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Agreement between Iraq and the United States, all U.S. military forces are scheduled to withdraw by December 31, 2011, having completed the transition from a military to a civilian-led presence.

Our military to civilian-led transition in Iraq includes four key components: 1) ensuring the Iraqi Security Forces (ISF) reach minimum essential capabilities; 2) developing a Department of State-led police development program; 3) expanding the diplomatic presence; and 4) establishing an Office of Security Cooperation - Iraq (OSC-I). These programs, implemented under the Strategic Framework Agreement, are the foundation for building our continued strategic partnership with Iraq.

The Department's past requests for Iraq Security Forces Funds have focused on ensuring the Iraqis achieve the minimum essential capabilities needed to provide internal security and a foundational level of external defense by December 2011. The OSC-I will continue security assistance and security cooperation in addressing concerns we share with Iraq, such as counterterrorism, counter-proliferation, maritime security, and air defense.

The FY 2012 funding request includes anticipated start-up and operational costs for the OSC-I. Fully resourcing the mission to its completion is vital to ensure that the enormous sacrifice made by the United States produces enduring results. The military drawdown does not represent disengagement, but a shift in the nature of the commitment. The U.S. commitment to Iraq is both strong and enduring, and continued strategic engagement is critical.

## OVERSEAS CONTINGENCY OPERATIONS FUNDING

Funding for the challenges described in the previous pages is provided in the President's OCO budgets. Funding by functional category in the FY 2012 OCO budget request is captured in Figure 6-3, followed by brief explanations of each of the functional categories:

**Figure 6-3. Functional Category Breakout**

*(Dollars in Billions)*

	FY 2011 Request	FY2012 Request
Operations	89.4	66.6
Force Protection	12.0	7.5
Improvised Explosive Devices (IED) Defeat	3.3	2.6
Military Intelligence Program <i>(Includes ISR)</i>	7.0	6.0
Iraq Security Forces Fund (ISFF)	2.0	--
Afghanistan Security Forces	11.6	12.8
Afghanistan Infrastructure Fund (AIF)*	0.4	0.5
Commander's Emergency Response Program (CERP)*	0.9	0.4
Coalition Support	2.0	2.2
Military Construction	1.2	--
Equipment Reset	21.4	11.9
Army Temporary End Strength	2.1	1.9
Navy Temporary End Strength	0.5	--
Non-DoD Classified	5.6	5.5
<b>Total Operations</b>	<b>159.3</b>	<b>117.8</b>

\* In FY 2011, AIF was funded as offset to amount authorized for CERP budget request. Numbers may not add due to rounding.

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**Operations.** This is the largest functional category and supports a wide full spectrum of military requirements. Funding includes incremental costs for: personnel pay and subsistence for deployed forces; communications; mobilizing Reserve Component units; transportation; supplies; deployment and redeployment of all combat and support forces; theater operations; forces sustainment; and replenishment of war reserve stocks. The FY 2012 budget also includes:

- **TFBSO:** \$150 million for the Task Force for Business Stability Operations, which supports the mission in Afghanistan to reduce violence, enhance stability, and restore economic normalcy in areas where unrest and insurgency have created a synchronous downward spiral of economic hardship and violence.
- **OSC-I:** \$524 million to support establishment and operation of an Office of Security Cooperation – Iraq, which is part of the Embassy’s core mission and a foundational element of our long-term strategic partnership with Iraq.

**Force Protection:** Funds body armor, protection equipment, and armored vehicles to protect forces – including the rapid deployment and sustainment of Mine Resistant Ambush Protected (MRAP) vehicles: The requested \$3.2 billion ensures full support of our military’s MRAP requirements. The current family of MRAP vehicles in theater, as of December 23, 2010, total 21,988 – of which 6,759 are MRAP All Terrain Vehicles (MATVs) developed for Afghanistan terrain.

**IED Defeat:** Funding to develop, procure, and field measures to defeat IEDs threatening U.S. and coalition forces, closing the gap between the enemy’s innovation cycles by developing and delivering Counter-IED as quickly as possible for use by the Joint and Coalition Forces.

**Military Intelligence Program (MIP):** Supports programs, projects, or activities of the Military Departments and Defense Agencies to acquire intelligence solely for the planning and conducting of tactical military operations by U.S. forces. Over the last 2 years, DoD has made great strides to increase ISR capacity in the CENTCOM area of operations. Although we are seeing positive results, the adversary continues to drive the need for additional ISR capabilities. The FY 2012 MIP request (\$6.0 billion) supports this needed strengthening. It includes \$0.9 billion for the ISR Task Force. Since Secretary Gates formed the Task Force in 2007, he has used it to identify and field the most pressing requirements of our deployed forces – including the fielding and upgrading of many unmanned aircraft systems.

**Afghanistan Security Forces Fund:** Funds the manning, training, equipping, operations and sustainment of the ANSF, which provide security to all Afghanistan to prevent the country from returning to a safe haven for extremists. Funding and strength details are in Figure 6-4.

**Figure 6-4. Afghan National Security Forces Fund and Strength**

	ANSF Fund* (\$ in Billions)		ANSF Strength (in Thousands)		
	FY 2011 Request	FY 2012 Request	Dec 2010 Actual	Oct 2011 Goal	Oct 2012* Goal
Afghan National Army (ANA)	7.5	7.1	149	172	TBD
Afghan National Police (ANP)	4.1	5.7	117	134	TBD
Related Activities	<0.1	<0.1	--	--	--
<b>Total Afghan National Security Forces</b>	<b>11.6</b>	<b>12.8</b>	<b>266</b>	<b>306</b>	<b>TBD</b>

\* Goal will require approval by U.S. Government and international community.

Numbers may not add due to rounding



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**Afghanistan Infrastructure Fund:** Provides DoD resources to execute high priority, large-scale infrastructure projects, as jointly developed with the Department of State, in support of counterinsurgency objectives.

**CERP:** The Commander's Emergency Response Program (CERP) provides military commanders on the ground in Afghanistan and Iraq with a vital tool to respond to urgent humanitarian relief and reconstruction needs within their areas of responsibility.

**Coalition Support:** Amounts finance coalition, friendly forces, and a variety of support requirements for key foreign partners who wish to participate in U.S. military operations but lack financial means. Such support reduces the burden on our forces and is critical to our success.

**Equipment Reset:** The request funds the replenishment, replacement, and repair of equipment and munitions that is consumed, destroyed, or damaged due to combat operations. Major items undergoing reconstitution include helicopters, fixed wing aircraft, trucks, Bradley, Stryker, other tactical vehicles, munitions, radios, and various combat support equipment. Upon returning from war zones, units restore their equipment to a condition that enables them to conduct training exercises, achieve required readiness levels, and prepare for future deployments.

**Army Temporary End Strength:** Temporary increase (14,600 soldiers) for OCO requirements.

**Non-DoD Classified:** Details are classified.

### FORCE LEVEL ASSUMPTIONS

Figure 6-5 displays the force levels assumed in the DoD OCO budget, expressed as an annual average troop strength. The force levels in Afghanistan decrease toward the end of FY 2011 consistent with the President's decision to begin transition to an Afghan-lead, reducing the annual average from 102,000 to 98,250 troops. For Iraq, the FY 2012 OCO request assumes that all troops will be out by the end of December 2011, in accordance with the U.S. – Iraq Security Agreement. This works out to an annual average of 4,450 troops in Iraq for all of FY 2012.

**Figure 6-5. U.S. Force Level Assumptions in DoD Budgets**

(Annual Average Troop Strength)

Force	FY 2010 Enacted	FY 2011 Request	FY 2012 Request
Afghanistan	84,000	*102,000	98,250
Iraq	96,000	43,000	**4,450
<b>Afghanistan and Iraq</b>	<b>180,000</b>	<b>145,000</b>	<b>102,700</b>
In-Theater Support	62,500	66,800	55,100
<b>Subtotal OND/OEF</b>	<b>242,500</b>	<b>211,800</b>	<b>157,800</b>
In CONUS Mobilization	51,000	46,600	32,400
<b>Total Force Levels</b>	<b>293,500</b>	<b>258,400</b>	<b>190,200</b>

\* For purposes of estimating costs, this assumes enablers above the 30K buildup. Actual number will be determined by operational requirements.

\*\* U.S. forces will be deployed in Iraq only for the first quarter of FY 2012. In accordance with the U.S.-Iraq Security Agreement, all U.S. forces in Iraq will withdraw by December 31, 2011.

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## 7. PERFORMANCE IMPROVEMENT

The U.S. Department of Defense is one of the largest organizations in the world. It executes a budget more than twice that of the world's largest corporation, has more personnel than the populations of a third of the world's countries, and provides medical care for as many patients as the largest health management organization. The size and complexity of the Department's operations and the rapid pace of change, set against a backdrop of a major military campaign and worldwide economic uncertainty, make it imperative that we create more agile, responsive, and efficient operations.

The Defense Department has always endeavored to improve its performance and it has succeeded in many areas. However, even greater gains can be obtained by actively managing and continuously evaluating how reliably our warfighting and business operations deliver quality and timely performance results. Through these improvements, the Department will provide the best support and services for our troops in the field and their families at home, and be responsible stewards of the Nation's resources.

This 2010 Performance Report identifies key outcomes that the Department accomplished over the past fiscal year. The FY 2012 Performance Plan identifies priorities that the Department will focus on over the next two years and beyond. The plan identifies broad strategic goals and objectives and establishes priority performance goals for each objective area. The Department will actively manage its performance against the strategic goals and objectives identified in this plan. The Department looks forward to working with the Administration and Congress in meeting the challenge of creating more effective and efficient operations, while delivering high value in return for the American taxpayer's investment in the Defense Department.

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### DOD MISSION AND ORGANIZATION STRUCTURE

The mission of the Department of Defense (DoD) is to provide the military forces needed to deter war, to win wars if needed, and to protect the security of the United States. Since the creation of America's first army in 1775, the Department and its predecessor organizations have evolved into a global presence of 3 million individuals, stationed in more than 140 countries and dedicated to defending the United States by deterring and defeating aggression and coercion in critical regions. The Department embraces the core values of leadership, professionalism, and technical knowledge. Its employees are dedicated to duty, integrity, ethics, honor, courage, and loyalty. Figure 7-1 illustrates how the Department of Defense is organized. Details on major operating components are discussed below.

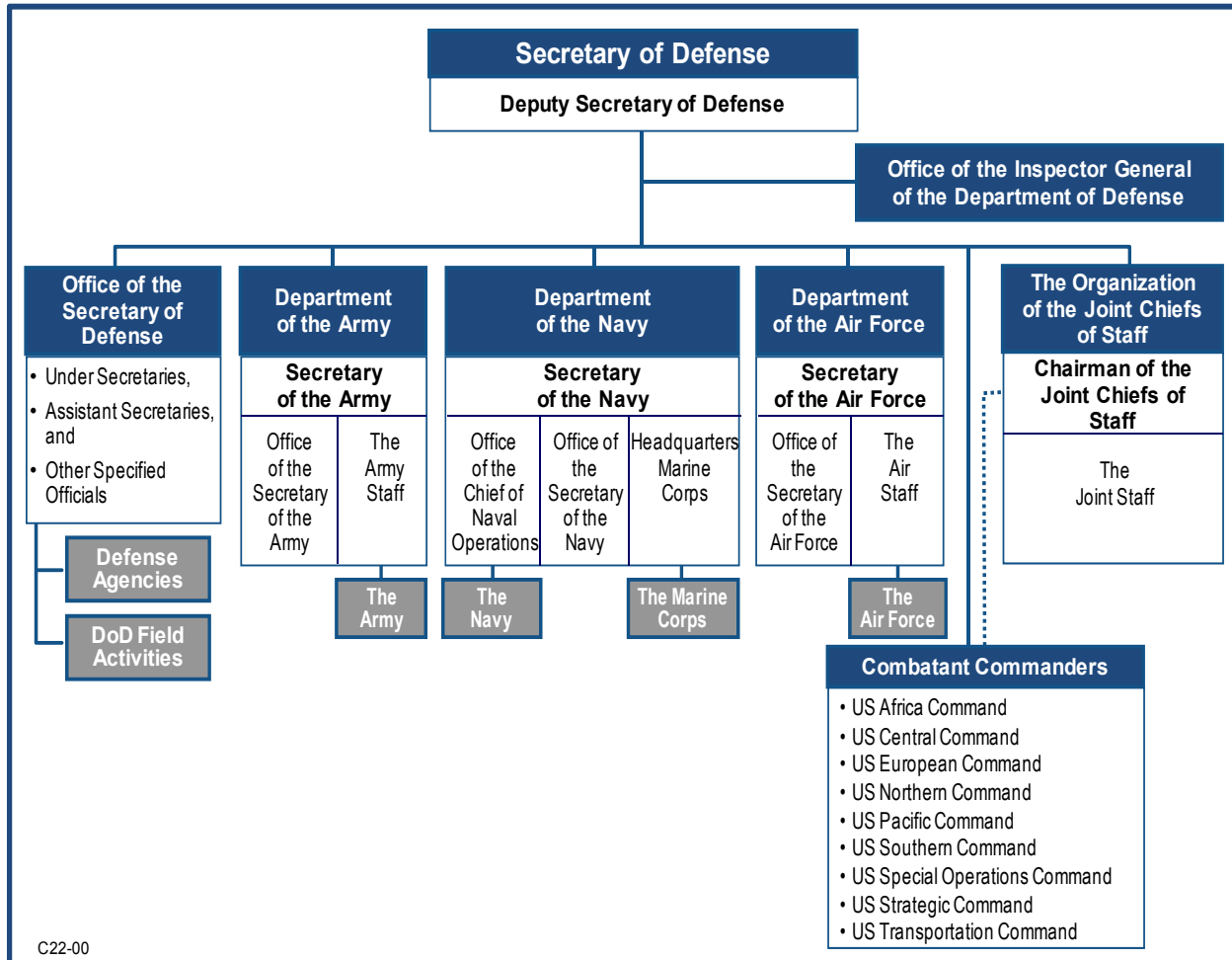
#### The Office of the Secretary of Defense (OSD)

The Secretary of Defense and his principal staff are responsible for the formulation and oversight of defense strategy and policy. The Office of the Secretary of Defense (OSD) supports the Secretary in policy development, planning, resource management, acquisition, and fiscal

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and program evaluation. Figure 7-2 depicts the immediate Office of the Secretary of Defense, comprised of several Under Secretaries of Defense (USDs) and Assistant Secretaries of Defense (ASDs) for various functional areas. Select OSD Principals also oversee the activities of various defense agencies and DoD field activities.

**Figure 7-1. Department of Defense Organizational Structure**



### **Military Departments**

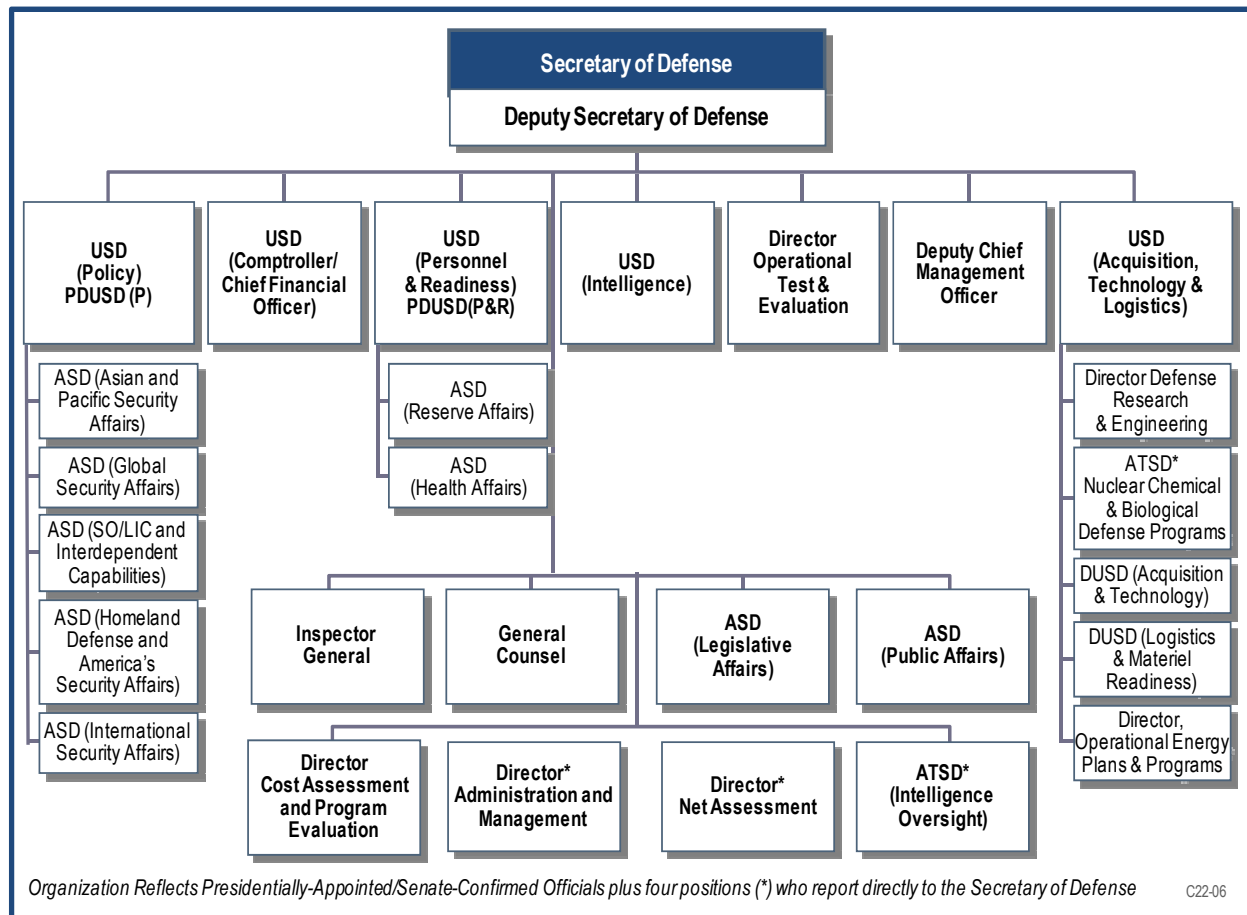
The Military Departments consist of the Army, Navy (of which the Marine Corps is a component), and the Air Force. In wartime, the U.S. Coast Guard becomes a special component of the Navy; otherwise, it is part of the Department of Homeland Security. The Military Departments organize, staff, train, equip, and sustain America's military forces. When the President and Secretary of Defense determine that military action is required, these trained and ready forces are assigned to a Combatant Command responsible for conducting military operations.

The Military Departments include Active Duty, Reserve, and National Guard forces. Active Duty forces are full-time military Service members. The National Guard has a unique dual mission with both Federal and state responsibilities. The Guard is commanded by the governor of each state or territory, who can call the Guard into action during local or statewide emergencies such as storms, drought, or civil disturbances. When ordered to active duty for mobilization or called into Federal service for national emergencies, units of the Guard are placed under operational control of the appropriate Combatant Commanders. The Guard and Reserve forces are

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recognized as indispensable and integral parts of the nation's defense.

**Figure 7-2. Office of the Secretary of Defense**



### Defense Agencies

Seventeen defense agencies have evolved over time as a result of DoD-wide functional consolidation initiatives. Defense agencies provide a variety of support services commonly used throughout the Department. For instance, the Defense Logistics Agency provides logistics support and supplies to all Department activities.

### Department of Defense (DoD) Field Activities

Ten DoD field activities have also evolved over time as a result of DoD-wide functional consolidation initiatives. DoD field activities perform missions more limited in scope than defense agencies, such as the Defense Media Activity that serves as the DoD focal point for all Armed Forces information programs.

### The Joint Staff (JS)

The Chairman of the Joint Chiefs of Staff (CJCS) is the principal military advisor to the President, the National Security Staff, and the Secretary of Defense. The Chairman and his principal staff assist the President and the Secretary in providing for the strategic direction of the Armed Forces, including operations conducted by the Commanders of the Combatant Commands.

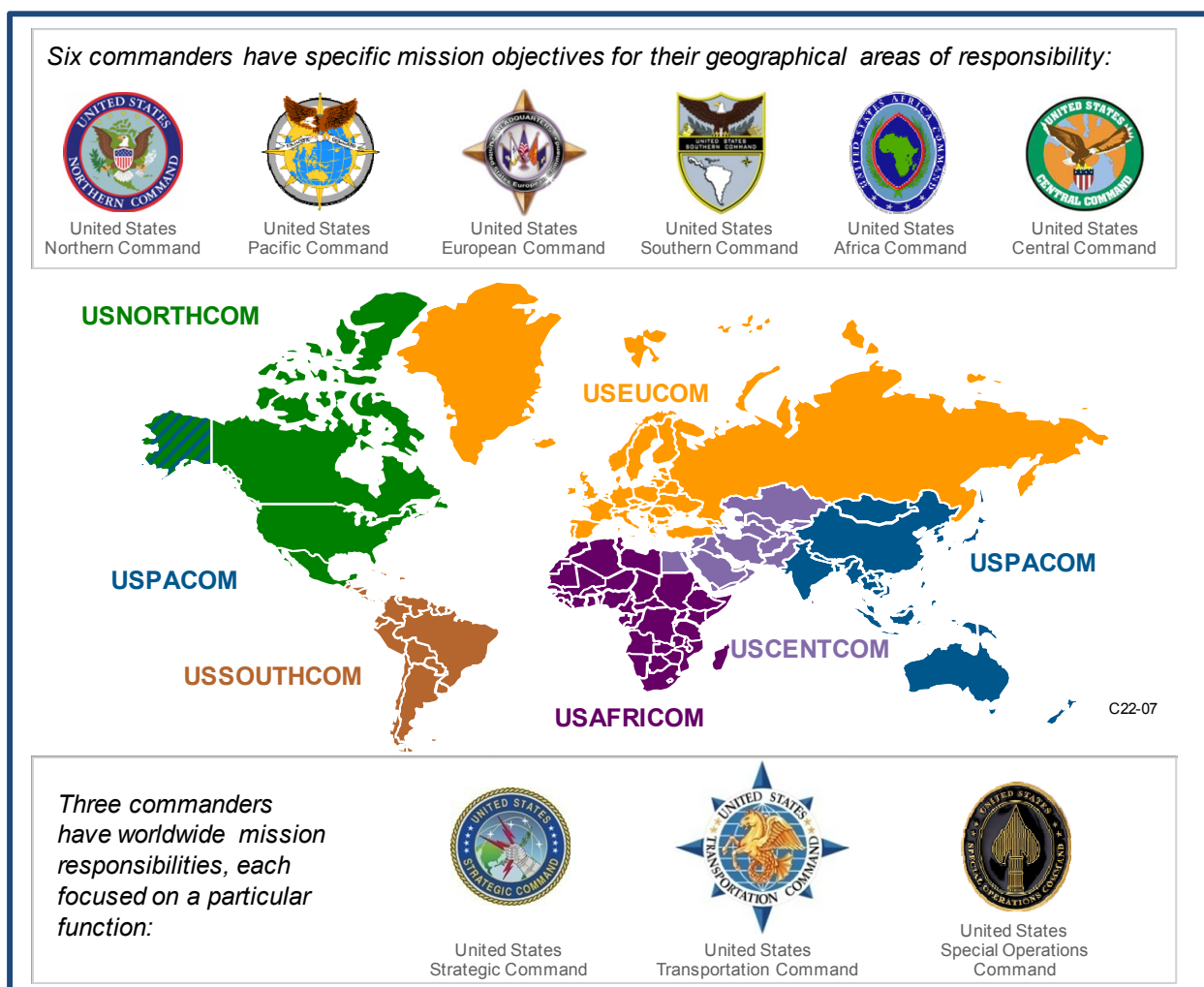
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### Combatant Commands

Nine Combatant Commands are responsible for conducting the Department's military operational missions around the world. Six commands (Figure 7-3) have specific military operational mission objectives for geographic areas of responsibility.

- U.S. European Command (USEUCOM) is responsible for activities in Europe, Greenland, and Russia.
- U.S. Central Command (USCENTCOM) is responsible for the Middle East, Egypt, and several of the former Soviet republics. This Command is primarily responsible for conducting Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom.
- U.S. Pacific Command (USPACOM) is responsible for China, South and Southeast Asia, Australia, and the Pacific Ocean.
- U.S. Southern Command (USSOUTHCOM) is responsible for Central and South America and the Caribbean.
- U.S. Northern Command (USNORTHCOM) is responsible for North America, including Canada and Mexico.

**Figure 7-3. Combatant Commands Geographic and Functional Areas**



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- U.S. Africa Command (USAFRICOM) is responsible for the entire continent of Africa (except for Egypt).

Three Commands have worldwide mission responsibilities focused on a particular function(s):

- U.S. Strategic Command (USSTRATCOM) provides global deterrence capabilities, direction of Global Information Grid operations, and synchronizes Department efforts to combat weapons of mass destruction worldwide.
- U.S. Special Operations Command (USSOCOM) leads, plans, synchronizes, and as directed, executes global operations against terrorist networks.
- U.S. Transportation Command (USTRANSCOM) moves military equipment, supplies, and personnel around the world in support of operations.

The Military Departments supply the necessary capabilities to these Commands. As such, the operating costs of these commands (except the USSOCOM) are subsumed within each Military Department's budget. The USSOCOM is the only Combatant Command that has budget authority that resides outside of the control of the Military Departments and is reflected in the Department's Defense-wide accounts.

Figure 7-4 shows a complete listing of DoD Major Organizational Components.

### **DOD PERFORMANCE MANAGEMENT PROCESS**

Primary responsibility for performance improvement in the DoD rests with the Deputy Secretary of Defense in his role as the Chief Management Officer (CMO). The Deputy Secretary is assisted by a Deputy CMO (DCMO) and DoD's Performance Improvement Officer, who provides advice and works with the Under Secretary of Defense (Comptroller) and the Under Secretary of Defense (Personnel & Readiness) to integrate performance throughout all phases of the Department's Planning, Programming, Budgeting, and Execution System (PPBES) and personnel management processes.

In FY 2007, the Department established a Performance Budget Task Force (PBTF) and Performance Budget Senior Review Group (PBSRG) within the Office of the Secretary of Defense to facilitate development of the Department's Annual Performance Plan and associated assessment and reporting processes. The PBSRG is co-chaired between the DCMO and Under Secretary of Defense (Comptroller). The PBTF and PBSRG includes senior-level representatives from each OSD Principal Staff Assistant (PSA), the Military Departments, and the Joint Staff and meets regularly to:

- Develop relevant performance measures for assessing major DoD-wide functions and strategic objectives, as articulated in the Department's Strategic Plan;
- Recommend annual and long-term performance goals that are ambitious, but achievable;
- Establish senior level accountability for specific performance goals;
- Validate, automate, and document performance data collection and computation methodologies;
- Analyze and report actual performance results; and
- Recommend improvements to the Department's overall performance management process.

**Figure 7-4. DoD Major Organizational Components**

<p><b>MILITARY DEPARTMENTS (3):</b></p> <ul style="list-style-type: none"> <li>• Department of the Army (Army)</li> <li>• Department of the Air Force (AF)</li> <li>• Department of the Navy (Navy)/Marine Corps (MC)</li> </ul>	
<p><b>DEFENSE AGENCIES (17):</b></p> <ul style="list-style-type: none"> <li>• Defense Advanced Research Projects Agency (DARPA)</li> <li>• Defense Commissary Agency (DeCA)</li> <li>• Defense Contract Audit Agency (DCAA)</li> <li>• Defense Contract Management Agency (DCMA)</li> <li>• Defense Finance and Accounting Service (DFAS)</li> <li>• Defense Information Systems Agency (DISA)</li> <li>• Defense Intelligence Agency (DIA)</li> <li>• Defense Legal Services Agency (DLSA)</li> <li>• Defense Logistics Agency (DLA)</li> <li>• Defense Security Cooperation Agency (DSCA)</li> <li>• Defense Security Service (DSS)</li> <li>• Defense Threat Reduction Agency (DTRA)</li> <li>• Missile Defense Agency (MDA)</li> <li>• National Geospatial-Intelligence Agency (NGA)</li> <li>• National Reconnaissance Office (NRO)</li> <li>• National Security Agency (NSA)</li> <li>• Pentagon Force Protection Agency (PFPA)</li> </ul>	
<p><b>DOD FIELD ACTIVITIES (10):</b></p> <ul style="list-style-type: none"> <li>• Defense Media Activity (DMA)</li> <li>• Defense Prisoner of War/Missing Personnel Office (POW/MPO)</li> <li>• Defense Technical Information Center (DTIC)</li> <li>• Defense Technology Security Administration (DTSA)</li> <li>• DoD Education Activity (DoDEA)</li> <li>• DoD Human Resources Activity (DHRA)</li> <li>• DoD Test Resource Management Center (TRMC)</li> <li>• Office of Economic Adjustment (OEA)</li> <li>• TRICARE Management Activity (TMA)</li> <li>• Washington Headquarters Services (WHS)</li> </ul>	
<p><b>OTHER ORGANIZATIONS (8):</b></p> <ul style="list-style-type: none"> <li>• Court of Military Appeals (CMA)</li> <li>• Defense Acquisition University (DAU)</li> <li>• Defense Health Program (USD(P&amp;R)/DHP)</li> <li>• DoD Inspector General (DoDIG)</li> <li>• National Defense University (NDU)</li> <li>• Office of the Secretary of Defense (OSD)</li> <li>• Office of Test and Evaluation (OTE)</li> <li>• The Joint Staff (TJS)</li> </ul>	
<p><b>THE COMBATANT COMMANDS (9):</b></p> <ul style="list-style-type: none"> <li>• U. S. European Command (USEUCOM)</li> <li>• U. S. Central Command (USCENTCOM)</li> <li>• U. S. Pacific Command (USPACOM)</li> <li>• U. S. Southern Command (USSOUTHCOM)</li> <li>• U. S. Northern Command (USNORTHCOM)</li> <li>• U. S. Strategic Command (USSTRATCOM)</li> <li>• U. S. Special Operations Command (USSOCOM)</li> <li>• U. S. Transportation Command (USTRANSCOM)</li> <li>• U.S. African Command (USAFRICOM)</li> </ul>	

C22-08

**DoD Planning Phase**

In the planning phase, the military role in the world environment and the Defense strategy are defined, pursuant to a set of national security objectives. Subsection 118 of Chapter 2, United States Code requires that the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, conduct a comprehensive examination of the United States defense strategy every four years. This review examines national defense strategy, force structure, force modernization plans, infrastructure, budget plans, and other elements of the defense program and policies of the United States, consistent with the most recent National Security Strategy and National Military Strategy. The review calls for a budget plan that would be required to provide sufficient resources to execute successfully the full range of missions called for in the national defense strategy at a low-to-moderate level of risk.

This Quadrennial Defense Review (QDR) report also satisfies the Government Performance and Results Act requirement for each federal agency to submit a strategic plan. The QDR report/DoD Strategic Plan includes in a set of overarching strategic goals and objectives focused on the major functions and operations of the Defense Department. Following release of each QDR, the PBTF and PBSRG work to develop a limited number of DoD-wide priority each each QDR report, PBTF and PBSRG meet to develop a limited number of DoD-wide performance goals relative to each strategic objective. Recommended goals are evaluated to ensure measures are backed by accurate and reliable data and computation methodologies before they are approved.



## Overview – FY 2012 Defense Budget

DoD-wide performance goals are included in the Department's integrated program budget guidance that is issued to DoD Components for their use in developing their annual budgets and associated Future Years Defense Programs.

### DoD Programming/Budgeting Phase

Section 220 of OMB Circular A-11 characterizes a performance budget as a hierarchy of goals that align to an agency's strategic plan. The Department's performance budget hierarchy is depicted in Figure 7-5. This hierarchy indicates that every level of the DoD is accountable for measuring performance and delivering results that support the DoD-wide strategic goals and objectives. Performance accountability cascades to various management levels (DoD-wide to DoD Component to program level) with personnel accountability at all management echelons.

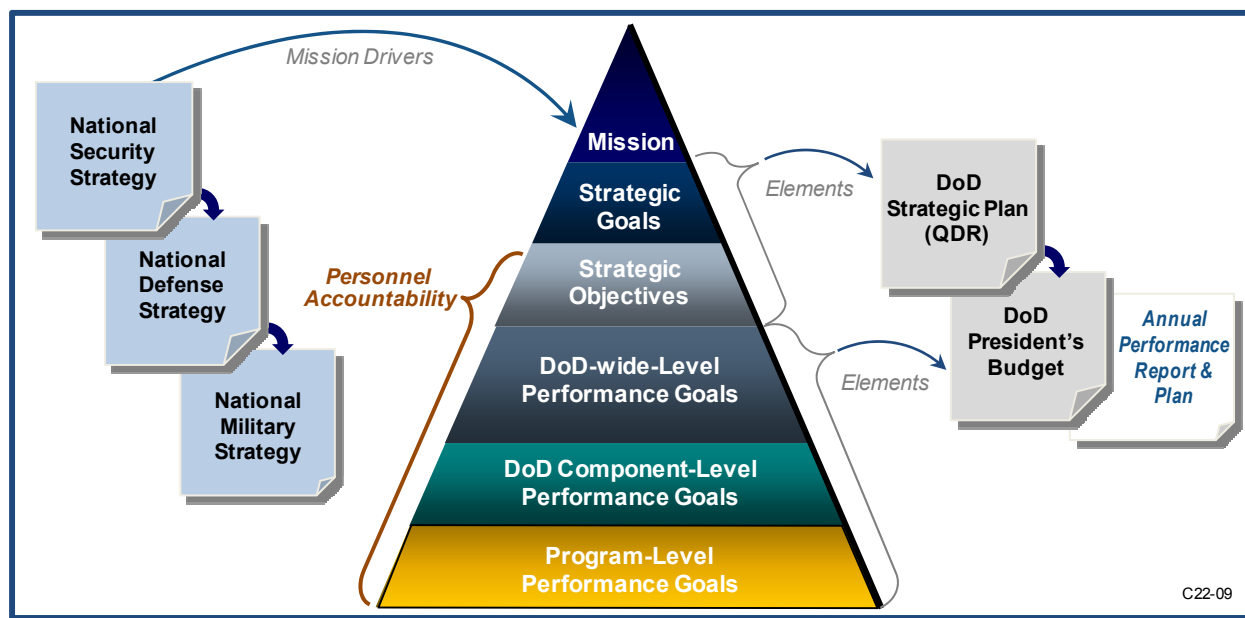
In the programming/budgeting phase, the DoD Components develop proposed programs, allocate resources, and prepare detailed budget submissions to support the Department's performance goals. DoD investments in systems and other initiatives are aggregated to support the strategic goals and objectives at the DoD-wide or highest Departmental echelon.

The Office of the Secretary of Defense utilizes its program budget review process to assess DoD Component compliance against DoD-wide performance goals. DoD Components are requested to address any non-compliance issues in their Program Objective Memorandum (POM) briefs to DoD 3-Star and Deputy Advisory Working Group (DAWG) forums. DoD Components are required to complete a budgetary exhibit that identifies resource offsets for each performance goal that the Component has not funded. Each year, the ODCMO leads a Performance Issue Team (PIT) to determine if initially-recommended performance goals should be modified based on DoD Component POM/budget input or other related program budget decisions. Final performance goals are approved in a resource management decision signed by the Deputy Secretary of Defense.

### DoD Congressional Justification

DoD's annual performance report and annual performance plan are ultimately part of the budget justification that is forwarded to the President for his approval. The President's Budget then is submitted to the Congress for authorization and appropriation.

**Figure 7-5. Department of Defense Performance Budget Hierarchy**



## Overview – FY 2012 Defense Budget

The DoD Performance Plan utilizes a functionally-oriented taxonomy called Force and Infrastructure Categories (F&IC) to associate DoD programs, functions, and resources to each strategic objective. This taxonomy recognizes two types of DoD organizations--forces and infrastructure. Force organizations are the warfighting ships, squadrons, and battalions assigned to the Combatant Commanders to carry out the Department's primary warfighting missions. Infrastructure organizations are the laboratories, depots, shipyards, schools, hospitals, and other support activities needed to create and sustain DoD forces. All organizations are grouped into broad functional categories that are crosswalked to the Department's strategic objectives. The Department's F&IC categories are depicted in Figure 7-6.

Figure 7-7 reflects how each performance goal in the Department's Annual Performance Plan is constructed to reflect its numeric number and affiliation by DoD strategic goal, strategic objective, and F&IC.

The DoD Performance Plan does not represent a comprehensive and exhaustive list of all DoD performance goals. The list does not include classified performance goals or address performance improvements associated with the National Intelligence Program (NIP), since responsibility for the NIP falls under the purview of the Director for National Intelligence (DNI). The DoD Performance Plan reflects a limited number of DoD-wide priority performance goals that are utilized to indicate progress toward accomplishing each DoD strategic objective.

The DoD Annual Performance Plan is also utilized to support individual performance plans for the Department's Senior Executive Service (SES) members and Senior Level/Scientific and Technical (SL/ST) professionals. Each year, the Deputy Secretary of Defense/CMO issues organizational assessment guidance to OSD Principal Staff Assistants and DoD Component Heads that requires:

- Alignment of their respective strategic plans, annual performance plans, and SES and SL/ST individual performance plans to DoD's Annual Performance Plan; and
- Establishment, as necessary, of additional DoD-wide and/or DoD Component-specific performance goals for functional areas not reflected in the DoD's Annual Performance Plan.

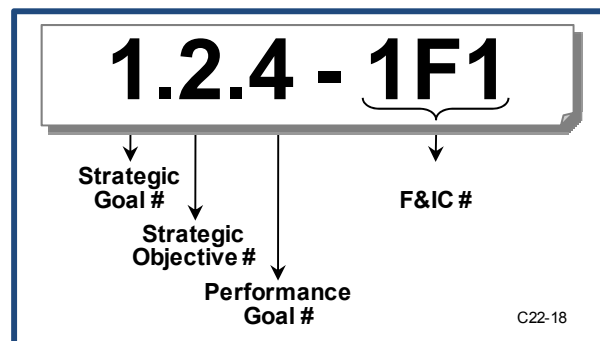
### DoD Execution and Assessment

Currently, the Department utilizes a process that collects and reviews performance information from OSD Principal Staff Assistants (PSAs) on a quarterly basis and presents interim results to the Deputy Secretary of Defense for management decision making. In addition, the process

**Figure 7-6. DoD Forces and Infrastructure Categories**

1 – Forces	
1F1	Expeditionary Forces
1F2	Homeland Defense
1F3	Military Space Forces
1X1	Operational Command & Control Systems
2 – Infrastructure:	
2A	Force Installations
2C	Communications & Information Infrastructure
2D	Science & Technology
2E	Acquisition Infrastructure
2L	Logistics
2M	Defense Health Program
2P	Central Personnel Administration
2R	Central Personnel Benefits
2T	Central Training
2U/V	Department Headquarters and other Infrastructure

**Figure 7-7. Performance Goal Construct**



## Overview – FY 2012 Defense Budget

provides for monthly forums where key enabling initiatives, affecting strategic objective accomplishment, are briefed in greater detail.

Taking corrective action is the final step in the Department's performance management process. When flat or negative performance trends appear, the accountable PSA/Under Secretary of Defense is asked to identify and implement corrective actions. This process allows the Department to quickly identify problems, drill down to analyze contributing factors, and act decisively to correct areas at risk and close performance gaps.

Section 4312 of Title 5, United States Code and Office of Personnel Management (OPM) implementing instructions require performance evaluations for SES and SL/ST professionals be based on both individual and organizational performance. OPM further requires that each Agency describe, at the end of the performance rating period, how it assessed organizational performance and how it communicated that performance to rating and reviewing officials and members of Performance Review Boards to inform individual performance decisions. The Department utilizes its Annual Performance Report, along with other PSA and DoD Component-specific performance results as the basis for DoD-wide organizational assessment and senior level personnel evaluations. Figure 7-8 shows how the Department's Annual Performance Plan and Report support organizational and senior-level personnel management processes.

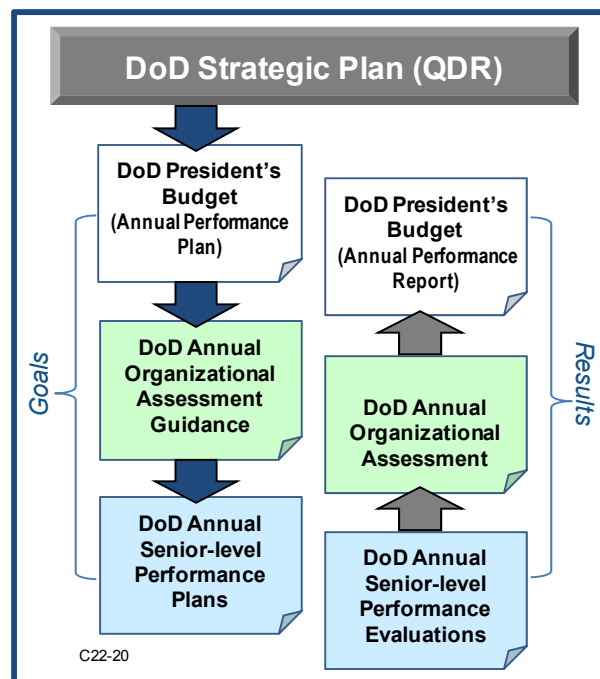
## FY 2010 DOD PERFORMANCE REPORT

### FY 2010 DoD Strategic Goals

During FY 2010, the DoD issued its latest Strategic Plan—i.e., QDR report. Thus the FY 2010 performance report does not reflect that document's current strategic goals and objectives. Instead, the Department based the FY 2010 goals, depicted in Figure 7-9, on the 2008 National Defense Strategy objectives, plus an additional goal focused on business operations.

- Strategic Goal 1, "Win Our Nation's Wars," focuses on the ongoing conflict and extended stabilization campaigns in Afghanistan and Iraq.
- Strategic Goal 2, "Deter Conflict and Promote Security," focuses on integrated security cooperation and reorienting the Armed Forces to deter and defend against transnational terrorists around the world.
- Strategic Goal 3, "Defend the Homeland," focuses on DoD's contributions to our homeland defense mission. Success, under this goal, requires that all elements of national power work together to protect our national interests.
- Strategic Goal 4, "Integrate Business Operations," focuses on improving and integrating DoD business operations to better support the warfighter. This goal is seen as a supporting one that enables accomplishment of the Department's primary warfighting goals.

**Figure 7-8. DoD Performance and Assessment**



## Overview – FY 2012 Defense Budget

Since the publication of the FY 2010 President's Budget, the Deputy Secretary of Defense/Chief Management Officer increased the number of DoD-wide performance goals from 53 to 65 for FY 2010. These changes were based on subsequent Administration direction calling for, among other things, a limited number of High Priority Performance Goal (HPPG) objectives to be accomplished over the next 12–24 months. The eight HPPG objectives are considered a subset of the Department's overall strategic goals and objectives.

### **FY 2010 DoD Performance Results Overview**

In FY 2010, the Department applied the lessons learned in Afghanistan and Iraq, while also confronting a range of other potential threats around the world. It struck an improved balance in three dimensions: between prevailing in current conflicts and preparing for a complex future; between institutionalizing proven wartime adaptations and preserving this nation's existing conventional and strategic advantages; and between accelerating acquisition and management reform while retaining proven best practices.

**Figure 7-9. FY 2010 DoD Strategic Goals and Objectives**

#### **STRATEGIC GOAL 1: WIN OUR NATION'S WARS**

- 1.OCO: Successfully conduct overseas contingency operations and support contingency business operations.  
*\*HPPG: Provide effective business operations and ensure logistics support to overseas contingency operations.*

#### **STRATEGIC GOAL 2: DETER CONFLICT AND PROMOTE SECURITY**

- 2.1F1: Institutionalize irregular warfare and strengthen alliances and partnerships in order to deter conflicts and promote international security.
- 2.1F3: Provide space-based wideband, narrowband, and protected communications capabilities and advanced Position, Navigation, and Timing capabilities with sufficient capacity, connectivity, precision, and availability to support all DoD requirements and ensure timely access to space for all net-centric and other space-based capabilities.
- 2.1X1: Provide robust and agile Command and Control capabilities to DoD commanders and national leadership, enabling them to command, control, and coordinate an interdependent force in rapidly changing scenarios across the full range of DoD operations.
- 2.1X2: Improve intelligence, surveillance, and reconnaissance (ISR) to enhance Battle Space awareness.

#### **STRATEGIC GOAL 3: DEFEND THE HOMELAND**

- 3.1F2: Improve capabilities to prevent and mitigate attacks on U.S. personnel, facilities, and key assets.

#### **STRATEGIC GOAL 4: INTEGRATE BUSINESS OPERATIONS**

- 4.2A: Maintain capable, efficient, and cost-effective installations to support the DoD workforce.  
*\*HPPG: Increase energy efficiencies.*
- 4.2C: Enable an operational advantage for the DoD, non-DoD partners, and national leadership through the effective and efficient management of an assured and secured DoD Information Enterprise.
- 4.2D: Speed technology transitions focused on warfighting needs.
- 4.2E: Improve acquisition performance by integrating lifecycle management principles into DoD and Service acquisition, maintenance, and sustainment processes.  
*\*HPPG: Reform the DoD acquisition process.*
- 4.2L: Integrate joint supply chains from source of supply to operational customers.
- 4.2M: Ensure the trust of the Total Force, their families, and the nation through superior care and support.  
*\*HPPG: Create the next generation of Virtual Lifetime Electronic Record.*
- 4.2P: Maintain and shape a mission ready All Volunteer force and enhance the civilian workforce.  
*\*HPPG: Streamline the hiring process.*
- 4.2R: Improve the quality of life for our armed forces and their families.
- 4.2T: Prepare the force to meet current and emerging challenges faced by operational commanders and reinvigorate the acquisition and security cooperation workforces.  
*\*HPPG: Enhance the security cooperation workforce.*
- 4.2U: Strengthen joint headquarters, personnel security, and financial management activities.  
*\*HPPG: Reform the DoD personnel security clearance process.*  
*\*HPPG: Increase the audit readiness of individual DoD components.*

*\* Reflects high priority performance goal objective.*

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## Overview – FY 2012 Defense Budget

Consistent with the President’s vision, the United States advanced its interests by strengthening our domestic foundation and integrating all elements of national power; engaging abroad, based on mutual interest and respect; and reinforcing the rights and responsibilities of all nations.

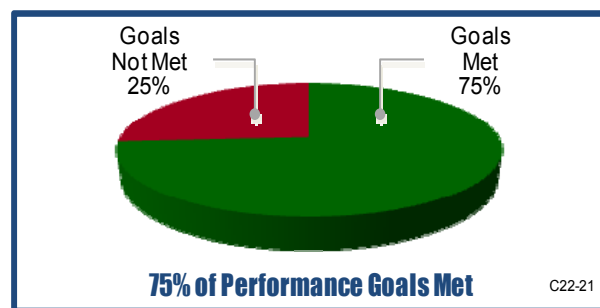
During FY 2010, the Department invested in increased intelligence, surveillance, and reconnaissance support for the warfighter and fielded more of its most capable theater missile defense systems to better protect our forces and those of our allies in theater.

The Department focused on reshaping American’s defense establishment by continuing to implement needed reforms that improve the effectiveness of how it acquires new defense systems to maintain the U.S. military’s technological and conventional edge. Additionally, the business environment within the operational theater was strengthened to improve financial management accountability over resources and contract management.

In summary, the Department sustained a military and provided necessary capabilities to fight two wars; confronted global terrorist threats, and provided needed humanitarian assistance and disaster relief. Throughout the year, the Department also remained focused on taking care of its people and their families.

In FY 2010, the Department was successful in achieving most of its DoD-wide performance goals. The Department Performance Plan included 65 performance goals, distributed among four overarching DoD strategic goals and 16 strategic objectives. Figure 7-10 indicates that the Department met or exceeded 75 percent (48 of 64) of its DoD-wide performance goals in FY 2010. Figure 7-11 provides a summary of performance results by DoD strategic goal. One performance result, pertaining to the Department’s facilities sustainment rate, could not be computed in time for the Congressional budget submission.

**Figure 7-10. FY 2010 DoD Performance Outcome Analysis**



**Figure 7-11. FY 2010 Performance Results Summary by DoD Strategic Goal**

DoD Strategic Goal	Met or Exceeded		Did Not Meet		Total	
Goal 1 - Win Our Nation’s Wars	6	100%	0	0%	6	100%
Goal 2 - Deter Conflict and Promote Security	11	92%	1	8%	12	100%
Goal 3 - Defend the Homeland	1	33%	2	67%	3	100%
Goal 4 - Integrate Business Operations	30	70%	13	30%	43	100%
<b>DoD Total</b>	<b>48</b>	<b>75%</b>	<b>16</b>	<b>25%</b>	<b>64</b>	<b>100%</b>

### Goal 1 Results - Win Our Nation’s Wars

The Department remains committed to the goal of disrupting, dismantling, and defeating al-Qaeda in Afghanistan and Pakistan. At the direction of the President, beginning in December 2009, an additional 30,000 United States (U.S.) troops deployed to Afghanistan to meet Operation Enduring Freedom (OEF) mission requirements and implement the type of strategy that produced significant progress in Iraq. In FY 2010 – while military operations continued in Afghanistan, Iraq, and elsewhere in the world – DoD established five performance goals to improve acquisition and financial management processes in an expeditionary environment.

## Overview – FY 2012 Defense Budget

For Strategic Goal #1, the Department met or exceeded 100 percent (or all six) of its DoD-wide performance goals in FY 2010.

As reflected below, all Combatant Commanders reported their readiness to execute 100 percent of their Current Operations. The Joint Contracting Command (JCC) was successful in addressing critical personnel shortfalls in theater. In particular, the JCC exceeded its personnel fill rate goals for Contracting Officer Representatives (CORs) providing logistical and base support services and adequate contract oversight to deployed commanders and fielded forces. In addition, the Department's financial management staff made significant progress in linking contracts to entitlement and disbursement actions and in reducing the percent of in-theater Army central disbursement, using U.S. dollars. Providing an electronic interface between contracts, invoices, and receiving reports ensures vendor payments are made within the timeframes allotted by the Prompt Payment Act. In addition, the United States Army Central's deployment of electronic commerce capabilities has reduced the amount of cash on the battlefield and improved visibility and accountability over financial transactions in theater.

STRATEGIC GOAL 1: WIN OUR NATION'S WARS							
Performance Measures		Annual Performance Goals/Results					
		FY 2009 Results	FY 2010 Goals	FY 2010 Results			
<b>Strategic Objective 1. OCO:</b> <b>Successfully conduct Overseas Contingency Operations (OCO) and support contingency business operations.</b> <i>*HPPG: Provide effective business operations and ensure logistics support to overseas operations.</i>							
1.OCO: Percent of the Combatant Commanders' (COCOMs) Current Operations which they report ready to execute		100%	100%	100%			
*1.OCO: Annual fill rate for Joint Contracting Command (JCC) supporting contingency operations		Not available	98%	98%			
*1.OCO: Percent assigned of required Contracting Officer Representatives (CORs) supporting Afghan contingency operations		Not available	85%	87%			
*1.OCO: Percent assigned of required Contracting Officer Representatives (CORs) supporting Iraqi contingency operations		Not available	85%	96%			
*1.OCO: Percent of contract actions tied to entitlements and disbursements in the systems of record		2%	20%	44.7%			
*1.OCO: Percent of in-theater Army central disbursements, using cash (U.S. dollars)		10.2%	10%	2.6%			
*Reflects high priority performance goal		Met or Exceeded	Did Not Meet	Total			
<b>GOAL 1 – WIN OUR NATION'S WARS</b>		6	100%	0	0%	6	100%

### Goal 2 Results– Deter Conflict and Promote Security

America's interests and role in the world require armed forces with unmatched capabilities and a willingness on the part of the nation to employ them in defense of our interests and the common good. The United States remains the only nation able to project and sustain large-scale operations over extended distances. This unique position generates an obligation to be responsible stewards of that power and our resources.

In FY 2010, the Department curtailed or cancelled nearly 20 troubled or excess programs as part of the FY 2010 budget that would have cost more than \$300 billion to complete. The DoD increased intelligence, surveillance, and reconnaissance support for the warfighter with more high demand unmanned aerial vehicles. The Department invested in new capabilities that included procurement

## Overview – FY 2012 Defense Budget

and development of platforms, such as the fifth generation Joint Strike Fighter aircraft; the Littoral Combat Ship; new generation ground vehicles, such as the Stryker; communications, navigation, missile warning, space situational awareness, and missile defense systems.

The Department established the new U.S. Cyber Command to meet the ever-growing array of cyber threats to military information systems.

For Strategic Goal #2, the Department met or exceeded 92 percent (or 11 of 12) DoD-wide performance goals in FY 2010. As reflected below, the Department maintained its readiness to conduct missions abroad; continued the Army's transformation to modular brigades; increased Special Forces; and ensured units received joint and irregular warfare and stability operations training prior to arriving in theater. In addition, the DoD did not experience any operational gaps in space capabilities and achieved a 99 percent customer satisfaction rate with Defense human intelligence (HUMINT) support.

The Department did not achieve its goal for the number of technology security actions processed. Since this measure is industry-driven and outside of the DoD's control, the Department has implemented an alternative measure for FY 2011 and beyond. The new measure will focus on the expeditious adjudication of DoD positions on export licenses received for review.

<b>STRATEGIC GOAL 2: DETER CONFLICT AND PROMOTE SECURITY</b>			
<b>Performance Measures</b>	<b>Annual Performance Goals/Results</b>		
	<b>FY 2009 Results</b>	<b>FY 2010 Goals</b>	<b>FY 2010 Results</b>
<b>Strategic Objective 2.1F1: Institutionalize irregular warfare and strengthen alliances and partnerships in order to deter conflicts and promote international security.</b>			
2.1F1: Percent of DoD Combatant Commanders (CoCOMs) that are ready to execute Core or Theater Security operations	100%	100%	100%
2.1F1: Percent of DoD Combatant Commanders (CoCOMs) that are ready to execute their Contingency Plans	89%	80%	82.1%
2.1F1: Cumulative number of Army brigades converted to a modular design and available to meet military operational demands	46	56	56
2.1F1: Cumulative number of Army Multi-functional and Functional Support (MFF) brigades converted to a modular design and available to meet military operational demands	196	202	202
2.1F1: Cumulative percent of unit initiatives completed to balance three Marine Corps Expeditionary Forces (MEFs)	72%	84%	84%
2.1F1: Cumulative percent increase in DoD Special Forces and Navy SEAL personnel achieved	23%	26%	27%
2.1F1: Number of Technology Security Actions (TSAs) approved	143,600	146,472	129,608
<b>Strategic Objective 2. 1F1: Institutionalize irregular warfare and strengthen alliances and partnerships in order to deter conflicts and promote international security. (con't)</b>			
2.1F1: Percent of combat units receiving training in Joint accredited programs prior to arriving in theater	85.8%	76%	90%
2.1F1: Percent of Service-tailored goals achieved for units trained in Irregular Warfare and Stability Operations	100%	100%	100%
<b>Strategic Objective 2. 1F3: Provide space-based wideband, narrowband, and protected communications capabilities and advanced Position, Navigation, and Timing capabilities with sufficient capacity, connectivity, precision, and availability to support all DoD requirements and ensure timely access to space for all net-centric and other space-based capabilities.</b>			
2.1F3: Number of operational availability gaps in protected MILSATCOM mission area (space segment)	0	0	0

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Performance Measures	Annual Performance Goals/Results					
	FY 2009 Results	FY 2010 Goals	FY 2010 Results			
2.1F3: Number of operational availability gaps in narrowband MILSATCOM mission area (space segment)	0	0	0			
<b>Strategic Objective 2.1X1: Provide robust and agile command and Control Capabilities to DoD commanders and national leadership, enabling them to command, control, and coordinate an interdependent force in rapidly changing scenarios across the full range of DoD operations.</b>						
No performance goals developed.						
<b>Strategic Objective 2.1X2: Improve intelligence, surveillance, and reconnaissance (ISR) to enhance Battle Space awareness.</b>						
2.1X2: Rate of customer satisfaction with Defense Enterprise HUMINT support	98.8%	88%	99%			
	Met or Exceeded	Did Not Meet	Total			
<b>GOAL 2 – DETER CONFLICT AND PROMOTE SECURITY</b>	11	92%	1	8%	12	100%

### Goal 3 Results – Defend the Homeland

One of the core responsibilities of the U.S. government is to protect the life and liberty of the American people or, as phrased in the Constitution, to “provide for the common defense.” The mission of the Department of Defense is to provide the military forces needed to deter war and to protect the security of our country. Today’s DoD plays a critical role in defending and advancing the safety and security of American citizens and interests.

The Department assesses its contributions to our homeland defense mission by measuring three key performance outcomes which focus on the capabilities necessary to mitigate attacks on the U.S. and its territories.

For Strategic Goal #3, the Department met or exceeded 33 percent (or one of three ) DoD-wide performance goals in FY 2010.

As reflected below, the Department is slightly ahead of schedule in destroying treaty-declared category 1 chemical weapons. However, less progress was made than projected in improving the Departmental capabilities to respond to a biological agent or Weapons of Mass Destruction (WMD) event. Provision of Army National Guard manpower delayed the certification process for two Civil Support Teams (CSTs) in FY 2010. The two remaining CSTs are expected to be certified not later than the fourth quarter of FY 2011. In addition, the completion of 12 zonal diagnostic labs were delayed due to a lack of site access for commissioning inspections, loss of customs exemptions for construction material, and mechanical issues. However, all 12 labs are currently on track to be completed by the second quarter of FY 2011.

STRATEGIC GOAL 3: DEFEND THE HOMELAND			
Performance Measures	Annual Performance Goals/Results		
	FY 2009 Results	FY 2010 Goals	FY 2010 Results
<b>Strategic Objective 3.1F2: Improve capabilities to prevent and mitigate attacks on U.S. personnel, facilities, and key assets.</b>			
3.1F2: Number of National Guard Weapons of Mass Destruction – Civil Support Teams (WMD-CSTs) certified	55	57	55
3.1F2: Cumulative number of zonal diagnostic labs built and equipped for biological agent detection and response	19	32	20



## Overview – FY 2012 Defense Budget

Performance Measures	Annual Performance Goals/Results					
	FY 2009 Results		FY 2010 Goals		FY 2010 Results	
3.1F2: Cumulative percent of treaty-declared category 1 chemical weapons destroyed	65.5%		74.2%		79.8%	
	Met or Exceeded		Did Not Meet		Total	
<b>GOAL 3 – DEFEND THE HOMELAND</b>	<b>1</b>	<b>33%</b>	<b>2</b>	<b>67%</b>	<b>3</b>	<b>100%</b>

### Goal 4 Results – Integrate Business Operations

In FY 2010, the Department launched an equally important battle to improve the efficiency and effectiveness within its own organization. Strategic goal #4 includes 10 strategic objectives and 43 performance results associated with major infrastructure activities of the Department. One performance result pertaining to DoD’s facilities sustainment rate could not be computed in time for the Congressional budget submission.

**The first five strategic objectives and 10 performance results are focused on installations management, information assurance, science and technology, acquisition, and logistics.**

The Department’s worldwide infrastructure includes nearly 539,000 facilities located at more than 5,000 sites around the world. Unfortunately, the Department fell short in accomplishing one of its energy goals. While the Department improved its performance over the prior year, the reduction in energy intensity was not achieved. The Army’s need to maintain dual facilities as it implements base closure and realignment actions had an adverse effect on achieving this goal.

However, the Department did achieve its performance goals associated with information assurance and significantly exceeded the percent of demonstration programs that transitioned superior technology to warfighter application. Notable deployments include the following:

- The “Personal Oxygen Generator” project provides continuous flow and pulse dose oxygen for stationary and ambulatory patients and makes oxygen for anesthesia machines in field hospitals;
- The “Mapping of the Human Terrain” project improves visualization of military information that allows commanders on the ground to make more informed operational decisions;
- The “Anubis” project shortens the kill chain by providing a Small Unmanned Aircraft System to clandestinely fix, track, and engage targets; and
- The “Gunslinger Package for Advanced Convoy Security” project increases crew safety with the ability to provide more accurate counterfire under armor.

Less progress was made in the areas of acquisition and logistics. While the Department exceeded its FY 2010 goals in hiring additional acquisition personnel, six new Major Defense Acquisition Programs (MDAPs) were approved in FY 2010 with cycle times averaging 88 months. The number of reportable cost breaches on MDAPs more than tripled over the prior year (FY 2009) level, and the DoD fell short in meeting its competitive contract award goal. Delays in competitive contract awards resulted in sole source “bridge” contracts to maintain continuity. These included several large fuel related purchases (nearly \$3.7 billion) from mandatory state-owned sources for continuing overseas missions.

The Department has recommended an alternative acquisition measure for FY 2011 and beyond that focuses on the percent deviation from the approved cycle time. The reasons for MDAP

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cost breaches include decreases in procurement quantities, increases in program capabilities, and production price increases due to late delivery. In order to mitigate cost growth, DoD will continue implementation of the Weapon Systems Acquisition Reform Act of 2009, implement actions to curb requirements growth and unrealistic program costing, enforce realistic cost caps, and reform technology readiness level reviews.

In the area of logistics, the Army and Navy customer wait times were adversely affected by attacks on supply convoys moving supplies forward and by delays in closing orders after parts were received. Actions to mitigate receipt processing delays include increasing the number of dedicated personnel at forward stockage points.

<b>STRATEGIC GOAL 4: INTEGRATE BUSINESS OPERATIONS</b>			
Performance Measures	Annual Performance Goals/Results		
	FY 2009 Results	FY 2010 Goals	FY 2010 Results
<b>Strategic Objective 4. 2A: Maintain capable, efficient, and cost-effective installations to support the DoD workforce.</b> <i>*HPPG: Increase energy efficiencies.</i>			
4.2A: Average facilities sustainment rate	81%	92%	Not available
*4.2A: Cumulative average percent reduction in building energy intensity	9.7%	15%	10.5%
*4.2A: Percentage of renewable energy produced or procured based on DoD's annual electric energy usage	9.7%	10%	10%
<b>Strategic Objective 2.C: Enable an operational advantage for the DoD, non-DoD partners, and national leadership through the effective and efficient management of an assured and secured DoD Information Enterprise.</b>			
4.2C: Percent of applicable information technology and National Security Systems that are certification and accreditation-compliant	98%	90%	90%
<b>Strategic Objective 2.D: Percent of information technology (IT) business cases (exhibit 300s) acceptable to the OMB.</b>			
4.2D: Percent of completing demonstration programs transitioning each year	52.7%	30%	61.5%
<b>Strategic Objective 4. 2E: Improve acquisition performance by integrating lifecycle management principles into DoD and Service acquisition, maintenance, and sustainment processes.</b> <i>*HPPG: Reform the DoD acquisition process. 1/</i>			
*4.2E: Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after	86.1	65.9	88.6
*4.2E: Number of Major Defense Acquisition Program (MDAP) breaches equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost) unit cost	2	2	8
*4.2E: Percentage of contract obligations that are competitively awarded	63%	64%	62.5%
*4.2E: Cumulative number of DoD civilian and/or military authorizations added as a result of in-sourcing acquisition functions	Non-applicable	2,500	3,883
*4.2E: Cumulative increase in the number of DoD civilian and military end strengths performing acquisition functions	1,985	6,065	8,045
<b>Strategic Objective 4. 2L: Integrate joint supply chains from source of supply to operational customers.</b>			
4.2L: Average customer wait time	16.2	15	16.4

**The next four strategic objectives and 18 performance results address military healthcare, personnel administration, military quality of life, and centralized training.**

The Department depends on America's men and women in uniform to execute its mission operations, and continues its commitment to attract and take care of its all-volunteer force – DoD's most important resource. The approximately 2.3 million Active and Reserve Soldiers, Sailors, Marines, and Airmen received pay increases and additional basic allowance for military housing. In addition, the Military Health System supports approximately 9.6 million eligible beneficiaries, including Service members, family members, retirees, and family members.

In FY 2010, the Department exceeded all of its healthcare-related performance goals with the exception of two goals associated with medical readiness. The Department exceeded its quality and beneficiary satisfaction rates and streamlined its disability evaluation process used to determine fitness for duty. Of particular note, the Department was also able to contain its healthcare costs per member, compared to the average civilian sector increase. This was accomplished via a change to DoD's TRICARE policy which now pays a defined amount per medical service rendered (vice billed). This change is consistent with changes made by Medicare. Medical and dental readiness shortfalls in the Guard and Reserve components precluded the Department from meeting these goals. Additional funds were requested in the FY 2011 budget request to resolve some of these issues.

In FY 2010, the Department exceeded all of its personnel management performance goals. The Department continued to maintain its prescribed Active and Reserve component end strength, while at the same time significantly reducing the number of soldiers under stop loss. The nation can be proud of these achievements, as well as the commitment of Service members and their families, as reflected in record high retention rates.

In the area of the civilian personnel, the Department exceeded its goal (13,571) by 25 percent for establishing government authorizations as a result of insourcing. Half of these positions were established because the work performed under contract was determined to be inherently governmental or otherwise exempted from continued private sector performance. Twenty-three percent of the insourcing (3,883 authorizations) occurred in DoD acquisition functions. In addition, the Department participated in the federal-wide mandate to reduce the average time it takes to hire a civilian employee. Over the past year, the DoD reduced this time from 155 days in FY 2009 to 116 days in FY 2010.

The Department exceeded two of three military quality of life (QoL) performance goals based on members residing in states that comply with key QoL criteria and the quality of foreign housing. The Department did not meet its quality goal associated with the condition of family housing in the United States. The Air Force did not privatize more projects in FY 2010 based on the ongoing economic crisis, which caused private loans to have unfavorable terms. The Air Force has six privatization projects remaining that include 22 installations and approximately 16,000 family housing units. The Air Force has reported that all privatization projects will be completed by the end of FY 2012.

In FY 2010, the Department focused its centralized training efforts on DoD's acquisition and security cooperation workforces. While the Department exceeded its training goal for security cooperation, the DoD fell short in increasing its percentage of certified acquisition professionals. Many positions are not yet filled and, by policy, incumbents are allowed 24 months to achieve certification. The rate of certification is expected to improve once the number of acquisition positions stabilize and incumbents complete their required training courses.

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<b>STRATEGIC GOAL 4: INTEGRATE BUSINESS OPERATIONS (con't)</b>			
Performance Measures	Annual Performance Goals/Results		
	FY 2009 Results	FY 2010 Goals	FY 2010 Results
<b>Strategic Objective 4. 2M: Ensure the trust of the Total Force, their families, and the national through superior care and support.</b> <i>*HPPG: Create the next generation of Virtual Lifetime Electronic Record.</i>			
4.2M: Percent of deployable Armed Forces without any deployment-limiting medical condition	85%	90%	86%
4.2M: Percent of Armed Forces whose medical status is unknown	18%	10%	14%
4.2M: Overall Hospital Quality Index score	Not available	80	88
4.2M: DoD TRICARE Prime Enrollee Preventive Health Quality Index score	Not available	20	21
4.2M: Percent of beneficiaries satisfied with military healthcare plan compared to the average civilian healthcare satisfaction rate	Not available	58%	64%
4.2M: Percent of military members participating in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating	27%	40%	44%
4.2M: Average percent Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase	6.7%	6.1	5.1
<b>Strategic Objective 2.P: Maintain and shape a mission ready All Volunteer force and enhance the civilian workforce.</b> <i>*HPPG: Streamline the hiring process.</i>			
4.2P: Percent variance in Active component end strength	0.9%	3%	0.4%
4.2P: Percent variance in Reserve component end strength	1%	3%	0.6%
4.2P: Number of military personnel subject to stop loss	9,753	6,609	3,198
4.2P: Cumulative number of DoD civilian and/or military authorizations added as a result of in-sourcing	Non-applicable	13,571	16,999
*4.2P: Number of days for external civilian hiring (end-to-end timeline)	155	140	116
<b>Strategic Objective 2.R: Improve the quality of life for our armed forces and their families.</b>			
4.2R: Percent of government-owned Family Housing inventory in the United States at good and fair (Q1-Q2) condition	Not available	75%	54.7%
4.2R: Percent of government-owned Family Housing inventory at foreign locations at good and fair (Q1-Q2) condition	Not available	75%	85.1%
4.2R: Percent of military population, whose Quality of Life (QoL) is improved as a result of living in states or territories that comply with key DoD QoL issue criteria	Not available	40%	85.4%
<b>Strategic Objective 4. 2T: Prepare the force to meet current and emerging challenges faced by operational commanders and reinvigorate the acquisition and security cooperation workforces.</b> <i>*HPPG: Reform the DoD acquisition process. 1/</i> <i>*HPPG: Enhance the security cooperation workforce.</i>			
*4.2T: Percent of acquisition positions filled with personnel meeting Level II certification requirements	55.2%	55.3%	52%
*4.2T: Percent of acquisition positions filled with personnel meeting Level III certification requirements	70.5%	70.6%	67.4%
*4.2T: Cumulative percent of incumbents that have been trained in security cooperation in positions that require security cooperation training	67%	80%	82%

**DoD's final strategic objective includes 15 performance results associated with joint headquarters, financial management, and personnel security clearance reform.**

In FY 2010, the Department completed its goal calling for Joint Task Force-capable Service headquarters so this goal was deleted for FY 2011 and beyond.

On February 13, 2009, Congress passed the American Recovery and Reinvestment Act (ARRA) of 2009 and the President signed it into law four days later. As part of the Act, the Department of Defense (DoD) received a \$7.4B appropriation for use in over 4,000 projects in five programs: Military construction; Facility Sustainment, Restoration and Modernization; Energy Conservation and Investment; Near-term Energy-Efficient Technologies; and Homeowners' Assistance. The task from the White House and Congress was to get ARRA money out into the economy quickly and effectively as well as maximize opportunities for small businesses. Four performance results indicate that the Department was successful. Facility infrastructure investments were used to upgrade thousands of DoD buildings, including energy-related improvements and military medical facilities. The military construction program funded hospitals, child development centers, warrior in transition complexes, and energy conservation projects. The homeowners' assistance program expanded assistance to qualified military and civilian personnel who suffer financial loss on the sale of their primary residence. Congress rescinded \$260.5 million of these funds in Public Law 111-226, reducing our total DoD Recovery Act funding to \$7.2 billion.

During this same time, the Department was successful in executing its Operation and Maintenance spend plan and in maintaining a sufficient level of Working Capital Fund cash on hand. However, the Department encountered some complexities in attempting to close a number of late Anti-Deficiency Act investigations. While four cases were in the advanced decision phase, seven cases were sent back to the affected DoD components for additional disciplinary and/or corrective actions. Based on these delays, the Department adjusted this performance goal for FY 2011.

The DoD has continued its efforts to reduce improper payments associated with military and civilian pay. While the Department achieved its civilian pay goal, it fell short in achieving its military pay one. Approximately two-thirds of military pay errors are underpayments due to non-payment of terminal leave at the time of discharge or transfer back to reserve/guard status. Although the Department missed its military pay goal, it is still below the one percent industry error rate for civilian payroll systems.

The DoD is one of a very few cabinet level agencies without a "clean" financial audit opinion. Solving this problem will help improve the quality of financial information used for senior management decision-making and reinforce confidence in our stewardship of public monies. The Department is moving toward audit readiness and making significant progress in installing new financial systems. In FY 2010, the Department increased resources (people and dollars) allocated to audit readiness and continues to focus on budget and mission critical asset information as top priorities. However, one of three audit readiness goals was not accomplished in FY 2010 based on a delay in awarding a contract to complete the required validation. The Department expects to be back on track once this contract is awarded during the second quarter of FY 2011.

In the area of personnel security clearance processes, Congress mandated specific timeliness goals as part of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA). To achieve IRTPA's clearance mandate, the Department established and successfully achieved two performance goals for FY 2010. Over this period, it increased the percentage of DoD

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investigations received electronically and cut in half the number of days it took in the prior year (FY 2009) to adjudicate personnel security clearance cases.

In summary, the Department met or exceeded 70 percent (30 of 43) DoD-wide performance goals for Strategic Goal #4 in FY 2010.

STRATEGIC GOAL 4: INTEGRATE BUSINESS OPERATIONS (con't)						
Performance Measures		Annual Performance Goals/Results				
		FY 2009 Results		FY 2010 Goals		FY 2010 Results
<b>Strategic Objective 4. 2U: Strengthen joint headquarters, personnel security, and financial management activities.</b>						
		<i>*HPPG: Reform the DoD personnel security clearance process.</i>				
		<i>*HPPG: Increase the audit readiness of individual DoD components.</i>				
4.2U:	Cumulative percent of 2/3-star Designated Service Headquarters (DSHQ) certified as Joint Task Force (JTF)-capable	86%		86%		86%
4.2U:	Percent of DoD Facilities, Sustainment, Restoration, and Modernization budget authority, funded by the American Reinvestment and Recovery Act (ARRA), obligated	58.8%		95%		99%
4.2U:	Percent of DoD Research, Development, Test, and Evaluation budget authority, funded by the American Reinvestment and Recovery Act (ARRA), obligated	47.7%		95%		99%
4.2U:	Percent of DoD Military Construction budget authority, funded by the American Reinvestment and Recovery Act (ARRA), obligated	26.4%		52%		73%
4.2U:	Percent of DoD Homeowners Assistance Fund budget authority, funded by the American Reinvestment and Recovery Act (ARRA), obligated	1%		48%		91%
4.2U:	Operation and Maintenance obligation rate as a percentage of spend plan	99.8%		98%		98.8%
4.2U:	Days of Working Capital Fund cash on hand	11		7		12.5
4.2U:	Cumulative reduction of late formal Anti-Deficiency Act investigations from the FY 2009 baseline	25		13		19
4.2U:	Percent of improper military pay payments	0.48%		0.45%		0.61%
4.2U:	Percent of improper civilian pay payments	0.32%		0.27%		0.24%
*4.2U:	Percent DoD Statement of Budgetary Resources Appropriations Received validated	19%		53%		19%
*4.2U:	Percent of DoD Statement of Budgetary Resources validated	13%		14%		14%
*4.2U:	Percent of DoD Funds Balance with Treasury validated	7%		8%		9%
*4.2U:	Average number of days required to adjudicate the fastest 90 percent of initial top secret and secret personnel security clearance cases	25		20		10
*4.2U:	Percent of all DoD investigations received via electronic delivery	Not available		80%		93%
*Reflects high priority performance goal 1/ Note: Acquisition-related HPPGs appear under two different DoD Strategic Objectives.		Met or Exceeded		Did Not Meet		Total
<b>GOAL 4 – INTEGRATE BUSINESS OPERATIONS</b>		<b>30</b>	<b>70%</b>	<b>13</b>	<b>30%</b>	<b>43 100%</b>

### **High Priority Performance Goal (HPPG) Results**

As previously discussed, HPPG objectives and performance goals are a subset of DoD's Annual Performance Plan. In 2010, the Department developed improvement plans organized around ten high-priority objectives. However, two HPPG objectives associated with insourcing and the American Reinvestment and Recovery Act were since deleted during FY 2010. In addition, one objective shared with the Department of Veterans Affairs, will not reflect any performance results until FY 2011. As discussed below, two HPPG objectives reflect federal-wide initiatives in the areas of energy and civilian hiring. The other five objectives are DoD-specific and reflect ongoing management reforms in the areas of acquisition, contracting, financial management, and personnel security clearance processes.

- Provide effective business operations to Overseas Contingency Operations.
  - Acquisition processes in the expeditionary environment challenge DoD's ability to fulfill contingency requirements in a timely manner. Logistics operations and the oversight and management of contingency contractors are a persistent challenge. Planning for contractor support for future contingencies has been found inadequate. Isolated cases of individuals misappropriating government funds or contract irregularities suggest internal controls need to be reviewed and strengthened. Resolution of these issues contributes to DoD's ability to better accomplish its national security mission, as well as its humanitarian aid mission, by getting the right materials in the right quantity for effective utilization. It will also improve DoD's stewardship of taxpayer dollars
- Increase energy efficiencies.
  - The Department of Defense (DoD) must reduce building energy consumption. Legislation mandates a 3% annual reduction in facility energy intensity as measured in British Thermal Units per square foot (BTU/SF). Reducing DoD facility energy intensity will slow rising energy costs as well as assist in achieving Federal government energy dependency goals. In addition, DoD is making progress in funding renewable energy projects that could potentially manifest a sizable drop in energy intensity in FY 2011 and beyond.
- Reform the DoD acquisition process.
  - Too many DoD acquisition programs cost too much and fail to satisfy the needs of the 21<sup>st</sup> century war fighter. Acquisition of weapons systems has been on the Government Accountability Office (GAO) list of high-risk management challenges since 1990. The economic crisis and changing threat environment make the problem even more acute. The Secretary of Defense has identified acquisition reform as one of DoD's most significant priorities. The objective is to institutionalize a streamlined, focused and effective acquisition process that results in more rapid delivery of capabilities while also generating savings for re-investment into the Defense enterprise.
  - DoD has embarked on a series of initiatives designed to improve execution of the acquisition process, to include speeding delivery of capability; enhancing quality of milestone decision making; employing competitive prototyping, preliminary design reviews and independent technical readiness assessments; and improving quality of contracted services.
- Create the next generation of electronic record system - Virtual Lifetime Electronic Record (VLER).
  - The Department of Veterans Affairs (VA) and Department of Defense (DoD) maintain separate electronic records for veterans and Service members, although both Agencies share data by a variety of legacy applications and decade-old infrastructure that make maintenance, feature extension, and user scalability difficult and expensive. There is no

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standard, consistent mechanism to transfer data, nor is there a single, complete record available to veterans/Service members and health care and benefits providers. On April 9, 2009, President Obama directed that “both Departments will work together to define and build a system that will ultimately contain administrative and medical information from the day an individual enters military service throughout their military career, and after they leave the military.” VLER directly supports delivery of health care and benefits to Service members and Veterans by providing electronic access to relevant information supporting decision making at the point of service in hospitals, clinics, and when applying for benefits.

- Streamline the hiring process.
  - Timeliness of the human capital delivery chain; need to decrease the time from posting the job announcement to on boarding the new hire. FY 2010 Federal agency external civilian hiring end-to-end timeline goal is 80 days. Streamlining the hiring process has been identified by Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) as a government-wide priority.
- Enhance the security cooperation workforce.
  - There is a need for trained personnel in US Security Cooperation Organizations (SCO) located in each country. There are 107 SCOs worldwide, totaling approximately 670 personnel. Not all SCO personnel have received formal training in their Security Cooperation responsibilities, resulting in less than optimal assistance to partner countries. An Under Secretary of Defense (Policy) and a Defense Security Cooperation Agency (DSCA) strategic plan objective is for DoD to staff, train, and sustain an experienced security cooperation workforce (military and civilian).
- Reform the DoD personnel security clearance process.
  - DoD’s personnel security clearance program has been on the Government Accountability Office (GAO) list of high-risk management challenges since 2005. Congress mandated specific security clearance process timeliness goals as part of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA). To achieve IRTPA’s clearance determination goal of 60 days or better, a transformed process was designed, as first described in the Initial Report on Security and Suitability Process Reform, dated April 30, 2008. The Defense Information System for Security will improve information sharing capabilities, accelerate clearance-processing time-lines and reduce security vulnerabilities.
- Increase the audit readiness of individual DoD components.
  - DoD is one of a very few cabinet level agencies without a “clean” financial audit opinion. Financial Management has been on the Government Accountability Office (GAO) list of high-risk management challenges since 1995. Solving this problem will help improve the quality of financial information used for senior management decision-making and reinforce confidence in our stewardship of public monies. Resolution of this issue supports the broader business transformation goal of better integrated, modern and compliant business systems. The leading initiative is the Financial Improvement and Audit Readiness (FIAR) program, led by the Under Secretary of Defense (Comptroller) (USD(C)), in collaboration with the Military Services. The Under Secretary of Defense (Acquisition, Technology and Logistics (AT&L)) and the Deputy Secretary of Defense, dual-hatted as the Department’s Chief Management Officer, also share prominent roles.

The Department achieved a 76 percent success rate in meeting 16 of 21 HPPGs in FY 2010. As reflected below, the DoD accomplished 100 percent of its performance goals in the areas of support to overseas contingency operations (OCO), civilian hiring, security cooperation, and personnel security clearance reform. Of particular note, the Department exceeded its goal in



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reducing the civilian hiring timeline from 155 days in FY 2009 to 116 days in FY 2010. This was achieved through a variety of initiatives that include standardized position descriptions and job announcements, utilization of the automated USA Staffing tool, and upfront manager training. The FY 2010 goal for security cooperation was extremely challenging, but met primarily through on-line training. While the Department leveraged technology solutions to meet its personnel security clearance adjudication goal, this goal is maintained to ensure that the DoD's timeliness is not adversely affected as it implements some quality programs in FY 2011 and FY 2012. Reduced success rates are recognized in the areas of audit readiness (at 66 percent), acquisition (at 57 percent), and energy usage (at 50 percent), for reasons previously discussed.

Additional information pertaining to DoD HPPG results for FY 2010 may be found at <http://goals.performance.gov/>.

DoD HIGH PRIORITY OBJECTIVES AND PERFORMANCE GOALS			
Performance Measures	Annual Performance Goals/Results		
	FY 2009 Results	FY 2010 Goals	FY 2010 Results
<i>*HPPG Objective: Provide effective business operations to Overseas Contingency Operations.</i>			
*1.OCO: Annual fill rate for Joint Contracting Command (JCC) supporting contingency operations	Not available	98%	98%
*1.OCO: Percent assigned of required Contracting Officer Representatives (CORs) supporting Afghan contingency operations	Not available	85%	87%
*1.OCO: Percent assigned of required Contracting Officer Representatives (CORs) supporting Iraqi contingency operations	Not available	85%	96%
*1.OCO: Percent of contract actions tied to entitlements and disbursements in the systems of record	2%	20%	44.7%
*1.OCO: Percent of in-theater Army central disbursements, using cash (U.S. dollars)	10.2%	10%	2.6%
<i>*HPPG Objective: Increase energy efficiencies.</i>			
*4.2A: Cumulative average percent reduction in building energy intensity	9.7%	15%	10.5%
*4.2A: Percentage of renewable energy produced or procured based on DoD's annual electric energy usage	9.7%	10%	10%
<i>*HPPG Objective: Reform the DoD acquisition process.</i>			
*4.2E: Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after	86.1	65.9	88.6
*4.2E: Number of Major Defense Acquisition Program (MDAP) breaches equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost	2	2	8
*4.2E: Percentage of contract obligations that are competitively awarded	63%	64%	62.5%

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Performance Measures	Annual Performance Goals/Results				
	FY 2009 Results	FY 2010 Goals	FY 2010 Results		
<i>*HPPG Objective: Reform the DoD acquisition process. (con't)</i>					
*4.2E: Cumulative number of DoD civilian and/or military authorizations added as a result of in-sourcing acquisition functions	Non-applicable	2,500	3,883		
*4.2E: Cumulative increase in the number of DoD civilian and military end strengths performing acquisition functions	1,985	6,065	8,045		
*4.2T: Percent of acquisition positions filled with personnel meeting Level II certification requirements	55.2%	55.3%	52%		
*4.2T: Percent of acquisition positions filled with personnel meeting Level III certification requirements	70.5%	70.6%	67.4%		
<i>*HPPG Objective: Streamline the hiring process.</i>					
*4.2P: Number of days for external civilian hiring (end-to-end timeline)	155	140	116		
<i>*HPPG Objective: Enhance the security cooperation workforce.</i>					
*4.2T: Cumulative percent of incumbents that have been trained in security cooperation in positions that require security cooperation training	67%	80%	82%		
<i>*HPPG Objective: Increase the audit readiness of individual DoD components.</i>					
*4.2U: Percent DoD Statement of Budgetary Resources Appropriations Received validated	38%	53%	19%		
*4.2U: Percent of DoD Statement of Budgetary Resources validated	13%	14%	14%		
*4.2U: Percent of DoD Funds Balance with Treasury validated	7%	8%	9%		
<i>*HPPG Objective: Reform the DoD personnel security clearance program</i>					
*Reflects high priority performance goal	Met or Exceeded		Did Not Meet		Total
<b>TOTAL – DOD HIGH PRIORITY PERFORMANCE GOALS</b>	<b>16</b>	<b>76%</b>	<b>5</b>	<b>24%</b>	<b>21</b> <b>100%</b>

In conclusion, while the Department had a fairly successful year in accomplishing 76 percent of its HPPGs and 75 percent of its overall priority performance goals, much work remains. During the course of 2010, Secretary of Defense Robert Gates challenged the Defense Department to find additional cost savings within its operations in order to sustain the current force structure and to make additional investments in modernization.

## DOD STRATEGIC PLAN

In February 2010, Secretary Gates released the latest Quadrennial Defense Review (QDR) report—i.e., DoD’s Strategic Plan. The 2010 QDR is the basis for updating DoD’s FY 2011 performance plan and developing its FY 2012 plan.

In order to help defend and advance our national interests, the 2010 QDR recognized four priority objectives: prevail in today’s wars; prevent and deter conflict; prepare for a wide range of contingencies; and preserve and enhance the All-Volunteer Force. At the same time, the QDR acknowledged that the Defense Department had to implement an agenda that reforms how it does business. Consequently, these imperatives reflect the Department 2010 QDR strategic goals.

Figure 7-12 indicates that the first three strategic goals represent the Department’s primary warfighting missions. Strategic goals 4 and 5, focused on DoD infrastructure, are considered supporting goals.

After the 2010 QDR report was released, the Department reconvened its Performance Budget Task Force (PBTF) and Senior Review Group (SRG). These forums worked to identify and align the 2010 QDR strategic objectives under the Department’s strategic goals. Exhibit B provides a summary of this alignment and reflects 20 strategic objectives, pursuant to the 2010 QDR. Exhibit B also aligns the Department’s High Priority Performance Goal (HPPG) objectives for FY 2011 and FY 2012 under DoD’s overarching strategic goals and objectives.

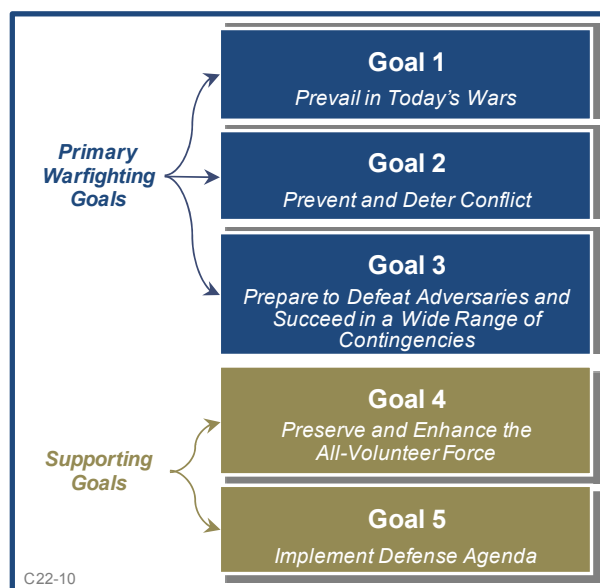
As a global power, the strength and influence of the United States is deeply intertwined with the broader international system. In this century, the United States has strived to protect our people, promote stability in key regions, provide assistance to nations in need, and promote the common good.

The United States faces a complex and uncertain security landscape in which the pace of change continues to accelerate. The rise of new powers, the growing influence of non-state actors, and the spread of destructive technologies pose challenges to international order. The distribution of global political, economic, and military power is becoming more diffuse. The United States must increasingly rely on key allies and partners if it is to sustain stability and peace.

America’s interests and role in the world requires armed forces with unmatched capabilities and a willingness on the part of the nation to employ them in defense of our interests and the common good. Given this threat environment, the United States needs a broad portfolio of military capabilities with maximum versatility across the widest possible spectrum of conflict. Consequently, the 2010 QDR directs more investment in a new air-sea battle concept, long-range strike, and space and cyberspace in order to project power, deter aggression, and come to the aid of allies and partners.

Toward this end, the following sections provide a more in depth discussion of the Department’s objectives by strategic goal.

Figure 7-12. FY 2011-2012 Strategic Goals



**STRATEGIC GOAL 1: PREVAIL IN TODAY'S WARS**

- 1.1-OCO: Degrade the Taliban to levels manageable by the Afghan National Security Force (ANSF), while increasing the size and capability of the ANSF.
- 1.2-OCO. Execute a responsible drawdown of the U.S. military presence in Iraq.

Strategic goal 1 acknowledges that first and foremost, the United States is a nation at war. Afghanistan and Pakistan continue to be the heart of the global violent extremism pursued by Al Qaeda, and the region from which the United States was attacked on 9/11. In Afghanistan, our forces fight alongside allies and partners in renewed efforts to disrupt, dismantle, and defeat Al Qaeda and the Taliban.

The President outlined that the United States must prevent the Taliban from turning Afghanistan back into a safe haven for international terrorists. Achieving this strategic goal requires coordinating the security, governance, and development efforts of the United States and the international community. The President detailed a more focused strategy calling for adding 30,000 more American troops, securing key population centers, training Afghan forces, transferring responsibility to a capable Afghan partner, and increasing partnership with the Pakistani people who are facing the same threats. The increase in U.S. forces will enable the Department to reverse the Taliban's momentum and degrade their capabilities to a level manageable by the Afghan National Security forces (ANSF), while building the ANSF capacity and capabilities and ensuring security of the Afghan population.

Although notable progress has been made, most Afghan ministries lack sufficient administrative capacity necessary for effective program execution. Consequently, the United States will continue to pursue a governance assistance strategy that strengthens the Afghan government at the national and sub-national levels as it transitions from a lead combat role.

Our efforts in Afghanistan are inextricably linked to our partnership with Pakistan. The United States is committed to strengthening Pakistan's capacity to target those extremists who threaten both countries. Though our partnership with Pakistan is focused urgently on confronting Al Qaeda and its allies, America's interest in Pakistan's security and prosperity will endure long after the campaign ends.

Victory in Afghanistan ultimately lies with its people. U.S. and allied are focused on securing key population centers, training competent Afghan security forces, and partnering with them as they fight for their country's future.

In Iraq, U.S. military personnel advise, train, and support Iraqi forces as part of a responsible transition and drawdown. The United States seeks to assist in establishing an Iraq that is sovereign, stable, and a long-term partner contributing to regional peace and security. In February 2009, President Obama outlined the planned drawdown of U.S. forces in Iraq to 50,000 troops and a change in mission by August 31, 2010. Further drawdown will occur with all U.S. forces withdrawn by December 31, 2011.

Years of effort have helped enable the Iraqi government to take the lead in protecting its people and providing essential services. As the responsible drawdown of the U.S. military presence proceeds, U.S. forces will continue to play important roles in providing force protection and targeted counterterrorism operations. The outcomes of today's conflicts will directly shape the global security environment for decades to come.

### STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT

- 2.1-1F1: Extend a global posture to prevail across all domains by increasing capacity in general purpose forces and by enhancing stability operations and foreign security force competency.
- 2.2-1F2A: Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners.
- 2.3-1F3: Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.
- 2.4-1X2: Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.

Strategic Goal 2 is focused on preventing the emergence or reemergence of transnational terrorist threats and deterring other potential major adversaries. While U.S. forces are heavily engaged in current wars, the United States and its allies and partners remain engaged in a broader war—a multifaceted political, military and moral struggle against Al Qaeda and its allies around the world. The U.S. military must be prepared to support broad national goals of promoting stability in key regions, providing assistance to nations in need, and promoting the common good. This requires the integrated use of diplomacy and defense, along with intelligence, law enforcement, and economic tools of statecraft to maintain and promote stability. Such an approach requires leveraging existing alliances and creating conditions to advance common interests.

The 2010 QDR continues to balance the armed forces between current conflicts and future contingencies. It institutionalizes capabilities such as counterinsurgency and foreign military assistance. It continues to maintain a safe, secure, and effective nuclear arsenal to deter attack on the United States and on our allies and partners. Our deterrent remains grounded in land, air, and naval forces capable of fighting limited and large-scale conflicts. These forces are enabled by cyber and space capabilities and enhanced by U.S. capabilities to deny adversaries' objectives through ballistic missile defense; counter-weapons of mass destruction (WMD); a resilient infrastructure; and our global basing and posture.

Since taking office, Secretary Gates has increased the capabilities available to our deployed forces, including:

- Standing up the U.S. Cyber Command (USCYBERCOM) to lead, integrate and better protect DoD networks;
- Strengthening Special Operations Forces (SOF) capabilities;
- Formulating a realistic shipbuilding program to provide the global reach, persistent presence, and tactical effects expected of Navy forces;
- Adopting a new adaptive approach to missile defense that is tailored to individual regions and defends against existing short-and medium-range ballistic missile threats; and
- Increasing intelligence, surveillance, and reconnaissance (ISR) support in terms of new unmanned aircraft and ground-based collection systems.

The distribution of global, political, economic, and military power is becoming more diffuse. The United States faces a complex and uncertain security landscape in which the pace of change continues to accelerate—one in which the United States must remain the most powerful actor but must also increasingly work with key allies and partners if it is to sustain stability and peace.

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

- 3.1-1F2B: Improve the responsiveness and flexibility of consequence management response forces.
- 3.2-1F2C: Enhance capacity to locate, secure, or neutralize weapons of mass destruction, key materials, and related facilities.
- 3.3-1F2C: Enhance U.S. capabilities to train, advise, and assist foreign security forces and their sustaining institutions to operate with or in lieu of U.S. forces.
- 3.4-1X1: Expand capacity to succeed against adversary states armed with anti-access capabilities and/or nuclear weapons and improve capabilities to conduct effective operations in cyberspace and space.
- 3.5-2D: Maintain a strong technical foundation within the Department's Science and Technology (S&T) program

Strategic goal 3 recognizes that the United States must be prepared to respond if deterrence fails and adversaries challenge our national interests with the threat or use of force. Not all contingencies will require the involvement of U.S. military forces. However, the Defense Department must be prepared to provide the President with options across a wide range of contingencies, which include:

- Supporting a response to an attack or natural disaster at home;
- Defeating aggression by adversary states;
- Supporting and stabilizing fragile states facing serious internal threats; and
- Preventing human suffering due to mass atrocities or large-scale natural disasters abroad.

The potential spread of weapons of mass destruction (WMD) poses a grave threat and continues to undermine global security, complicating efforts to sustain peace and prevent harmful arms races. As the ability to create and employ WMD spreads globally, so must our efforts to detect, interdict, and contain the effects of these weapons. Deterrence of such threats and defense against them can be enhanced by securing and reducing dangerous materials, positioning forces to track lethal agents, and defeating the agents themselves.

The Department remains committed to further improving a whole-government approach to national security challenges. Today's export control system impedes cooperation, technology sharing, and interoperability with allies and partners. Security assistance remains constrained by a complex of patchwork of authorities and unwieldy processes. The DoD is working with interagency partners and with Congress to develop and ensure that a new system fully addresses the threats the U.S. will face in the future.

Achieving the Administration's strategic objectives requires close collaboration with allies and partners abroad and at home. The DoD will continue to closely cooperate with other U.S. agencies to better protect America's interests through such partnerships as the Department of State and the Department of Homeland Security.

Since the end of World War II, the DoD has worked to build the defense capacity of allied states and to ensure that the armed forces of the United States have ample opportunities to train with and learn from counterpart forces. Through its foreign defense relationships, the United States not only helps to avert crises but also improves its effectiveness in responding to them. U.S. security is inextricably tied to the effectiveness of our efforts to help partners and allies build their own security capacity.

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

- 4.1-2M: Provide top-quality physical and psychological care to wounded warriors, while reducing growth in overall healthcare costs.
- 4.2-2P: Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component.
- 4.3-2R: Better prepare and support families during the stress of multiple deployments.
- 4.4-2T: Train the Total Defense Workforce with the right competencies.

Strategic goal 4 acknowledges our DoD personnel form the bedrock of U.S. security. Years of war have significantly stressed our military personnel and their families. America has asked much of its All-Volunteer Force. Multiple and extended deployments have taken a toll. And the Department remains focused on their health and welfare. Given the continuing need for substantial and sustained deployments in conflict zones, the Department must do all it can to take care of our people—physically and psychologically.

The Department is focused on several fronts, including:

- **Wounded warrior care**—Our wounded, ill, or injured Service members deserve every opportunity to return to active duty following their recovery, or to make a seamless transition to veteran status if they cannot be returned to duty. Apart from prevailing in current conflicts, caring for our wounded is our highest priority, and we will work to provide them top-quality care that reflects their service and sacrifice.
- **Managing the deployment tempo**—We must strive to provide our military members and their families with greater clarity and predictability regarding current and planned deployments. To help address this, DoD has increased the time our military members have at home station between deployments.
- **Recruiting and retention**—Despite pressures of war, the Department continues to meet its recruiting and retention goals. Our recruiting efforts are long-term investments that can yield generational gains. The Department must continue developing innovative programs to attract qualified young men and women into the armed forces and to retain them.
- **Supporting families**—We have a critical and enduring obligation to better prepare and support families during the stress of multiple deployments. Initiatives include access to robust single member, spouse, child, and youth services, replacing or renovating DoD Educational Activity schools, and improving community support services.
- **Developing future military leaders**—The Department will continue to work with America's cadre of commissioned and non-commissioned officers to ensure that are prepared for the full range of complex missions that the future security environment demands. Initiatives include building expertise in foreign language, regional and cultural skills.
- **Developing the total defense workforce**—DoD will improve the Civilian Expeditionary Workforce, which provides deployable civilian experts to Afghanistan, Iraq, and other theaters. It will also work to reduce the number of support service contractors to ensure functions are appropriately aligned to the public and private sectors.

The health of the All-Volunteer Force depends on substantial and enduring efforts to improve mental health, readiness, family support, and leader development programs across the force.

### STRATEGIC GOAL 5: IMPLEMENT REFORM AGENDA

- 5.1-2A: Increase use of renewable energy and reduce energy demand at DoD installations.
- 5.2-2C: Protect critical DoD infrastructure and partner with other critical infrastructure owners in government and the private sector to increase mission assurance.
- 5.3-2E: Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items.
- 4.2L: Provide more effective and efficient logistical support to forces abroad.
- 5.2U/V: Improve financial management and increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts.

Strategic goal 5 is focused on reforming how DoD does business. For too long, the processes by which the Department provides needed equipment and platforms have been under-emphasized. One goal is to provide a mixture of flexible capabilities to respond to a spectrum of contingencies. A second goal is to achieve predictable cost, schedule, and performance outcomes based on demonstrated technologies and realistic estimates.

The Department will reform its institutions and processes to better support the urgent needs of the warfighter. The 2010 QDR established the following priority objectives to enhance future security and make the best use of taxpayer dollars.

- **Reform what DoD buys**—Buy weapons that are usable, affordable, and truly needed. Terminate or restructure programs that are no longer needed or are performing poorly.
- **Reform how DoD buys**—Improve how DoD matches requirements with mature technologies, maintains disciplined system engineering approaches, institutionalizes rapid acquisition capabilities, and implements comprehensive testing. Intensify efforts to strength our acquisition workforce, improve upfront cost estimates, prevent frequent changes in system requirements, and ensure proper contract oversight and program execution.
- **Improve logistics support**—DoD will work to improve the integration of joint logistics to provide operational commanders with the flexibility and sustainability required to better support unity of effort with the joint force.
- **Improve financial management**—Produce better information for DoD decision making and auditable financial statement to improve budget transparency and oversight. The Department will continue to its focus on financial improvement by modernizing its financial systems and addressing the accuracy of information most used by decision makers. A valuable by-product will be financial audit readiness.

In addition, climate change and energy will play significant roles in the future security environment. The DoD is working to meet energy-related efficiency goals at hundreds of installations throughout the United States.

From ensuring greater responsiveness and integrity in acquisition, to enhancing resource allocation decisions, to improving cost analysis and program execution, the Department will provide our forces with the capabilities they need when they need them while exercising good fiscal stewardship. The continuation of these initiatives will enhance U.S. capabilities to fight today's wars and counter future threats.

A copy of the Department's Strategic Plan (i.e., 2010 QDR report) can be found at <http://www.defense.gov/qdr/>.



**FY 2011 PERFORMANCE PLAN (AMENDED)**

At the time the Department completed its FY 2011 President’s Budget, it had not released its latest Strategic Plan--QDR report. Consequently, the Department based its FY 2011 Performance Plan goals on the 2008 National Defense Strategy objectives, plus an additional goal focused on business operations (Figure 7-13). The 2011 Performance Plan was footnoted to reflect that the Department’s strategic goals, objectives, and performance goals “may be modified and/or augmented based on 2010 Quadrennial Defense Review.”

After the 2010 QDR report was released, the Department reconvened its Performance Budget Task Force (PBTF) and Senior Review Group (SRG) to update its FY 2011 Performance Plan. As a result, several new performance goals were added to reflect new military strategies such as the drawdown in Iraq. Other DoD-wide performance goals were deleted and replaced with higher priority goals, to include nuclear security and ballistic missile defense. As a result the total number of DoD-wide priority performance goals for FY 2011 increased from 71 in the FY 2011 President’s Budget to 80 in the FY 2012 President’s Budget.

**Figure 7-13. Initial FY 2011 Performance Goal Summary**

DoD Strategic Goal	FY 2011	
	#	%
Goal 1 – Win our Nation’s Wars	6	8%
Goal 2 – Deter Conflict and Promote Security	13	18%
Goal 3 – Defend the Homeland	2	3%
Goal 4 – Integrate Business Operations	50	70%
<b>TOTAL</b>	<b>71</b>	<b>100%</b>

In FY 2010, the DoD issued an Amended Performance Plan to the Department’s FY 2011 President’s Budget. This plan, in conjunction with other DoD-wide and DoD Component-specific performance goals, is also be used to support the Department’s Organizational Assessment and senior-level individual performance plans for FY 2011. Figure 7-14 summarizes the Department’s FY 2011 performance goals by the five new DoD strategic goals. The performance goal details, by DoD strategic goal and objective, are at Exhibit C.

**Figure 7-14. Amended FY 2011 Performance Goal Summary**

DoD Strategic Goal	FY 2011	
	#	%
Goal 1 – Prevail in Today’s Wars	9	11%
Goal 2 – Prevent and Deter Conflict	12	15%
Goal 3 – Prepare to Defeat Adversaries and Succeed in a Wide Range of Contingencies	9	11%
Goal 4 – Preserve and Enhance the All-Volunteer Force	26	33%
Goal 5 – Implement Defense Agenda	24	30%
<b>TOTAL</b>	<b>80</b>	<b>100%</b>

Exhibit C reflects new performance goals for FY 2011 that address the following 2010 QDR focus areas:

- Afghan National Army (ANA) and Afghan National Police (ANP) capacity;
- Iraqi troop withdrawal;
- Nuclear security and deterrence;
- Ballistic missile defense;
- Intelligence, Surveillance, and Reconnaissance (ISR) enhancement;

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- Consequence management response;
- Wounded warrior care;
- Military deployment tempo;
- DoD language capability; and
- Major Automated Information System (MAIS) acquisition.

### ***FY 2011 High Priority Performance Goals (HPPGs)***

Exhibit D reflects the carryover of eight HPPG objectives and 15 of 21 performance goals from FY 2010 into FY 2011. Two OCO-related contracting goals, three acquisition goals, and one personnel security clearance goal from FY 2010 were eliminated for FY 2011. Five performance goals were deleted based on the Department's withdrawal from Iraq and DoD goal leader determination that these operations were no longer at risk based on the performance levels achieved in FY 2010. One acquisition cycle time goal was deleted in favor of an alternative goal that focuses on the average percentage of deviation to approved MDAP cycle time.

The 21 HPPGs are a subset of DoD's Annual Performance Plan and reflect 26 percent of the DoD-wide priority performance goals (80) for FY 2011, as identified on Exhibit C. New HPPGs for FY 2011 include:

- A new goal for the Virtual Lifetime Electronic Record;
- A new goal for Major Defense Acquisition Program (MDAP) certification and an alternative goal for MDAP cycle time;
- Two new goals for personnel security clearance adjudication; and
- A new goal for financial audit readiness associated with mission-critical assets.

Additional information pertaining to DoD High Priority Performance Goals may be found at <http://goals.performance.gov/>.

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Figure 7-15 provides a summary of DoD-wide priority performance goals changes between FY 2011 and FY 2012 by the five new DoD strategic goals.

**Figure 7-15. Summary of FY 2011-2012 Performance Goal Changes**

DoD Strategic Goal	FY 2011			FY 2012		
	#	%	Additions	Deletions	#	%
Goal 1 – Prevail in Today's Wars	9	11%	0	-2	7	8%
Goal 2 – Prevent and Deter Conflict	12	15%	3	0	15	18%
Goal 3 – Prepare to Defeat Adversaries and Succeed in a Wide Range of Contingencies	9	11%	3	0	12	14%
Goal 4 – Preserve and Enhance the All-Volunteer Force	26	33%	4	-3	27	31%
Goal 5 – Implement Defense Agenda	24	30%	1	0	25	29%
<b>TOTAL</b>	<b>80</b>	<b>100%</b>	<b>11</b>	<b>-5</b>	<b>86</b>	<b>100%</b>

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The following eleven DoD-wide priority performance goals were added to the Department's performance plan for FY 2012:

- Number of Air Force Light Mobility Platforms fielded/delivered to operational units;
- Annual compliance rate in the number of attributable warheads under the New START treaty with the Russian Federation, as determined by the Secretary of Defense;
- Annual compliance rate in the number of operationally deployed Strategic Delivery Vehicles under the New START treaty with the Russian Federation, as determined by the Secretary of Defense;
- Number of Defense Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive (CBRNE) Response Forces (DCRFs) trained, equipped, evaluated, and certified at a response rate of 24-48 hours;
- Number of Command and Control (C2) CBRNE Response Elements (C2CREs) trained, equipped, evaluated, as well as certified or validated as applicable at a response rate of 96 hours;
- Percent increase in the number of targeted command and control (C2) systems that have increased their availability of authoritative data;
- Percent of wounded, ill, and injured who are assigned to a DoD trained Recovery Care Coordinator within 30 days of being enrolled in a Wounded Warrior Program;
- Percent of Service members who are processed through the Single Disability Evaluation System (DES) within 295 days (active) and 305 (Reserve Components);
- Percent of Emergency-Essential (E-E) and Non-Combat Essential (NCE) Civilian Expeditionary Workforce (CEW) employees qualified as "ready" per the CEW Readiness Index;
- Percent of U.S. Forces – Afghanistan (USFOR-A) component commands that report meeting the DoD Contingency Training guidance for leader language skills; and
- Average rate of acquisition cost growth from the previous year for Major Defense Acquisition Program (MDAPs) starting in FY 2002.

FY 2012 marks the first year that the Department will be assessing its compliance against the New START Treaty. The approval of a nuclear arms treaty with Russia will continue the long tradition of bilateral arms accords ratified by the world's two preeminent nuclear powers. Other performance goal additions address 2010 QDR objectives with particular focus on consequence management response, wounded warrior care, DoD language capability, and ongoing acquisition reform.

The above additions were offset by the following five performance goal deletions for FY 2012:

- Percent of in-theater Army central disbursements, using cash
- Percent of contract actions tied to entitlements and disbursements in the systems of record;
- Cumulative percent of military members participating in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating;
- Number of soldiers under stop loss; and
- Cumulative percent of incumbents that have been trained in security cooperation in positions that require security cooperation training;

These goals were deleted based on having met desired end states in FY 2011 and DoD goal leader determination that these operations were no longer at risk based on the performance

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levels achieved in FY 2011. The performance goal details, by DoD strategic goal and objective, are at Exhibit C.

### ***FY 2012 High Priority Performance Goals (HPPGs)***

HPPG deletions for FY 2012 include two performance goals in support of overseas contingency operations and one HPPG objective and performance goal associated with enhancing DoD's security cooperation workforce. The security cooperation HPPG objective is eliminated in FY 2012 with completion of the Department's performance training goal in FY 2011. In addition, two performance goals to improve financial accountability in an expeditionary environment are expected to achieve operational end states in FY 2011. This reduces the number of HPPG objectives from eight in FY 2011 to seven in FY 2012. The three performance goal deletions are offset by one additional performance goal for the acquisition arena focused on the average rate of acquisition cost growth from the previous year for MDAPs starting in FY 2002.

The seven HPPG objectives and 19 performance goals are a subset of DoD's Annual Performance Plan and reflect 22 percent of the DoD-wide priority performance goals (86) for FY 2012. Thirty-seven percent of the HPPG performance goals are focused on the DoD acquisition process.

Exhibit D reflects the carryover of seven HPPG objectives and 18 performance goals from FY 2011 into FY 2012, plus the addition of the one acquisition-related performance goal focused on MDAP cost growth.

On January 4, 2011, the President signed the Government Performance and Results Act (GPRA) Modernization Act of 2010 into law. This legislation codifies, among other things, a concept of federal-wide and agency-specific high priority performance goals. Consequently, the above HPPG objectives and goals for FY 2012 may be subject to change based upon OMB's implementing guidance pertaining to this act.

The Department welcomes the opportunity to brief the Congress on its FY 2012 performance plan and supporting initiatives. Additional information pertaining to DoD High Priority Performance Goals may be found at <http://goals.performance.gov/>.

**Exhibit A – FY 2010 DOD-wide Priority Performance Results by Strategic Goal and Strategic Objective**

<b>DoD STRATEGIC GOAL #1: WIN OUR NATION'S WARS</b>		
<b>DoD Strategic Objective 1.OCO:</b> <i>Successfully conduct overseas contingency operations and support contingency business operations.</i> <i>*HPPG Objective: Provide effective business operations and ensure logistics support to overseas contingency operations.</i>		
<b>Performance Measures</b>	<b>Long-term Performance Goals</b>	<b>Annual Performance Goals</b>
1.OCO: Percent that DoD Combatant Commanders (CoCOMs) are ready to execute Current Operations (USD(P&R))	1.OCO: For each fiscal year, DoD Combatant Commanders (CoCOMs) will be ready to execute 100 percent of Current Operations.	FY 07-08 Actual: Not available FY 09 Actual: 100% FY 10: 100% <b>FY 10 Actual: 100%</b>
<b>Contributing DoD Components:</b> USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM		
*1.OCO: Annual fill rate for Joint Contracting Command (JCC) supporting contingency operations (USD(AT&L))	1.OCO: Beginning in FY 2010, the DoD will maintain a 98 percent fill rate for the Joint Contracting Command (JCC) supporting contingency operations.	FY 07-09 Actual: Not available FY 10: 98% <b>FY 10 Actual: 98%</b>
<b>Contributing DoD Components:</b> DCMA and OUSD(AT&L)		
*1.OCO: Percent assigned of required Contracting Officer Representatives (CORs) supporting Afghan contingency operations (USD(AT&L))	1.OCO: Beginning in FY 2012, the DoD will maintain an assignment rate of 90 percent of required Contracting Officer Representatives (CORs) supporting Afghan contingency operations.	FY 07-09 Actual: Not available FY 10: 85% <b>FY 10 Actual: 87%</b>
<b>Contributing DoD Components:</b> DCMA, OUSD(AT&L)		
*1.OCO: Percent assigned of required Contracting Officer Representatives (CORs) supporting Iraqi contingency operations (USD(AT&L))	1.OCO: Beginning in FY 2012, the DoD will maintain an assignment rate of 90 percent of required Contracting Officer Representatives (CORs) supporting Iraqi contingency operations.	FY 07-09 Actual: Not available FY 10: 85% <b>FY 10 Actual: 96%</b>
<b>Contributing DoD Components:</b> DCMA, OUSD(AT&L)		
*1.OCO: Percent of in-theater Army central disbursements, using cash (USD(C/CFO))	1.OCO: By FY 2011, the DoD will reduce the percent of in-theater Army central disbursements, using cash, to 2 percent	FY 07-08 Actual: Not available FY 09 Actual: 10.2% FY 10: 10% <b>FY 10 Actual: 2.6%</b>
<b>Contributing DoD Components:</b> Army, DFAS, USCENTCOM, and OUSD(AT&L)(JCC)		
*1.OCO: Percent of contract actions tied to entitlements and disbursements in the systems of record (USD(C/CFO))	1.OCO: By FY 2011, the DoD will increase the percent of contract actions, tied to entitlements and disbursements in the systems of record, to 95%.	FY 07-09 Actual: Not available FY 10: 20% <b>FY 10 Actual: 44.7%</b>
<b>Affected DoD Components:</b> Army, DFAS, USCENTCOM, and OUSD(AT&L)(JCC)		

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DoD STRATEGIC GOAL #2: DETER CONFLICT AND PROMOTE SECURITY		
DoD Forces and Infrastructure Category 1F1: Expeditionary Forces		
DoD Strategic Objective 2.1F1: <i>Institutionalize irregular warfare and strengthen alliances and partnerships in order to deter conflicts and promote international security.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.1F1: Percent of DoD Combatant Commanders (CoCOMs) that are ready to execute Core or Theater Security operations (USD(P&R))	2.1F1: For each fiscal year, DoD Combatant Commanders (CoCOMs) will be ready to execute 100 percent of Core or Theater Security Operations.	FY 07-08 Actual: Not available FY 09 Actual: 100% FY 10: 100% <b>FY 10 Actual: 100%</b>
<b>Contributing DoD Components:</b> USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM		
2.1F1: Percent that DoD Combatant Commanders (CoCOMs) ready to execute their Contingency Plans (USD(P&R))	2.1F1: Beginning in FY 2009, DoD Combatant Commanders (CoCOMs) will be ready to execute 80 percent of their Contingency Plans.	FY 07-08 Actual: Not available FY 09 Actual: 89% FY 10: 80% <b>FY 10 Actual: 82.1%</b>
<b>Contributing DoD Components:</b> USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM		
2.1F1: Cumulative number of Army brigades converted to a modular design and available to meet military operational demands (USD(P&R))	2.1F1: By FY 2014, the DoD will convert 73 Army Brigade Combat Teams (BCTs) to a modular design.	FY 07 Actual: 35 FY 08 Actual: 38 FY 09 Actual: 46 FY 10: 56 <b>FY 10 Actual: 56</b>
<b>Contributing DoD Components:</b> Army		
2.1F1: Cumulative number of Army Multi-functional and Functional Support (MFF) brigades converted to a modular design and available to meet military operational demands (USD(P&R))	2.1F1: By FY 2014, the DoD will convert 230 Army Multi-functional and Functional Support (MFF) brigades to a modular design.	FY 07 Actual: 144 FY 08 Actual: 188 FY 09 Actual: 196 FY 10: 202 <b>FY 10 Actual: 202</b>
<b>Contributing DoD Components:</b> Army		
2.1F1: Cumulative percent of unit initiatives completed to balance three Marine Corps Expeditionary Forces (MEFs) (USD(P&R))	2.1F1: By FY 2012, the DoD will have completed 100 percent of unit initiatives required to have balanced three MEFs.	FY 07 Actual: 11% FY 08 Actual: 47% FY 09 Actual: 72% FY 10: 84% <b>FY 10 Actual: 84%</b>
<b>Contributing DoD Components:</b> Navy		
2.1F1: Cumulative percent increase in DoD Special Forces and Navy SEAL personnel achieved (USD(P&R))	2.1F1: By FY 2012, the DoD will increase its Special Forces and Navy SEAL personnel by 32 percent from FY 2006 actual of 13,206 end strength.	FY 07 Actual: 4% FY 08 Actual: 18% FY 09 Actual: 23% FY 10: 26% <b>FY 10 Actual: 27%</b>
<b>Contributing DoD Components:</b> Army, Navy, and AF		
2F1: Number of Technology Security Actions (TSAs) approved USD(P)	2.1F1: Beginning in FY 2007, the DoD will increase the number of approved technology transfers to international partners by two percent per year.	FY 07 Actual: 116,017 FY 08 Actual: 118,367 FY 09 Actual: 143,600 FY 10: 146,472 <b>FY 10 Actual: 129,608</b>
<b>Contributing DoD Components:</b> DTSA		

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Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.1F1: Percent of combat units receiving training in Joint accredited programs prior to arriving in theater (USD(P&R))	2.1F1: By FY 2012, the DoD will increase the percent of combat units receiving training in Joint accredited programs prior to arriving in theater to not less than 80 percent.	FY 07 Actual: 71.5% FY 08 Actual: 82.1% FY 09 Actual: 85.8% FY 10: 76% <b>FY 10 Actual: 90%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
2.1F1: Percent of Service-tailored goals achieved for units trained in Irregular Warfare and Stability Operations (USD(P&R))	2.1F1: For each fiscal year, the percent of Service-tailored goals achieved for units trained in Irregular Warfare and Stability Operations, at major Service training centers, will meet or exceed the following goals for Army and MC (90%), AF (75%), and Navy (60%).	FY 07 Actual: Non-applicable FY 08 Actual: 100% FY 09 Actual: 100% FY 10: 100% <b>FY 10 Actual: 100%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
<b>DoD Forces and Infrastructure Category 1F3: Military Space Forces</b>		
<b>DoD Strategic Objective 2.1F3:</b> <i>Provide space-based wideband, narrowband, and protected communications capabilities and advanced Position, Navigation, and Timing capabilities with sufficient capacity, connectivity, Precision, and availability to support all DoD requirements and ensure timely access to space for all net-centric and other space-based capabilities .</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.1F3: Number of operational availability gaps in protected MILSATCOM mission area (space segment) (ASD(NII/CIO))	2.1F3: For each fiscal year, the DoD will ensure there are no operational availability gaps in protected MILSATCOM mission area (space segment)	FY 07-08 Actual: 0 FY 09 Actual: 0 FY10: 0 <b>FY 10 Actual: 0</b>
<b>Contributing DoD Components:</b> <i>AF</i>		
2.1F3: Number of operational availability gaps in narrowband MILSATCOM mission area (space segment) (ASD(NII/CIO))	2.1F3: For each fiscal year, the DoD will ensure there are no operational availability gaps in narrowband MILSATCOM mission area (space segment)	FY 07-08 Actual: 0 FY 09 Actual: 0 FY 10: 0 <b>FY 10 Actual: 0</b>
<b>Contributing DoD Components:</b> <i>Navy</i>		
<b>Forces and Infrastructure Category 1X1: Operational Command &amp; Control Systems</b>		
<b>DoD Strategic Objective 2.1X1:</b> <i>Provide robust and agile Command and Control capabilities to DoD commanders and national leadership, enabling them to command, control, and coordinate an interdependent force in rapidly changing scenarios across the full range of DoD operations.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
<i>Measures under development.</i>		

Overview – FY 2012 Defense Budget

DoD Forces and Infrastructure Category 1X2: Intelligence Operations		
<b>DoD Strategic Objective 2.1X2:</b> <i>Improve intelligence, surveillance, and reconnaissance (ISR) to enhance Battle Space awareness.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.1X2: Rate of customer satisfaction with Defense Enterprise HUMINT support (USD(I))	2.1X2: By FY 2011, the DoD will achieve and maintain a customer satisfaction rate with Defense Enterprise HUMINT support of 90 percent or greater.	FY 07-08 Actual: Non-applicable FY 09 Actual: 98.8% FY 10: 88% <b>FY 10 Actual: 99%</b>
<b>Contributing DoD Components:</b> USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM		
DoD STRATEGIC GOAL #3: DEFEND THE HOMELAND		
DoD Forces and Infrastructure Category 1F2: Homeland Defense		
<b>DoD Strategic Objective 3.1F2:</b> <i>Improve capabilities to prevent and mitigate attacks on U.S. personnel, facilities, and key assets.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.1F2: Number of National Guard Weapons of Mass Destruction – Civil Support Teams (WMD-CSTs) certified (USD(AT&L))	3.1F2: By FY 2010, 57 National Guard Weapons of Mass Destruction-Civil Support Teams (WMD-CSTs) will be certified.	FY 07 Actual: 52 FY 08 Actual: 53 FY 09 Actual: 55 FY 10: 57 <b>FY 10 Actual: 55</b>
<b>Contributing DoD Components:</b> Army		
3.1F2: Cumulative number of zonal diagnostic labs built and equipped for biological agent detection and response (USD(AT&L))	3.1F2: By FY 2013, the DoD will have built and equipped 43 zonal diagnostic labs for biological agent detection and response.	FY 07: Actual: Not available FY 08 Actual: 16 FY 09 Actual: 19 FY 10: 32 <b>FY 10 Actual: 20</b>
<b>Contributing DoD Components:</b> DTRA		
3.1F2: Cumulative percent of treaty-declared category 1 chemical weapons destroyed (USD(AT&L))	3.1F2: By FY 2021, the DoD will have destroyed 100 percent of treaty-declared category 1 chemical weapons.	FY 07 Actual: 48.2% FY 08 Actual: 49.6% FY 09 Actual: 65.5% FY 10: 74.2% <b>FY 10 Actual: 79.8%</b>
<b>Contributing DoD Components:</b> Army		
DoD STRATEGIC GOAL# 4: INTEGRATE BUSINESS OPERATIONS		
DoD Forces and Infrastructure Category 2A: Force Installations		
<b>DoD Strategic Objective 4-2A:</b> <i>Maintain capable, efficient, and cost-effective installations to support the DoD workforce.</i> <i>*HPPG Objective: Increase energy efficiencies.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2A: Average facilities sustainment rate (USD(AT&L))	4.2A: By FY 2012, the DoD will fund facilities sustainment at a minimum rate of 90 percent of the modeled requirement for each Component.	FY 07 Actual: 90% FY 08 Actual: 94% FY 09 Actual: 81% FY 10: 92% FY 10 Actual: Available Mar 2011
<b>Contributing DoD Components:</b> Army, Navy, AF, TMA, and DoDEA		



## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*4.2A: Cumulative average percent reduction in building energy intensity (USD(AT&L))	4.2A: By FY 2015, DoD will reduce average building energy intensity by 30 percent from the FY 2003 baseline of 116,134 BTUs per gross square foot.	FY 07 Actual: 10.1% FY 08 Actual: 10.7% FY 09 Actual: 9.7% FY 10: 15% <b>FY 10 Actual: 10.5%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DCMA, DeCA, DFAS, DIA, DLA, MDA, NGA, NSA, TMA and WHS</i>		
*4.2A: Percentage of renewable energy produced or procured based on DoD's annual electric energy usage (USD(AT&L))	4.2A: By FY 2025, the DoD will produce or procure renewable energy equal to 25 percent of its annual electric energy usage.	FY 07 Actual: 11.9% FY 08 Actual: 9.8% FY 09 Actual: 9.7% FY 10: 10% <b>FY 10 Actual: 10%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DCMA, DeCA, DFAS, DIA, DLA, MDA, NGA, NSA, TMA and WHS</i>		
<b>DoD Forces and Infrastructure Category 2C: Communications &amp; Information Infrastructure</b>		
<b>DoD Strategic Objective 4-2C:</b> <i>Enable an operational advantage for the DoD, non-DoD partners, and national leadership through the effective and efficient management of an assured and secure DoD Information Enterprise.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2C: Percent of applicable IT and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant (ASD(NII/CIO))	4.2C: By FY 2013, 95 percent of applicable IT and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant.	FY 07 Actual: 90% FY 08 Actual: 95% FY 09 Actual: 97% FY 10: =/>90% <b>FY 10 Actual: 90%</b>
<b>Contributing DoD Components:</b> <i>All</i>		
<b>DoD Forces and Infrastructure Category 2D: Science and Technology</b>		
<b>DoD Strategic Objective 4-2D:</b> <i>Speed technology transitions focused on warfighting needs.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2D: Percent of completing demonstration programs transitioning each year (USD(AT&L))	4.2D: Beginning in FY 2008, the DoD will transition 30 percent of completing demonstration programs per year.	FY 07 Actual: Non-applicable FY 08 Actual: 43.1% FY 09 Actual: 52.65% FY 10: 30% <b>FY 10 Actual: 61.5%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DLA, DARPA, CBDP, and OSD</i>		
<b>DoD Forces and Infrastructure Category 2E: Acquisition Infrastructure</b>		
<b>DoD Strategic Objective 4.2E:</b> <i>Improve acquisition performance by integrating lifecycle management principles into DoD and Service acquisition, maintenance, and sustainment processes.</i> <i>*HPPG Objective: Reform the DoD acquisition process.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
*4.2E: Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after (USD(AT&L))	4.2E: By FY 2015, the DoD will reduce average cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and later to less than 66 months.	FY 07 Actual: 83.1 FY 08 Actual: Not available FY 09 Actual: Not available FY 10: <66 <b>FY 10 Actual: 88.6</b>

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, and MDA</i>		
*4.2E: Number of Major Defense Acquisition Program (MDAP) breaches equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost (USD(AT&L))	4.2E: Beginning in FY 2010, the DoD will ensure the number of breaches (significant cost overruns) for Major Defense Acquisition Programs (MDAPs) is equal to or less than the previous fiscal year.	FY 07 Actual: 10 FY 08 Actual: 5 FY 09 Actual: 2 FY 10: <= 2 <b>FY 10 Actual: 8</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, and MDA</i>		
*4.2E: Percentage of contract obligations that are competitively awarded (USD(AT&L))	4.2E: Beginning in FY 2010, the DoD will increase, by one percent annually, the amount of contract obligations that are competitively awarded.	FY 07 Actual: 63% FY 08 Actual: 64% FY 09 Actual: 63% FY 10: 64% <b>FY 10 Actual: 62.5%</b>
<b>Contributing DoD Components:</b> <i>All</i>		
*4.2E: Cumulative increase in the number of DoD civilian and military end strengths performing acquisition functions (USD(AT&L))	4.2E: By FY 2015, the DoD will increase the total number of DoD civilian and military personnel performing acquisition functions by 19,887 end-strength (total personnel).	FY 07-08 Actual: Non-applicable FY 09 Actual: 1,985 FY 10: 6,065 <b>FY 10 Actual: 8,045</b>
<b>Contributing DoD Components:</b> <i>All</i>		
*4.2E: Cumulative number of DoD civilian and/or military authorizations added as a result of in-sourcing acquisition functions (USD(AT&L))	4.2E: By FY 2015, the DoD will decrease reliance on contract services in acquisition functions by increasing the in-house civilian and/or military workforce by 10,000 authorizations for personnel.	FY 07-09 Actual: Non-applicable FY 10: 2,500 <b>FY 10 Actual: 3,883</b>
<b>Contributing DoD Components:</b> <i>All</i>		
<b>DoD Forces and Infrastructure Category 2L: Logistics</b>		
<b>DoD Strategic Objective 4.2L:</b> <i>Integrate joint supply chains from source of supply to operational customers.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2L: Average customer wait time (USD(AT&L))	4.2L: Beginning in FY 2007, the DoD will reduce average customer wait time to 15 days.	FY 07 Actual: 17 FY 08 Actual: 16.7 FY 09 Actual: 16.2 FY 10: 15 <b>FY 10 Actual: 16.4</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DLA, USAFACOM, USEUCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USJFCOM, and USTRANSCOM</i>		
<b>DoD Forces and Infrastructure Category 2M: Defense Health Program</b>		
<b>DoD Strategic Objective 4.2M:</b> <i>Ensure the trust of the Total Force, their families, and the nation through superior care and support.</i> <i>*HPPG Objective: Create the next generation of Virtual Lifetime Electronic Reocrd.</i>		

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2M: Percent of deployable Armed Forces without any deployment-limiting medical condition (USD(P&R))	4.2M: By FY 2010, the DoD will sustain the percent of deployable Armed Forces without any deployment -limiting medical condition to equal to or greater than 90 percent.	FY 07 Actual: 85% FY 08 Actual: 84% FY 09 Actual: 85% FY 10: =/>90% <b>FY 10 Actual: 86%</b>
<b>Contributing DoD Components: Army, Navy, and AF</b>		
4.2M: Percent of Armed Forces whose medical status is unknown (USD(P&R))	4.2M: By FY 2010, the DoD will reduce the percent of Armed Forces whose medical readiness status is unknown to ten percent or less.	FY 07 Actual: 24% FY 08 Actual: 20% FY 09 Actual: 18% FY 10: =/<10% <b>FY 10 Actual: 14%</b>
<b>Contributing DoD Components: Army, Navy, and AF</b>		
4.2M: Overall Hospital Quality Index score (USD(P&R))	4.2M: Beginning in FY 2010, the DoD will increase the Overall Hospital Quality Index score related to ORYX quality measures to 80 percent or higher.	FY 07 Actual: 77.6% FY 08 Actual: 78.4% FY 09 Actual: 87.3% FY 10: =/> 80% <b>FY 10 Actual: 88%</b>
<b>Contributing DoD Components: DHP, TMA, Army, Navy, and AF</b>		
4.2M: DoD TRICARE Prime Enrollee Preventive Health Quality Index score (USD(P&R))	4.2M: Beginning in FY 2010, the DoD will increase the TRICARE Prime Enrollee Preventive Health Quality Index score, related to evidence based quality measures, to 20 points or higher	FY 07 Actual : 19 FY 08 Actual : 18.3 FY 09 Actual: 20.3 FY 10: =/> 20 <b>FY 10 Actual: 21</b>
<b>Contributing DoD Components: DHP, TMA, Army, Navy, and AF</b>		
4.2M: Percent of beneficiaries satisfied with military healthcare compared to the average civilian healthcare satisfaction rate (USD(P&R))	4.2M: Beginning in FY 2011, the Department will maintain an average military healthcare plan satisfaction rate that is equal to or higher than the average civilian healthcare satisfaction rate.	FY 07 Actual: 0% FY 08 Actual: -1% FY 09 Actual: 4% FY 10: 58% <b>FY 10 Actual: 64%</b>
<b>Contributing DoD Components: DHP, TMA, Army, Navy, and AF</b>		
4.2M: Percent of military members participating in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating (USD(P&R))	4.2M: By FY 2011, 100 percent of military members, referred in the disability system, will participate in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating.	FY 07 Actual: Non-applicable FY 08 Actual: 4% FY 09 Actual: 27% FY 10: 40% <b>FY 10 Actual: 44%</b>
<b>Contributing DoD Components: Army, Navy, and AF</b>		
4.2M: Average percent Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase (USD(P&R))	4.2M: Beginning in FY 2007, the DoD will maintain an average Defense Health Program (DHP) medical cost per equivalent life increase at or below the average healthcare premium increase in the civilian sector.	FY 07 Actual: -0.8% FY 08 Actual: 1.1% FY 09 Actual: 6.7% FY 10 : </=6.1% <b>FY 10 Actual: 5.1%</b>
<b>Contributing DoD Components: DHP, TMA, Army, Navy, and AF</b>		
<b>DoD Forces and Infrastructure Category 2P: Central Personnel Administration</b>		
<b>DoD Strategic Objective 4.2P:</b>		
<i>Maintain and shape a mission ready All Volunteer force and enhance the civilian workforce.</i>		
<i>*HPPG Objective: Streamline the hiring process.</i>		

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2P: Percent variance in Active component end strength (USD(P&R))	4.2P: For each fiscal year, the DoD Active component end strength must be maintained at or not to exceed (NTE) three percent above the SECDEF/NDAA- prescribed end strength for that fiscal year.	FY 07 Actual: 0.9% FY 08 Actual: 2.1% FY 09: 0-3% FY 09 Actual: 0.9% FY 10: 0-3% <b>FY 10 Actual: 0.4%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2P: Percent variance in Reserve component end strength (USD(P&R))	4.2P: For each fiscal year, the DoD Reserve component end strength will not vary by more than three percent from the SECDEF/NDAA- prescribed end strength for that fiscal year.	FY 07 Actual: -1.7% FY 08 Actual: 0% FY 09: +/-3% FY 09 Actual: 1% FY 10: +/-3% <b>FY 10 Actual: 0.6%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2P: Number of military personnel subject to stop loss (USD(P&R))	4.2P: By FY 2011, the Department will eliminate the use of stop loss for military personnel.	FY 07 Actual: 11,875 FY 08 Actual: 13,217 FY 09 Actual: 9,753 FY 10: 6,609 <b>FY 10 Actual: 3,198</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2P: Cumulative number of DoD civilian and/or military authorizations added as a result of in-sourcing (USD(P&R))	4.2P: By FY 2015, the DoD will decrease reliance on contract services by increasing the in-house civilian or military workforce by 33,375 authorizations for personnel.	FY 07-09 Actual: Not available FY 10: 13,571 <b>FY 10 Actual: 16,999</b>
<b>Contributing DoD Components:</b> <i>All</i>		
*4.2P: Number of days for external civilian hiring (end-to-end timeline) USD(P&R))	4.2P: By FY 2012, the Department will improve its external civilian hiring end-to-end timeline to 80 days.	FY 07-08 Actual: Not available FY 09 Actual: 155 FY 10: 140 <b>FY 10 Actual: 116</b>
<b>Contributing DoD Components:</b> <i>All</i>		
<b>DoD Forces and Infrastructure Category 2R: Central Personnel Benefits</b>		
<b>DoD Strategic Objective 4.2R:</b> <i>Improve the quality of life for our armed forces and their families.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2R: Percent of government-owned Family Housing inventory in the United States at good and fair (Q1-Q2) condition) (USD(AT&L))	4.2R: By FY 2012, the DoD will maintain at least 90 percent of government-owned Family Housing inventory in the United States at good and fair (Q1-Q2) condition.	FY 07-09 Actual: Not available FY 10: 75% <b>FY 10 Actual: 54.7%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2R: Percent of government-owned Family Housing inventory at foreign locations at good and fair (Q1-Q2) condition) (USD(AT&L))	4.2R: By FY 2012, the DoD will maintain at least 90 percent of government-owned Family Housing inventory at foreign locations at good and fair (Q1-Q2) condition.	FY 07-09 Actual: Not available FY 10: 75% <b>FY 10 Actual: 85.1%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2R Percent of military population, whose Quality of Life (QoL) is improved as a result of living in states or territories that comply with key DoD QoL issue criteria (USD(P&R))	4.2R: By FY 2013, five of the QoL issue criteria are accepted by states and territories so that for each of these issues at least 75 percent of the military population has had their quality of life positively impacted	FY 07-09 Actual: Not available FY 10: 40% <b>FY 10 Actual: 85.4%</b>

**Contributing DoD Components:** *Army, Navy, and AF*

### DoD Forces and Infrastructure Category 2T: Central Training

#### DoD Strategic Objective 4.2T:

*Prepare the force to meet current and emerging challenges faced by operational commanders and reinvigorate the acquisition and security cooperation workforces.*

*\*HPPG Objective: Enhance the security cooperation workforce.*

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*4.2T: Percent of acquisition positions filled with personnel meeting Level II certification requirements (USD(AT&L))	4.2T: Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Level II certification requirements from the previous fiscal year.	FY 07 Actual: 51.46% FY 08 Actual: 55.10% FY 09 Actual: 55.2% FY 10: > 55.2% <b>FY 10 Actual: 52%</b>

**Contributing DoD Components:** *All*

*4.2T: Percent of acquisition positions filled with personnel meeting Level III certification requirements (USD(AT&L))	4.2T: Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Level III certification requirements from the previous fiscal year.	FY 07 Actual: 61.71% FY 08 Actual: 69.89% FY 09 Actual: 70.5% FY 10: > 70.5% <b>FY 10 Actual: 67.4%</b>
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**Contributing DoD Components:** *All*

*4.2T: Cumulative percent of incumbents that have been trained in security cooperation in positions that require security cooperation training (USD(P))	4.2T: By FY 2011, the DoD increase the percent of incumbents that have been trained in security cooperation in positions that require security cooperation training to 95 percent or greater.	FY 07-08 Actual: Not available FY 09 Actual: 67% FY 10: 80% <b>FY 10 Actual: 82%</b>
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**Contributing DoD Components:** *Army, Navy, AF, DLA, DSCA, OSD, JS, USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USTRANSCOM, AND USJFCOM*

### DoD Forces and Infrastructure Category 2U: Department Headquarters

#### DoD Strategic Objective 4-2U:

*Strengthen joint headquarters, personnel security clearance, and financial management activities.*

*\*HPPG Objective: Reform the DoD personnel security clearance process.*

*\*HPPG Objective: Increase the audit readiness of individual DoD components.*

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2U: Cumulative percent of 2/3-star Designated Service Headquarters (DSHQ) certified as Joint Task Force (JTF)-capable (USD(P&R))	4.2U: By FY 2013, 100 percent (14 of 14) of 2/3-star Designated Service Headquarters (DSHQ) will be certified as Joint Task Force (JTF)-capable.	FY 07 Actual: 33% FY 08 Actual: 53% FY 09 Actual: 86% FY 10: 86% <b>FY 10 Actual: 86%</b>

**Contributing DoD Components:** *Army, Navy, and AF*

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2U: Percent of DoD Facilities, Sustainment, Restoration, and Modernization budget authority, funded by the American Reinvestment and Recovery Act (ARRA), obligated (USD(C/CFO))	4.2U: By FY 2010, the DoD will have obligated at least 95 percent of DoD Facilities, Sustainment, Restoration, and Modernization budget authority, funded by the American Reinvestment and Recovery Act (ARRA).	FY 07-08 Actual: Non-applicable FY 09 Actual: 58.8% FY 10 : =/>95% <b>FY 10 Actual: 99%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2U: Percent of DoD Research, Development, Test, and Evaluation budget authority, funded by the American Reinvestment and Recovery Act (ARRA), obligated (USD(C/CFO))	4.2U: By FY 2010, the DoD will have obligated at least 95 percent of DoD Research, Development, Test, and Evaluation budget authority, funded by the American Reinvestment and Recovery Act (ARRA).	FY 07-08 Actual: Non-applicable FY 09 Actual: 47.7% FY 10 : =/>95% <b>FY 10 Actual: 99%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2U: Percent of DoD Military Construction budget authority, funded by the American Reinvestment and Recovery Act (ARRA), obligated (USD(C/CFO))	4.2U: By FY 2011, the DoD will have obligated at least 95 percent of DoD Military Construction budget authority, funded by the American Reinvestment and Recovery Act (ARRA).	FY 07-08 Actual: Non-applicable FY 09 Actual: 26.4% FY 10: 52% <b>FY 10 Actual: 73%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, and TMA</i>		
4.2U: Percent of DoD Homeowners Assistance Fund budget authority, funded by the American Reinvestment and Recovery Act (ARRA), obligated (USD(C/CFO))	4.2U: By FY 2012, the DoD will have obligated at least 95 percent of DoD Homeowners Assistance Fund budget authority, funded by the American Reinvestment and Recovery Act (ARRA).	FY 07-08 Actual: Non-applicable FY 09 Actual: 1% FY 10: 48% <b>FY 10 Actual: 91%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2U: Operation and Maintenance obligation rate as a percentage of spend plan (USD(C/CFO))	4.2U: For each fiscal year, the DoD will maintain an obligation rate of 98 percent of its Operation and Maintenance spend plan.	FY 07 Actual: 99.8% FY 08 Actual: 99.8% FY 09 Actual: 99.8% FY 10: 98% <b>FY 10 Actual: 98.8%</b>
<b>Contributing DoD Components:</b> <i>All except PFFPA, DMA, POW/MIA, OTE, USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USNORTHCOM, USTRANSCOM, and USJFCOM</i>		
4.2U: Days of Working Capital Fund cash on hand (USD(C/CFO))	4.2U: For each fiscal year, the DoD will maintain seven to ten days of Working Capital Fund cash on hand.	FY 07 Actual: 14 FY 08 Actual: 12 FY 09 Actual: 11 FY 10: 7 <b>FY 10 Actual: 12.5</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DeCA, DFAS, DISA, DLA, and USTRANSCOM</i>		
4.2U: Cumulative number of late formal Anti-Deficiency Act investigations from the FY 2009 baseline (USD(C/CFO))	4.2U: By FY 2012, the DoD will achieve a 100 percent reduction of late formal Anti-Deficiency Act (ADA) investigations from the FY 2009 baseline of 25 late formal ADA investigations.	FY 07-09 Actual: Non-applicable FY 10: 13 <b>FY 10 Actual: 19</b>
<b>Contributing DoD Components:</b> <i>All</i>		
4.2U: Percent of improper military pay payments (USD(C/CFO))	4.2U: By FY 2012, the DoD will achieve a percentage of improper military pay payments at less than or equal to 0.39 percent.	FY 07 Actual: 0.57% FY 08 Actual: 0.60% FY 09 Actual: 0.48% FY 10: </=0.45% <b>FY 10 Actual: 0.61%</b>

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2U: Percent of improper civilian pay payments (USD(C/CFO))	4.2U: By FY 2012, the DoD will achieve a percentage of improper civilian pay payments at less than or equal to 0.25 percent.	FY 07 Actual: 0.25% FY 08 Actual: 0.26% FY 09 Actual: 0.32% FY 10: <=0.27% <b>FY 10 Actual: 0.24%</b>
<b>Contributing DoD Components:</b> <i>All</i>		
*4.2U: Percent DoD Statement of Budgetary Resources Appropriations Received validated (USD(C/CFO))	4.2U: By FY 2013, 100 percent of DoD Statement of Budgetary Resources Appropriations Received will be reviewed, verified for accuracy, and "validated" or approved as audit-ready.	FY 07 Actual: 14% FY 08 Actual: 14% FY 09 Actual: 19% FY 10: 53% <b>FY 10 Actual: 19%</b>
<b>Contributing DoD Components:</b> <i>All</i>		
*4.2U: Percent of DoD Statement of Budgetary Resources validated (USD(C/CFO))	4.2U: By FY 2017, 100 percent of DoD Statement of Budgetary Resources will be validated as audit-ready.	FY 07 Actual: 10% FY 08 Actual: 10% FY 09 Actual: 13% FY 10: 14% <b>FY 10 Actual: 14%</b>
<b>Contributing DoD Components:</b> <i>All</i>		
*4.2U: Percent of DoD Funds Balance with Treasury validated (USD(C/CFO))	4.2U: By FY 2016, 100 percent of DoD Funds Balance with Treasury will be validated as audit-ready.	FY 07 Actual: 5% FY 08 Actual: 5% FY 09 Actual: 7% FY 10: 8% <b>FY 10 Actual: 9%</b>
<b>Contributing DoD Components:</b> <i>All</i>		
*4.2U: Average number of days required to adjudicate the fastest 90 percent of initial top secret and secret personnel security clearance cases (USD(I))	4.2U: Beginning in FY 2010, the Department will adjudicate the fastest 90 percent of initial top secret and secret personnel security clearance cases within 20 days.	FY 07 Actual: 39 FY 08 Actual: 30 FY 09 Actual: 25 FY 10: 20 <b>FY 10 Actual: 10</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DSS, DIA, NSA, and NGA</i>		
*4.2U: Percent of all DoD investigations received via electronic delivery (USD(I))	4.2U: By FY 2011, 90 percent of all DoD investigations will be received via electronic delivery.	FY 07-09 Actual: Not available FY 10: 80% <b>FY 10 Actual: 93%</b>
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, and DSS</i>		
<i>*Reflects high priority performance goal</i>		
<b>Legend for FY 2010 Performance Results</b>		
<b>Met or exceeded performance goal</b>		
<b>Did not meet performance goal</b>		

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## Exhibit B - FY 2011 / FY 2012 Strategic Goals and Objectives

### STRATEGIC GOAL 1: PREVAIL IN TODAY'S WARS

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

*\*HPPG: Provide effective business operations and ensure logistics support to overseas contingency operations.*

1.2-OCO: Execute a responsible drawdown of the U.S. military presence in Iraq.

### STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT

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

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

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

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

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

3.1-1F2B: Improve the responsiveness and flexibility of consequence management response forces.

3.2-1F2C: Enhance capacity to locate, secure, or neutralize weapons of mass destruction, key materials, and related facilities.

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

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

3.5-2D: Maintain a strong technical foundation within the Department's Science and Technology (S&T) program.

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

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

*\*HPPG: Create the next generation of Virtual Lifetime Electronic Record.*

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

*\*HPPG: Streamline the hiring process.*

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

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

*\*HPPG: Enhance the security cooperation workforce (eliminated in FY 2012).*

### STRATEGIC GOAL 5: IMPLEMENT REFORM AGENDA

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

*\*HPPG: Increase energy efficiencies.*

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

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

*\*HPPG: Reform the DoD acquisition process.*

4.2L: Provide more effective and efficient logistical support to forces abroad.

5.2U/V: Improve financial management and increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts.

*\*HPPG: Reform the DoD personnel security clearance process.*

*\*HPPG: Increase the audit readiness of individual DoD components.*

*\* Reflects high priority performance goal objective.*

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**Exhibit C – FY 2011 and FY 2012 DOD-wide Priority Performance Goals by Strategic Goal and Strategic Objective**

<b>DoD STRATEGIC GOAL #1: PREVAIL IN TODAY'S WARS</b>		
<b>DoD Strategic Objective 1.1.OCO:</b>		
<i>Degrade the Taliban to levels manageable by the Afghan National Security Force (ANSF), while increasing the size and capability of the ANSF.</i>		
<i>*HPPG Objective: Provide effective business operations and ensure logistics support to overseas contingency operations.</i>		
<b>Performance Measures</b>	<b>Long-term Performance Goals</b>	<b>Annual Performance Goals</b>
1.1.1-OCO: Cumulative number of Afghan National Army (ANA) end strength (USD(P))	1.1.1-OCO: By FY 2011, the ANA end strength will be 171,600 with intent to train and equip forces.	FY 07 Actual: 46,000 FY 08 Actual: 67,000 FY 09 Actual: 92,000 FY 10 Actual: 144,000 FY 11: 171,600 FY 12: TBD 1/
<b>Contributing DoD Components:</b> USCENTCOM		
1.1.2-OCO: Cumulative number of Afghan National Police (ANP) end strength (USD(P))	1.1.2-OCO: By FY 2011, the ANP end strength will be 134,000 with intent to train and equip forces.	FY 07 Actual: 76,000 FY 08 Actual: 77,000 FY 09 Actual: 92,000 FY 10 Actual: 115,000 FY 11: 134,000 FY 12: TBD 1/
<b>Contributing DoD Components:</b> USCENTCOM		
1.1.3-OCO: Percent of the Combatant Commanders' (CoComs) Current Operations which they report ready to execute (USD(P&R))	1.1.3-OCO: For each fiscal year, DoD Combatant Commanders (CoComs) will be ready to execute 100 percent of Current Operations.	FY 07-08 Actual: Not available FY 09 Actual: 100% FY 10 Actual: 100% FY 11: 100% FY 12: 100%
<b>Contributing DoD Components:</b> USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM		
*1.1.4-OCO: Percent assigned of required Contracting Officer Representatives (CORs) supporting Afghan contingency operations (USD(AT&L))	1.1.4-OCO: Beginning in FY 2012, the DoD will maintain an assignment rate of 90 percent of required Contracting Officer Representatives (CORs) supporting Afghan contingency operations.	FY 07-09 Actual: Not available FY 10 Actual: 87% FY 11: 85% FY 12: 90%
<b>Contributing DoD Components:</b> DCMA, OUSD(AT&L)		
*1.1.5-OCO: Percent of in-theater Army central disbursements, using cash (USD(C/CFO))	1.1.5-OCO: By FY 2011, the DoD will reduce the percent of in-theater Army central disbursements, using cash, to 2 percent.	FY 07-08 Actual: Not available FY 09 Actual: 10.2% FY 10 Actual: 2.6% FY 11: 2% FY 12: Deleted; achieved end state
<b>Contributing DoD Components:</b> Army, DFAS, USCENTCOM, and OUSD(AT&L)(JCC)		
*1.1.6-OCO: Percent of contract actions tied to entitlements and disbursements in the systems of record (USD(C/CFO))	1.1.6-OCO: By FY 2011, the DoD will increase the percent of contract actions, tied to entitlements and disbursements in the systems of record, to 95 percent.	FY 07-09 Actual: Not available FY 10 Actual: 44.7% FY 11: 95% FY 12: Deleted; achieved end state
<b>Contributing DoD Components:</b> Army, DFAS, USCENTCOM, and OUSD(AT&L)(JCC)		

## Overview – FY 2012 Defense Budget

<b>DoD Strategic Objective 1.2.OCO:</b>		
<i>Execute a responsible drawdown of the U.S. military presence in Iraq.</i>		
<b>Performance Measures</b>	<b>Long-term Performance Goals</b>	<b>Annual Performance Goals</b>
1.2.1-OCO: Cumulative number of U.S. military troops in Iraq (USD(P))	1.2.1-OCO: By the end of first quarter, FY 2012, the U.S. military presence in Iraq will be zero troops (except for a small number under Chief of Mission authority).	FY 07 Actual: 169,033 FY 08 Actual: 146,845 FY 09 Actual: 129,241 FY 10 Actual: 48,770 FY 11: 50,000 FY 12: 0
<b>Contributing DoD Components:</b> <i>USCENTCOM</i>		
1.2.2-OCO: Cumulative number of pieces of rolling stock in Iraq supporting U.S. military troops (USD(P))	1.2.2-OCO: By the end of first quarter, FY 2012, the number of pieces of rolling stock in Iraq supporting U.S. military troops, will be zero (except for a small number used by military personnel under Chief of Mission authority).	FY 07-08 Actual: Not available FY 09 Actual: 51,000 FY 10 Actual: 16,500 FY 11: 16,500 FY 12: 0
<b>Contributing DoD Components:</b> <i>USCENTCOM</i>		
1.2.3-OCO: Cumulative number of U.S. military installations in Iraq supporting U.S. military troops (USD(P))	1.2.3-OCO: By the end of first quarter, FY 2012, all U.S. military installations supporting U.S. military troops will be transferred to the government of Iraq or Embassy Baghdad.	FY 07-08 Actual: Not available FY 09 Actual: 413 FY 10 Actual: 88 FY 11: 95 FY 12: 0
<b>Contributing DoD Components:</b> <i>USCENTCOM</i>		
<b>DoD STRATEGIC GOAL #2: PREVENT AND DETER CONFLICT</b>		
<b>DoD Forces and Infrastructure Category 1F1: Expeditionary Forces</b>		
<b>DoD Strategic Objective 2.1.1F1:</b>		
<i>Extend a global posture to prevail across all domains by increasing capacity in general purpose forces and by enhancing stability operations and foreign security force competency.</i>		
<b>Performance Measures</b>	<b>Long-term Performance Goals</b>	<b>Annual Performance Goals</b>
2.1.1-1F1: Percent of the DoD Combatant Commanders (CoComs) that are ready to execute their Core or Theater Campaign Plan missions (USD(P&R))	2.1.1-1F1: For each fiscal year, DoD Combatant Commanders (CoComs) will be ready to execute 100 percent of their Core or Theater Campaign Plan missions.	FY 07-08 Actual: Not available FY 09 Actual: 100% FY 10 Actual: 100% FY 11: 100% FY 12: 100%
<b>Contributing DoD Components:</b> <i>USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM</i>		
2.1.2-1F1: Percent of the Combatant Commanders' (CoComs) Contingency Plans which they report ready to execute (USD(P&R))	2.1.2-1F1: Beginning in FY 2009, DoD Combatant Commanders (CoComs) will be ready to execute 80 percent of their Contingency Plans.	FY 07-08 Actual: Not available FY 09 Actual: 89% FY 10 Actual: 82.1% FY 11: 80% FY 12: 80%
<b>Contributing DoD Components:</b> <i>USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM</i>		
2.1.3-1F1: Cumulative percent increase in DoD Special Forces and Navy SEAL personnel achieved (USD(P&R))	2.1.3-1F1: By FY 2012, the DoD will increase its Special Forces and Navy SEAL personnel by 32 percent from FY 2006 actual of 13,206 end strength.	FY 07 Actual: 4% FY 08 Actual: 18% FY 09 Actual: 23% FY 10 Actual: 27% FY 11: 28% FY 12: 32%
<b>Contributing DoD Components:</b> <i>Army and Navy</i>		

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.1.4-1F1: Cumulative number of Army brigades converted to a modular design and available to meet military operational demands (USD(P&R))	2.1.4-1F1: By FY 2014, the DoD will convert 73 Army Brigade Combat Teams (BCTs) to a modular design.	FY 07 Actual: 35 FY 08 Actual: 38 FY 09 Actual: 46 FY 10 Actual: 56 FY 11: 66 FY 12: 69
<b>Contributing DoD Components: Army</b>		
2.1.5-1F1: Cumulative number of Army Multi-functional and Functional Support (MFF) brigades converted to a modular design and available to meet military operational demands (USD(P&R))	2.1.5-1F1: By FY 2014, the DoD will convert 229 Army Multi-functional and Functional Support (MFF) brigades to a modular design.	FY 07 Actual: 144 FY 08 Actual: 188 FY 09 Actual: 196 FY 10 Actual: 202 FY 11: 225 FY 12: 227
<b>Contributing DoD Components: Army</b>		
2.1.6-1F1: Cumulative percent of unit initiatives completed to balance three Marine Corps Expeditionary Forces (MEFs) (USD(P&R))	2.1.6-1F1: By FY 2012, the DoD will have completed 100 percent of unit initiatives required to have balanced three MEFs.	FY 07 Actual: 11% FY 08 Actual: 47% FY 09 Actual: 72% FY 10 Actual: 84% FY 11: 92% FY 12: 100%
<b>Contributing DoD Components: Navy</b>		
2.1.7-1F1: Cumulative number of ships in the fleet (USD(P&R))	2.1.7-1F1: By FY 2020, the DoD will increase the number of ships in the fleet to 313 for security operations.	FY 07 Actual: 279 FY 08 Actual: 282 FY 09 Actual: 285 FY 10 Actual: 287 FY 11: 284 FY 12: 289
<b>Contributing DoD Components: Navy</b>		
2.1.8-1F1: Cumulative number of Contingency Response Groups (CRGs) reaching initial operational capability (IOC) to support irregular warfare and build partnership capacity (USD(P&R))	2.1.8-1F1: By FY 2013, the DoD will reach IOC for four CRGs.	FY 07-10 Actual: Non-applicable FY 11: 2 FY 12: 2
<b>Contributing DoD Components: Air Force</b>		
2.1.9-1F1: Number of Air Force Light Mobility Platforms fielded/delivered to operational units (USD(P&R))	2.1.9-1F1: By FY 2013, the DoD will field/deliver 15 light mobility platforms for supporting Contingency Response Forces during air advisory missions.	FY 07-11: Non-applicable FY 12: 10
<b>Contributing DoD Components: Air Force</b>		
<b>DoD Forces and Infrastructure Category 1F2: Homeland Defense</b>		
<b>DoD Strategic Objective 2.2.1F2A</b>		
<i>Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.2.1-1F2A: Number of formal DoD-led meetings with international partners to reaffirm U.S. commitments to extended deterrence (USD(P))	2.2.1-1F2A: Beginning in FY 2011, the DoD will lead at least six formal meetings with international partners to reaffirm U.S. commitments to extended deterrence.	FY 07-10 Actual: Non-applicable FY 11: 6 FY 12: 6
<b>Contributing DoD Components: OSD</b>		

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.2.2-1F2A: Passing percentage rate for Defense Nuclear Surety Inspections (USD(P))	2.2.2-1F2A: Beginning in FY 2011, the DoD will maintain a passing rate of 100 percent for all regular Defense Nuclear Surety Inspections.	FY 07 Actual: 100% FY 08 Actual: 71% FY 09 Actual: 77% FY 10 Actual: 73% FY 11: 100% FY 12: 100%
<b>Contributing DoD Components:</b> <i>Air Force, Navy, TJS, and DTRA</i>		
2.2.3-1F2A: Annual compliance rate in the number of attributable warheads under the New START treaty with the Russian Federation, as determined by the Secretary of Defense (USD(P))	2.2.3-1F2A: Seven years following New START entry into force, the DoD will maintain not more than 1550 operationally deployed nuclear warheads.	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 100%
<b>Contributing DoD Components:</b> <i>Air Force, Navy, and USSTRATCOM</i>		
2.2.4-1F2A: Annual compliance rate in the number of operationally deployed Strategic Delivery Vehicles under the New START treaty with the Russian Federation, as determined by the Secretary of Defense (USD(P))	2.2.4-1F2A: Seven years following New START entry into force, the DoD will maintain not more than 700 operationally deployed Strategic Delivery Vehicles (SDVs).	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 100%
<b>Contributing DoD Components:</b> <i>Air Force, Navy, and USSTRATCOM</i>		
<b>DoD Forces and Infrastructure Category 1F3: Military Space Forces</b>		
<b>DoD Strategic Objective 2.3.1F3:</b> <i>Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.3.1-1F3: Cumulative number of Aegis Ballistic Missile Defense (BMD)-capable ships (USD(P))	2.3.1-1F3: By FY 2018, the DoD will have 43 Aegis ships that are BMD-capable.	FY 07-10 Actual: Not available FY 11: 23 FY 12: 28
<b>Contributing DoD Components:</b> <i>Navy and MDA</i>		
<b>DoD Forces and Infrastructure Category 1X2: Intelligence Operations</b>		
<b>DoD Strategic Objective 2.4.1X2:</b> <i>Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.4.1-1X2: Cumulative number of MQ-1 (Predator) and MQ-9 (Reaper) intelligence, surveillance, and reconnaissance (ISR) orbits (USD(I))	2.4.1-1X2: By FY 2013, the DoD will achieve and maintain 65 MQ-1 (Predator) and MQ-9 (Reaper) orbits of ISR.	FY 07 Actual: 18 FY 08 Actual: 29 FY 09 Actual: 36 FY 10 Actual: 45 FY 11: 50 FY 12: 56
<b>Contributing DoD Components:</b> <i>Air Force</i>		
<b>DoD STRATEGIC GOAL# 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES</b>		
<b>DoD Forces and Infrastructure Category 1F2: Homeland Defense</b>		
<b>DoD Strategic Objective 3.1.1F2B:</b> <i>Improve the responsiveness and flexibility of consequence management response forces.</i>		

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.1.1-1F2B: Cumulative number of Homeland Response Forces (HRFs) trained, equipped, evaluated, and validated at a reduced response time of 6-12 hours (USD(P))	3.1.1-1F2B: By FY 2012, the DoD will have ten National Guard HRFs trained, equipped, evaluated, and validated at a reduced response time of 6-12 hours to a very significant or catastrophic event.	FY 07-10 Actual: Non-applicable FY 11: 2 FY 12: 10
<b>Contributing DoD Components:</b> USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau		
3.1.2-1F2B: Cumulative number of Chemical, Biological, Radiological, Nuclear and High-Yield Explosives Enhanced Response Force Packages (CERFPs) trained, equipped, evaluated, and validated at a response time of 6-12 hours (USD(P))	3.1.2-1F2B: By FY 2012, the DoD will have nine new National Guard CERFPs trained, equipped, evaluated, and validated at a response time of 6-12 hours in order to backfill existing CERFPs that will convert to HRFs.	FY 07-10 Actual: Non-applicable FY 11: 2 FY 12: 9
<b>Contributing DoD Components:</b> USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau		
3.1.3-1F2B: Number of Defense CBRNE Response Forces (DCRFs) trained, equipped, evaluated, and certified at a response time of 24-48 hours (USD(P))	3.1.3-1F2B: By FY 2012, the DoD will have one DCRF trained, equipped, evaluated, and certified at a response time of 24-48 hours.	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 1
<b>Contributing DoD Components:</b> USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau		
3.1.4-1F2B: Number of Command and Control (C2) CBRNE Response Elements (C2CREs) trained, equipped and evaluated, as well as certified or validated as applicable at a response time of 96 hours (USD(P))	3.1.4-1F2B: By FY 2012, the DoD will have two C2CREs trained, equipped and evaluated as well as certified or validated as applicable at a response time of 96 hours.	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 2
<b>Contributing DoD Components:</b> USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau		
<b>DoD Strategic Objective 3.2.1F2C</b>		
<i>Enhance capacity to locate, secure, or neutralize weapons of mass destruction, key materials, and related facilities.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.2.1-1F2C: Cumulative percent of treaty-declared category 1 chemical weapons destroyed (USD(AT&L))	3.2.1-1F2C: By FY 2021, the DoD will have destroyed 100 percent of treaty-declared category 1 chemical weapons.	FY 07 Actual: 48.2% FY 08 Actual: 49.6% FY 09 Actual: 65.5% FY 10 Actual: 79.8% FY 11: 88.3% FY 12: 89.8%
<b>Contributing DoD Components:</b> Army		
3.2.2-1F2C: Cumulative number of zonal diagnostic labs built and equipped for biological agent detection and response (USD(AT&L))	3.2.2-1F2C: By FY 2013, the DoD will have built and equipped 43 zonal diagnostic labs for biological agent detection and response.	FY 07: Actual: Not available FY 08 Actual: 16 FY 09 Actual: 19 FY 10 Actual: 20 FY 11: 37 FY 12: 39
<b>Contributing DoD Components:</b> DTRA		
<b>DoD Strategic Objective 3.3.1F2C</b>		
<i>Enhance U.S. capabilities to train, advise, and assist foreign security forces and their sustaining institutions to operate with or in lieu of U.S. forces.</i>		

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Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.3.1-1F2C: Percent of Munitions and Dual-Use License applications adjudicated back to State and Commerce Departments within statutory timelines (USD(P))	3.3.1-1F2C: Beginning in FY 2011, the DoD will adjudicate 100 percent of Munitions and Dual-Use License applications back to State and Commerce Departments within statutory timelines of 60 and 30 days, respectively.	FY 07 Actual: 99.5% 2/ FY 08 Actual: 100% 2/ FY 09 Actual: 99.5% 2/ FY 10 Actual: 99% 2/ FY 11: 100% FY 12: 100%
<b>Contributing DoD Components:</b> DTSA		
<b>Forces and Infrastructure Category 1X1: Operational Command &amp; Control Systems</b>		
<b>DoD Strategic Objective 3.4.1X1</b> <i>Expand capacity to succeed against adversary states armed with anti-access capabilities and/or nuclear weapons and improve capabilities to conduct effective operations in cyberspace and space.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.4.1X1: Number of operational availability gaps in protected MILSATCOM mission area (space segment) (ASD(NII/CIO))	3.4.1-1X1: For each fiscal year, the DoD will ensure there are no operational availability gaps in protected MILSATCOM mission area (space segment).	FY 07-08 Actual: 0 FY 09 Actual: 0 FY 10 Actual: 0 FY 11: 0 FY 12: 0
<b>Contributing DoD Components:</b> AF		
3.4.2-1X1: Number of operational availability gaps in narrowband MILSATCOM mission area (space segment) (ASD(NII/CIO))	3.4.2-1X1: For each fiscal year, the DoD will ensure there are no operational availability gaps in narrowband MILSATCOM mission area (space segment).	FY 07-08 Actual: 0 FY 09 Actual: 0 FY 10 Actual: 0 FY 11: 0 FY 12: 0
<b>Contributing DoD Components:</b> Navy		
3.4.3-1X1: Percent of DoD's nuclear command, control, and communications (NC3) cryptographic modernization plan completed (ASD(NII/CIO))	3.4.3-1X1: By FY 2016, the DoD will have completed 100 percent of its NC3 cryptographic modernization action plan for the most critical 25 networks.	FY 07-10 Actual: Not available FY 11: 12% FY 12: 32%
<b>Contributing DoD Components:</b> Army, Navy, AF, NSA, and DISA		
3.4.4-1X1: Percent increase in the number of targeted command and control (C2) systems that have increased their availability of authoritative data (ASD(NII/CIO))	3.4.4-1X1: By FY 2018, 99 percent of targeted DoD command and control (C2) systems will have increased their availability of authoritative data.	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 69%
<b>Contributing DoD Components:</b> Army, Navy, AF, NSA, and DISA		
<b>DoD Forces and Infrastructure Category 2D: Science and Technology</b>		
<b>DoD Strategic Objective 3.5.2D:</b> <i>Maintain a strong technical foundation within the Department's Science and Technology (S&amp;T) program.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.5.1-2D: Percent of completing demonstration programs transitioning each year (USD(AT&L))	3.5.1-2D: Beginning in FY 2008, the DoD will transition 30 percent of completing demonstration programs per year.	FY 07 Actual: Not available FY 08 Actual: 43.1% FY 09 Actual: 52.65% FY 10 Actual: 61.5% FY 11: 30% FY 12: 30%
<b>Contributing DoD Components:</b> Army, Navy, AF, DLA, DARPA, CDBP, and OSD		



**Overview – FY 2012 Defense Budget**

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

**DoD Forces and Infrastructure Category 2M: Defense Health Program**

**DoD Strategic Objective 4.1.2M:**

*Provide top-quality physical and psychological care to wounded warriors, while reducing growth in overall healthcare costs.*

*\*HPPG Objective: Create the next generation Virtual Lifetime Electronic Record.*

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.1.1-2M: Average percent variance in Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase (USD(P&R))	4.1.1-2M: Beginning in FY 2007, the DoD will maintain an average Defense Health Program (DHP) medical cost per equivalent life increase at or below the average healthcare premium increase in the civilian sector.	FY 07 Actual: -0.8% FY 08 Actual: 1.1% FY 09 Actual: 6.7% FY 10 Actual: -1% FY 11: </= 0% FY 12: </= 0%
<b>Contributing DoD Components:</b> <i>DHP, TMA, Army, Navy, and Air Force</i>		
4.1.2-2M: Cumulative percent of military members participating in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating (USD(P&R))	4.1.2-2M: By FY 2011, 100 percent of military members, referred in the disability system, will participate in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating.	FY 07 Actual: Non-applicable FY 08 Actual: 4% FY 09 Actual: 27% FY 10 Actual: 44% FY 11: 100% FY 12: Deleted; achieved end state
<b>Contributing DoD Components:</b> <i>Army, Navy, and Air Force</i>		
*4.1.3-2M: Number of DoD sites with Virtual Lifetime Electronic Record (VLER) production capability (USD(P&R))	4.1.3-2M: By FY 2012, the DoD will create the Next Generation of Electronic Record - Virtual Lifetime Electronic Record (VLER).	FY 07-10 Actual: Non-applicable FY 11: 3 FY 12: 15
<b>Contributing DoD Components:</b> <i>Army, Navy, and Air Force</i>		
4.1.4-2M: Percentage of Armed Forces who meet Individual Medical Readiness (IMR) requirements (USD(P&R))	4.1.4-2M: By FY 2014, 85 percent of the Armed Forces will have an IMR that indicates readiness for deployment.	FY 07 Actual: Not available FY 08 Actual: 67% FY 09 Actual: 69% FY 10 Actual: 74% FY 11: 80% FY 12: 82%
<b>Contributing DoD Components:</b> <i>Army, Navy, MC, and Air Force</i>		
4.1.5-2M: Rate of Follow-up on Active Duty Service members having positive screens for Depression, based on Post-Deployment Health Assessments (PDHAs) or Post-Deployment Health Reassessments (PDHRAs) documented by a qualified professional (USD(P&R))	4.1.5-2M: By FY 2012, the DoD will ensure that over 75 percent of Active Duty Service members, who are referred for care based on positive screens for Depression on PDHAs or PDHRAs, have documentation of being further evaluated by a qualified professional.	FY 07 Actual: 76% FY 08 Actual: 77% FY 09 Actual: 84% FY 10 Actual: Not available FY 11: 68% FY 12: 75%
<b>Contributing DoD Components:</b> <i>Army, Navy, MC, and Air Force</i>		
4.1.6-2M: Rate of Follow-up on Active Duty Service members having positive screens for Post Traumatic Stress Disorder (PTSD), based on Post-Deployment Health Assessments (PDHAs) or Post-Deployment Health Reassessments (PDHRAs) documented by a qualified professional (USD(P&R))	4.1.6-2M: By FY 2012, the DoD will ensure that over 75 percent of Active Duty Service members, who are referred for care based on positive screens for PTSD on PDHAs or PDHRAs, have documentation of being further evaluated by a qualified professional.	FY 07 Actual: 76% FY 08 Actual: 77% FY 09 Actual: 84% FY 10 Actual: Not available FY 11: 68% FY 12: 75%
<b>Contributing DoD Components:</b> <i>Army, Navy, MC, and Air Force</i>		

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Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.1.7-2M: Percent of wounded, ill and injured who are assigned to a DoD trained Recovery Care Coordinator within 30 days of being enrolled in a Wounded Warrior Program (USD(P&R))	4.1.7-2M: By FY 2013, 100% of wounded, ill and injured (WII) Service members will be assigned to a DoD trained Recovery Care Coordinator (RCC) at a ratio not to exceed one RCC per 40 WII Service members.	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 90%
<b>Contributing DoD Components:</b> <i>Army, Navy, MC, and Air Force</i>		
4.1.8-2M: Percent of Service members who are processed through the Single Disability Evaluation System (DES) within 295 days (active) or 305 days (Reserve Components) (USD(P&R))	4.1.8-2M: By FY 2014, 80% of Service Members will be processed through the single DES within 295 days (active) or 305 days (Reserve Components).	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 60%
<b>Contributing DoD Components:</b> <i>Army, Navy, MC, and Air Force</i>		
<b>DoD Forces and Infrastructure Category 2P: Central Personnel Administration</b>		
<b>DoD Strategic Objective 4.2.2P:</b> <i>Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component.</i> <i>*HPPG Objective: Streamline the hiring process.</i>		
4.2.1-2P: Percent variance in Active component end strength (USD(P&R))	4.2.1-2P: For each fiscal year, the DoD Active component end strength must be maintained at or not to exceed (NTE) three percent above the SECDEF/NDAA- prescribed end strength for that fiscal year:	FY 07 Actual: 0.9% FY 08 Actual: 2.1% FY 09: 0-3% FY 09 Actual: 0.9% FY 10 Actual: 0.4% FY 11: 0-3% FY 12: 0-3%
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2.2-2P: Percent variance in Reserve component end strength (USD(P&R))	4.2.2-2P: For each fiscal year, the DoD Reserve component end strength will not vary by more than three percent from the SECDEF/NDAA- prescribed end strength for that fiscal year.	FY 07 Actual: -1.7% FY 08 Actual: 0% FY 09: +/-3% FY 09 Actual: 1% FY 10 Actual: 0.6% FY 11: +/-3% FY 12: +/-3%
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.2.3-2P: Number of soldiers under stop loss (USD(P&R))	4.2.3-2P: By FY 2011, the Department will reduce the number of soldiers under stop loss to zero.	FY 07 Actual: 11,875 FY 08 Actual: 13,217 FY 09 Actual: 9,753 FY 10 Actual: 3,198 FY 11: 0 FY 12: Deleted; achieved end state
<b>Contributing DoD Components:</b> <i>Army, Navy, and Air Force</i>		
4.2.4-2P: Percent of Emergency-Essential (E-E) and Non-Combat Essential (NCE) Civilian Expeditionary Workforce (CEW) employees qualified as "ready" per the CEW Readiness Index (USD(P&R))	4.2.4-2P: Beginning in FY 2013, the DoD will achieve 60 percent Emergency-Essential (E-E) and Non-Combat Essential (NCE) Civilian Expeditionary Workforce (CEW) employees qualified as "ready" per the CEW Readiness Index.	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 47%
<b>Contributing DoD Components:</b> <i>All</i>		

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Performance Measures	Long-term Performance Goals	Annual Performance Goals
*4.2.5-2P: Number of days for external civilian hiring (end-to-end timeline) USD(P&R))	4.2.5-2P: By FY 2012, the Department will improve its external civilian hiring end-to-end timeline to 80 days.	FY 07-08 Actual: Not available FY 09 Actual: 155 FY 10 Actual: 116 FY 11: 101 FY 12: 80
<b>Contributing DoD Components: All</b>		
4.2.6-2P: Percentage of the Department's active duty Army who meet the planning objectives for time deployed in support of combat operations versus time at home. USD(P&R))	4.2.6-2P: By FY 2015, 95 percent of active duty Army personnel will meet the deployment to dwell objective of 1:2.	FY 07-10 Actual: Not available FY 11: 75% FY 12: 80%
<b>Contributing DoD Components: Army</b>		
4.2.7-2P: Percentage of the Department's active duty Navy who meet the planning objectives for time deployed in support of combat operations versus time at home. USD(P&R))	4.2.7-2P: By FY 2011, 95 percent of active duty Navy personnel will meet the deployment to dwell objective of 1:2.	FY 07-10 Actual: Not available FY 11: 95% FY 12: 95%
<b>Contributing DoD Components: Navy</b>		
4.2.8-2P: Percentage of the Department's active duty Marines who meet the planning objectives for time deployed in support of combat operations versus time at home. USD(P&R))	4.2.8-2P: By FY 2015, 95 percent of active duty Marine personnel will meet the deployment to dwell objective of 1:2.	FY 07-10 Actual: Not available FY 11: 94% FY 12: 95%
<b>Contributing DoD Components: MC</b>		
4.2.9-2P: Percentage of the Department's active duty Air Force who meet the planning objectives for time deployed in support of combat operations versus time at home USD(P&R))	4.2.9-2P: By FY 2011, 95 percent of active duty Air Force personnel will meet the deployment to dwell objective of 1:2.	FY 07-10 Actual: Not available FY 11: 95% FY 12: 95%
<b>Contributing DoD Components: AF</b>		
4.2.10-2P: Percent of Reserve Component (RC) Service members mobilized in the evaluation period that have dwell ratios greater than or equal to 1:5 (USD(P&R))	4.2.10-2P: By FY 2012, 68% percent of the RC Service members undergoing mobilization will have a dwell ratio of 1:5 or greater.	FY 07-09 Actual: Not available FY 10 Actual: 64.8% FY 11: 60% FY 12: 68%
<b>Contributing DoD Components: Army, Navy, MC, and AF</b>		
<b>DoD Forces and Infrastructure Category 2R: Central Personnel Benefits</b>		
<b>DoD Strategic Objective 4.3.2R:</b>		
<i>Better prepare and support families during the stress of multiple deployments.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.3.1-2R: Percent of worldwide government-owned Family Housing inventory at good and fair (Q1-Q2) condition (USD(AT&L))	4.3.1-2R: Beginning in FY 2012, the DoD will maintain at least 90 percent of worldwide government-owned Family Housing inventory at good and fair (Q1-Q2) condition.	FY 07-10 Actual: Not available FY 11: 81% FY 12: 90%
<b>Contributing DoD Components: Army, Navy, and AF</b>		

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Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.3.2-2R: Percent of the inventory for government-owned permanent party enlisted unaccompanied housing in United States at good and fair (Q1-Q2) condition (USD(AT&L))	4.3.2-2R: By FY 2017 the DoD and each Service will maintain at least 90 percent of the government-owned permanent party enlisted unaccompanied housing in United States at good and fair (Q1-Q2) condition.	FY 07-10 Actual: Not available FY 11: 89% FY 12: 90%
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.3.3-2R: Percent of the inventory for government-owned permanent party enlisted unaccompanied I housing at foreign locations at good and fair (Q1-Q2) condition (USD(AT&L))	4.3.3-2R: By FY 2017 the DoD and each Service will maintain at least 90 percent of the government-owned permanent party enlisted unaccompanied housing at foreign locations at good and fair (Q1-Q2) condition.	FY 07-10 Actual: Not available FY 11: 75% FY 12: 76%
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
4.3.4-2R: Cumulative number of Department of Defense Education Activity (DoDEA) schools that meet good or fair (Q1 or Q2) standards. (USD(P&R))	4.3.4-2R: By FY 2018, 104 of 192 DoDEA schools will be replaced or renovated to meet good or fair (Q1 or Q2) standards.	FY 07 Actual: Not available FY 08 Actual: 58 FY 09 Actual: 60 FY 10 Actual: 61 FY 11: 65 FY 12: 69
<b>Contributing DoD Components:</b> <i>Army, Navy, MC, and AF</i>		
4.3.6-2R: Rating of Military OneSource usefulness by Service members who deployed and have dependents. (USD(P&R))	4.3.6-2R: Beginning in FY 2011, the DoD will sustain or increase the average usefulness rating of Military OneSource (on a 1-4 scale) for Service members who deployed in the past year and have dependents.	FY 07-08 Actual: Not available FY 09 Actual: 2.8 FY 10 Actual: 2.8 FY 11: 2.8 FY 12: 2.8
<b>Contributing DoD Components:</b> <i>Army, Navy, MC, and AF</i>		
<b>DoD Forces and Infrastructure Category 2T: Central Training</b>		
<b>DoD Strategic Objective 4.4.2T:</b>		
<i>Train the Total Defense Workforce with the right competencies.</i>		
<i>*HPPG Objective: Enhance the security cooperation workforce. (Deleted in FY 2012)</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
*4.4.1-2T: Percent of acquisition positions filled with personnel meeting Level II certification requirements (USD(AT&L))	4.4.1-2T: Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Level III certification requirements from the previous fiscal year.	FY 07 Actual: 51.46% FY 08 Actual: 55.10% FY 09 Actual: 55.2% FY 10 Actual: 52% FY 11: > 52% FY 12: > FY 2011%
<b>Contributing DoD Components:</b> <i>All</i>		
*4.4.2-2T: Percent of acquisition positions filled with personnel meeting Level III certification requirements (USD(AT&L))	4.4.2-2T: Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Level III certification requirements from the previous fiscal year.	FY 07 Actual: 61.71% FY 08 Actual: 69.89% FY 09 Actual: 70.5% FY 10 Actual: 67.4% FY 11: > 67.4% FY 12: > FY 2011%
<b>Contributing DoD Components:</b> <i>All</i>		

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Performance Measures	Long-term Performance Goals	Annual Performance Goals
*4.4.3-2T: Cumulative percent of incumbents that have been trained in security cooperation in positions that require security cooperation training (USD(P))	4.4.3-2T: By FY 2011, the DoD will increase the percent of incumbents that have been trained in security cooperation in positions that require security cooperation training to 95 percent or greater.	FY 07-08 Actual: Not available FY 09 Actual: 67% FY 10 Actual: 82% FY 11: =/>95% FY 12: Deleted; achieved end state
<b>Contributing DoD Components:</b> <i>Army, Navy, Air Force, DLA, DSCA, OSD, TJS, USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USSTRATCOM, USTRANSCOM, and USJFCOM</i>		
4.4.4-2T: Percent of personnel who complete regional language skill, regional expertise, and cultural competency programs either prior to deployment or within 60 days of deployment to Afghanistan (USD(P&R))	4.4.4-2T: Beginning in FY 2011, the DoD will ensure that 100 percent of personnel complete regional language skill, regional expertise, and cultural competency programs either prior to deployment or within 60 days of deployment to Afghanistan.	FY 07-10 Actual: Not available FY 11: 100% FY 12: 100%
<b>Contributing DoD Components:</b> <i>Army, Navy, MC, AF, TJS, USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USTRANSCOM, and USJFCOM</i>		
*4.4.5-2T: Percent of certified DoD adjudicators (USD(I))	4.4.5-2T: By FY 2012, 90 percent of DoD adjudicators will be certified.	FY 07-10 Actual: Not available FY 11: 50% FY 12: 90%
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DSS, DIA, NSA, and NGA</i>		
4.4.6-2T: Cumulative increase in the number of students who achieve a 2/2/1+ Defense Language Proficiency Test (DLPT) score in reading, listening, and speaking modalities, as measured by the Interagency Language Roundtable performance scale (USD(P&R))	4.4.6-2T: By 2015, DoD will increase the cumulative number of Defense Language Institute Foreign Language Center students who achieve 2/2/1+ score on the DLPT in the reading, listening, and speaking modalities, as measured by the Interagency Language Roundtable performance scale by 9,600 students above the FY 2010 baseline of 1,400.	FY 07-10 Actual: Non-applicable FY 11: 2,900 FY 12: 4,800
<b>Contributing DoD Components:</b> <i>Army, Navy, Marine Corps, and Air Force</i>		
4.4.7-2T: Percent of U.S. Forces – Afghanistan (USFOR-A) component commands that report meeting the DoD Contingency Training guidance for leader language skills. (USD(P&R))	4.4.7-2T: Beginning in FY 2012, 100 percent of USFOR-A component commands will meet the training requirement for one leader in platoon or like-sized units to have 0+ language skill in Dari, Pushtu, or Urdu.	FY 07-10 Actual: Non-applicable FY 11: Non-applicable FY 12: 100%
<b>Contributing DoD Components:</b> <i>Army, Navy, Marine Corps, and Air Force</i>		
<b>DoD STRATEGIC GOAL# 5: IMPLEMENT REFORM AGENDA 2/</b>		
<b>DoD Forces and Infrastructure Category 2A: Force Installations</b>		
<b>DoD Strategic Objective 5.1.2A:</b>		
<i>Increase use of renewable energy and reduce energy demand at DoD installations.</i>		
<i>*HPPG Objective: Increase energy efficiencies.</i>		

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Performance Measures	Long-term Performance Goals	Annual Performance Goals
5.1.1-2A: Average facilities sustainment rate (USD(AT&L))	5.1.1-2A: By FY 2011, the DoD will fund facilities sustainment at a minimum rate of 90 percent of the modeled requirement for each Component.	FY 07 Actual: 90% FY 08 Actual: 94% FY 09 Actual: 81% FY 10 Actual: Available Feb 2011 FY 11: 90% FY 12: 90%
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, TMA, and DoDEA</i>		
*5.1.2-2A: Cumulative average percent reduction in building energy intensity (USD(AT&L))	5.1.2-2A: By FY 2015, DoD will reduce average building energy intensity by 30 percent from the FY 2003 baseline of 116,134 BTUs per gross square foot.	FY 07 Actual: 10.1% FY 08 Actual: 10.7% FY 09 Actual: 9.7% FY 10 Actual: 10.5% FY 11: 18% FY 12: 21%
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DCMA, DeCA, DFAS, DIA, DLA, MDA, NGA, NSA, TMA, and WHS</i>		
*5.1.3-2A: Percentage of renewable energy produced or procured based on DoD's annual electric energy usage (USD(AT&L))	5.1.3-2A: By FY 2025, the DoD will produce or procure renewable energy equal to 25 percent of its annual electric energy usage.	FY 07 Actual: 11.9% FY 08 Actual: 9.8% FY 09 Actual: 9.7% FY 10 Actual: 10% FY 11: 11% FY 12: 12%
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DCMA, DeCA, DFAS, DIA, DLA, MDA, NGA, NSA, TMA, and WHS</i>		
<b>DoD Forces and Infrastructure Category 2C: Communications &amp; Information Infrastructure</b>		
<b>DoD Strategic Objective 5.2.2C:</b> <i>Protect critical DoD infrastructure and partner with other critical infrastructure owners in government and the private sector to increase mission assurance.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
5.2.1-2C: Percent of applicable IT and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant (ASD(NII/CIO))	5.2.1-2C: By FY 2013, 95 percent of applicable IT and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant.	FY 07 Actual: 90% FY 08 Actual: 95% FY 09 Actual: 97% FY 10 Actual: 90% FY 11: =/>90% FY 12: 95%
<b>Contributing DoD Components:</b> <i>All</i>		
<b>DoD Forces and Infrastructure Category 2E: Acquisition Infrastructure</b>		
<b>DoD Strategic Objective 5.3.2E:</b> <i>Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items.</i> <i>*HPPG Objective: Reform the DoD acquisition process.</i>		
Performance Measures	Long-term Performance Goals	Annual Performance Goals
*5.3.1-2E: Number of Major Defense Acquisition Program (MDAP) breaches equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost (USD(AT&L))	5.3.1-2E: Beginning in FY 2010, the DoD will ensure the number of breaches (significant cost overruns) for Major Defense Acquisition Programs (MDAPs) is equal to or less than the previous fiscal year.	FY 07 Actual: 10 FY 08 Actual: 5 FY 09 Actual: 2 FY 10 Actual: 8 FY 11: </= 5 FY 12: </= 5
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, and MDA</i>		

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Performance Measures	Long-term Performance Goals	Annual Performance Goals
*5.3.2-2E: Percentage of contract obligations that are competitively awarded (USD(AT&L))	5.3.2-2E: Beginning in FY 2010, the DoD will increase, by one percent annually, the amount of contract obligations that are competitively awarded.	FY 07 Actual: 63% FY 08 Actual: 64% FY 09 Actual: 63% FY 10 Actual: 62.5% FY 11: 65% FY 12: 66%
<b>Contributing DoD Components: All</b>		
*5.3.3-2E: Average percent increase from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after (USD(AT&L))	5.3.3-2E: Beginning in FY 2011, the DoD will not increase by more than five percent from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after	FY 07-09 Actual: Not available FY 10 Actual: 4.4% FY 11: </=5% FY 12: </=5%
<b>Contributing DoD Components: Army, Navy, AF, and MDA</b>		
*5.3.4-2E: Cumulative percent of Major Defense Acquisition Programs certified, as required by the Weapon Systems Acquisition Reform Act of 2009 (USD(AT&L))	5.3.4-2E: By FY 2012, 100 percent of Major Defense Acquisition Programs will be certified, as required by the Weapon Systems Acquisition Reform Act of 2009.	FY 07-10 Actual: Non-applicable FY 11: 60% FY 12: 100%
<b>Contributing DoD Components: Navy, AF, and MDA</b>		
5.3.5-2E: Percent of enterprise level Information Technology (IT) software and hardware deployed as business services within 18 months of the capability business cases approval (DCMO)	5.3.5-2E: By FY 2016, 100 percent of enterprise level Information Technology (IT) software and hardware for business services will be deployed within 18 months of the capability business cases approval.	FY 07-10 Actual: Not available FY 11: 50% FY 12: 70%
<b>Contributing DoD Components: Army, Navy, Air Force, BTA, DeCA, DCMA, DFAS, DISA, DLA, TMA, WHS, OSD, TJS, USTRANSCOM, AND USJFCOM</b>		
5.3.6-2E: Number of Major Automated Information System (MAIS) "significant" breaches (equal to or greater than 15 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages greater than six months) (DCMO)	5.3.6-2E: Beginning in FY 2011, the DoD will ensure that the number of MAIS "significant" breaches (equal to or greater than 15 percent of the APB total cost or with schedule slippages greater than six months) will not exceed one.	FY 07 Actual: Not available FY 08 Actual: 1 FY 09 Actual: 1 FY 10 Actual: 1 FY 11: </= 1 FY 12: </= 1
<b>Contributing DoD Components: Army, Navy, Marine Corps, Air Force, BTA, DISA, DLA, and TMA</b>		
5.3.7-2E: Number of Major Automated Information System (MAIS) "critical" breaches (equal to or greater than 25 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages of one year or more) (DCMO)	5.3.7-2E: By FY 2012, the DoD will ensure that the number of MAIS "critical" breaches (equal to or greater than 25 percent of the APB total cost or with schedule slippages greater than one year) will not exceed two.	FY 07 Actual: Not available FY 08 Actual: 2 FY 09 Actual: 6 FY 10 Actual: 2 FY 11: </= 3 FY 12: </= 2
<b>Contributing DoD Components: Army, Navy, Marine Corps, Air Force, BTA, DISA, DLA, and TMA</b>		
*5.3.8-2E: Average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 (USD(AT&L))	5.3.8-2E: Beginning in FY 2012, the DoD will ensure that average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 does not exceed three percent.	FY 07-10 Actual: Not available FY 11: Not available FY 12: </= 3%
<b>Contributing DoD Components: Army, Navy, Air Force, MDA, and OSD</b>		

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<b>DoD Forces and Infrastructure Category 2L: Logistics</b>		
<b>DoD Strategic Objective 5.4.2L:</b>		
<i>Provide more effective and efficient logistical support to forces abroad.</i>		
<b>Performance Measures</b>	<b>Long-term Performance Goals</b>	<b>Annual Performance Goals</b>
5.4.1-2L: Perfect Order Fulfillment rate for Defense Logistics Agency (DLA) stock items (USD(AT&L))	5.4.1-2L: Beginning in FY 2012, the DoD will maintain the DLA's Perfect Order Fulfillment (POF) rate for stock items at or above 85.4 percent.	FY 07 Actual: 73.24% FY 08 Actual: 73.66% FY 09 Actual: 79.92% FY 10 Actual: 84.8% FY 11: 84.95% FY 12: 85.4%
<b>Contributing DoD Components:</b> <i>DLA</i>		
5.4.2-2L: Army Customer Wait Time (USD(AT&L))	5.4.2-2L: Beginning in FY 2012, the DoD will maintain the Army's customer wait time at or below 15.5 days.	FY 07 Actual: 19 FY 08 Actual: 17.4 FY 09 Actual: 16.6 FY 10 Actual: 16.6 FY 11: 15.9 FY 12: 15.5
<b>Contributing DoD Components:</b> <i>Army</i>		
5.4.3-2L: Navy Customer Wait Time (USD(AT&L))	5.4.3-2L: Beginning in FY 2011, the DoD will maintain the Navy's customer wait time at or below 12.5 days.	FY 07 Actual: 9.1 FY 08 Actual: 10.3 FY 09 Actual: 12.6 FY 10 Actual: 12.7 FY 11: 12.5 FY 12: 12.5
<b>Contributing DoD Components:</b> <i>Navy</i>		
5.4.4-2L: Air Force Customer Wait Time (USD(AT&L))	5.4.4-2L: Beginning in FY 2011, the DoD will maintain the Air Force's customer wait time at or below 5 days.	FY 07 Actual: 5.5 FY 08 Actual: 5.7 FY 09 Actual: 6.3 FY 10 Actual: 7.6 FY 11: 5 FY 12: 5
<b>Contributing DoD Components:</b> <i>Air Force</i>		
<b>DoD Forces and Infrastructure Category 2U/2V: Department Headquarters and other Infrastructure</b>		
<b>DoD Strategic Objective 5.5.2U/2V:</b>		
<i>Improve financial management and increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts.</i>		
<i>*HPPG Objective: Reform the DoD personnel security clearance process.</i>		
<i>*HPPG Objective: Increase the audit readiness of individual DoD components.</i>		
<b>Performance Measures</b>	<b>Long-term Performance Goals</b>	<b>Annual Performance Goals</b>
*5.5.1-2U: Percent DoD Statement of Budgetary Resources Appropriations Received validated (USD(C/CFO))	5.5.1-2U: By FY 2013, 100 percent of DoD Statement of Budgetary Resources Appropriations Received will be reviewed, verified for accuracy, and "validated" or approved as audit-ready.	FY 07 Actual: 14% FY 08 Actual: 14% FY 09 Actual: 19% FY 10 Actual: 19% FY 11: 80% FY 12: 83%
<b>Contributing DoD Components:</b> <i>All</i>		



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Performance Measures	Long-term Performance Goals	Annual Performance Goals
*5.5.2-2U: Percent of DoD Funds Balance with Treasury validated (USD(C/CFO))	5.5.2-2U: By FY 2016, 100 percent of DoD Funds Balance with Treasury will be validated as audit-ready.	FY 07 Actual: 5% FY 08 Actual: 5% FY 09 Actual: 7% FY 10 Actual: 9% FY 11: 9% FY 12: 9%
<b>Contributing DoD Components:</b> <i>All</i>		
*5.5.3-2U: Percent of DoD Statement of Budgetary Resources validated (USD(C/CFO))	5.5.3-2U: By FY 2017, 100 percent of DoD Statement of Budgetary Resources will be validated as audit-ready.	FY 07 Actual: 10% FY 08 Actual: 10% FY 09 Actual: 13% FY 10 Actual: 14% FY 11: 14% FY 12: 14%
<b>Contributing DoD Components:</b> <i>All</i>		
*5.5.4-2U: Percent of DoD mission-critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) validated for existence and completeness (USD(C/CFO))	5.5.4-2U: By FY 2017, 100 percent of DoD mission-critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) will be validated as audit-ready for existence and completeness.	FY 07-09 Actual: Not available FY 10: 4% FY 11: 20% FY 12: 40%
<b>Contributing DoD Components:</b> <i>All</i>		
5.5.5-2U: Percent of improper military pay payments (USD(C/CFO))	5.5.5-2U: By FY 2012, the DoD will achieve a percentage of improper military pay payments at less than or equal to 1.25 percent.	FY 07 Actual: 0.57% FY 08 Actual: 0.60% FY 09 Actual: 0.48% FY 10 Actual: 0.61% FY 11: <=1.25% FY 12: <=1.25%
<b>Contributing DoD Components:</b> <i>Army, Navy, and AF</i>		
5.5.6-2U: Percent of improper civilian pay payments (USD(C/CFO))	5.5.6-2U: By FY 2012, the DoD will achieve a percentage of improper civilian pay payments at less than or equal to 0.25 percent.	FY 07 Actual: 0.25% FY 08 Actual: 0.26% FY 09 Actual: 0.32% FY 10 Actual: 0.24% FY 11: <=0.26% FY 12: <=0.25%
<b>Contributing DoD Components:</b> <i>All</i>		
5.5.7-2U: Number of late formal Anti-Deficiency Act investigations from the FY 2009 baseline of 25 (USD(C/CFO))	5.5.7-2U: By FY 2013, the DoD will reduce the number of late formal Anti-Deficiency Act (ADA) investigations to zero from the FY 2009 baseline of 25 late formal ADA investigations.	FY 07-09 Actual: Non-applicable FY 10 Actual: 19 FY 11: 10 FY 12: 7
<b>Contributing DoD Components:</b> <i>All</i>		
*5.5.8-2U: Average number of days required to adjudicate the fastest 90 percent of initial top secret and secret personnel security clearance cases (USD(I))	5.5.8-2U: Beginning in FY 2010, the Department will adjudicate the fastest 90 percent of initial top secret and secret personnel security clearance cases within 20 days.	FY 07 Actual: 39 FY 08 Actual: 30 FY 09 Actual: 25 FY 10 Actual: 10 FY 11: 20 FY 12: 20
<b>Contributing DoD Components:</b> <i>Army, Navy, AF, DSS, DIA, NSA, and NGA</i>		

## Overview – FY 2012 Defense Budget

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*5.5.9-2U: Percent of Single Scope Background Investigations (SSBIs) and Top Secret (TS) reinvestigation files that meet 2009 adjudicative documentation standards (USD(I))	5.5.9-2U: By FY 2012, 95 percent of Single Scope Background Investigations (SSBIs) and Top Secret (TS) reinvestigation files will meet 2009 adjudicative documentation standards.	FY 07-10 Actual: Not available FY 11: 90% FY 12: 95%
<b>Contributing DoD Components:</b> Army, Navy, AF, DSS, DIA, NSA, NGA, and WHS		
<i>* Reflects DoD high priority performance goal subject to quarterly review by the Office of Management and Budget.</i>		
<i>1/ FY 2012 levels, pending Interagency and White House review decision in February 2011.</i>		
<i>2/ Prior year trends reflect estimates based on the average percentage of compliance for both munitions and dual-use license applications for each fiscal year.</i>		

**Exhibit D– FY 2010 - FY 2012 DoD High Priority Objectives and Performance Goals**

Performance Measures	Annual Performance Results/Goals		
	FY 2010 Results	FY 2011 Goals	FY 2012 Goals
<i>*HPPG Objective: Provide effective business operations to Overseas Contingency Operations.</i>			
*Annual fill rate for Joint Contracting Command (JCC) supporting contingency operations	98%	Deleted; reach end state	
*Percent assigned of required Contracting Officer representatives(CORs) supporting Afghan contingency operations	87%	85%	90%
*Percent assigned of required Contracting Officer Representatives (CORs) supporting Iraqi contingency operations	96%	Deleted; reach end state	
*Percent of contract actions tied to entitlements and disbursement in the systems of record	44.7%	95%	Deleted; reach end state
*Percent of in-theater Army central disbursements, using cash (U.S.dollars)	2.6%	2%	Deleted; reach end state
<i>*HPPG Objective: Increase energy efficiencies.</i>			
*Cumulative average percent reduction in building energy intensity	10.5%	18%	20%
*Percentage of renewable energy produced or procured based on DoD's annual electric energy usage	10%	11%	12%
<i>*HPPG Objective: Reform the DoD acquisition process.</i>			
*Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after	88.6	Deleted; provided alternative measure	
*Number of Major Defense Acquisition Program (MDAP) breaches equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost) unit cost	8	</=5	</=5
*Percentage of contract obligations that are competitively awarded	62.5%	65%	66%
*Cumulative number of DoD civilian and/or military authorizations added as a result of in-sourcing acquisition functions	3,883	Deleted	
*Cumulative increase in the number of DoD civilian and military end strengths performing acquisition functions	8,045	Deleted	
*Percent of acquisition positions filled with personnel meeting Level II certification requirements	52%	>52%	>FY 2011%
*Percent of acquisition positions filled with personnel meeting Level III certification requirements	67.4%	>67.4%	>FY 2011%
*Average percent increase from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after	Non-applicable	</=5	</=5
*Cumulative percent of Major Defense Acquisition Programs certified, as required by the Weapons Systems Acquisition Reform Act of 2009	Non-applicable	60%	100%
*Average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002	Non-applicable	Non-applicable	</=3
<i>*HPPG Objective: Streamline the hiring process.</i>			
*Cumulative percent of incumbents that have been trained in security cooperation in positions that require security cooperation training	116	101	80
<i>*HPPG Objective: Enhance the security cooperation workforce. (Deleted, effective FY 2012)</i>			
*Cumulative percent of incumbents that have been trained in security cooperation in positions that require security cooperation training	82%	+/>95%	Deleted; reach end state

## Overview – FY 2012 Defense Budget

Performance Measures	Annual Performance Results/Goals		
	FY 2010 Results	FY 2011 Goals	FY 2012 Goals
<i>*HPPG Objective: Increase the audit readiness of individual DoD components.</i>			
*Percent DoD Statement of Budgetary Resources Appropriations Received validated	19%	80%	83%
*Percent of DoD Statement of Budgetary Resources validated	14%	14%	14%
*Percent of DoD Funds Balance with Treasury validated	9%	9%	9%
*Percent of DoD mission-critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) validated for existence and completeness	Non-applicable	20%	40%
<i>*HPPG Objective: Reform the DoD personnel security clearance program.</i>			
*Average number of days required to adjudicate the fastest 90 percent of initial top secret and secret personnel security clearance cases	10	20	20
*Percent of all DoD investigations received via electronic delivery	93%	Deleted; reach end state	
*Percent of certified DoD adjudicators	Non-applicable	50%	90%
*Percent of Single Scope Background Investigations (SSBIs) and Top Secret (TS) reinvestigations files that meet 2009 adjudicative documentation standards	Non-applicable	90%	95%
<i>*HPPG Objective: Create the next generation Virtual Lifetime Electronic Record.</i>			
*Number of DoD sites with Virtual Lifetime Electronic Record (VLER) production capability	Non-applicable	3	15
<b>TOTAL DoD HIGH PRIORITY PERFORMANCE GOALS</b>	<b>21</b>	<b>21</b>	<b>19</b>

**Table 8-1. DoD Base Budget by Appropriation Title**

<i>\$ in Thousands</i>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<b>Base Budget</b>			
Military Personnel	135,181,038	142,828,848	7,647,810
Operation and Maintenance	184,486,613	204,423,110	19,936,497
Procurement	104,789,161	113,028,178	8,239,017
RDT&E	80,387,203	75,325,082	-5,062,121
Military Construction	15,920,039	13,071,701	-2,848,338
Family Housing	2,258,698	1,694,346	-564,352
Revolving and Management Funds	3,118,762	2,701,394	-417,368
<b>Total</b>	<b>526,141,514</b>	<b>553,072,659</b>	<b>26,931,145</b>

Note: Reflects Discretionary Budget Authority

Numbers may not add due to rounding

**Table 8-2. DoD Base Budget by Military Department**

<i>\$ in Thousands</i>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<b>Base Budget</b>			
Army	136,756,230	144,865,975	8,109,745
Navy	155,649,091	161,389,300	5,740,209
Air Force	143,235,933	149,967,773	6,731,840
Defense-Wide	90,500,260	96,849,611	6,349,351
<b>Total</b>	<b>526,141,514</b>	<b>553,072,659</b>	<b>26,931,145</b>

Note: Reflects Discretionary Budget Authority

Numbers may not add due to rounding

**Table 8-3. OCO Funding by Appropriation Title**

<i>\$ in Thousands</i>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<b>OCO Budget</b>			
Military Personnel	16,642,965	11,228,566	-5,414,399
Operation and Maintenance	109,648,488	90,760,832	-18,887,656
Procurement	29,374,960	15,021,824	-14,353,136
RDT&E	518,294	396,758	-121,536
Military Construction	1,398,984	0	-1,398,984
Family Housing	0	0	0
Revolving and Management Funds	1,449,436	435,013	-1,014,423
<b>Total</b>	<b>159,033,127</b>	<b>117,842,993</b>	<b>-41,190,134</b>

*Numbers may not add due to rounding*

**Table 8-4. OCO Funding by Military Department**

<i>\$ in Thousands</i>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<b>OCO Budget</b>			
Army	95,238,141	71,107,604	-24,130,537
Navy	17,891,239	15,038,339	-2,852,900
Air Force	20,084,399	16,375,326	-3,709,073
Defense-Wide	25,819,348	15,321,724	-10,497,624
<b>Total</b>	<b>159,033,127</b>	<b>117,842,993</b>	<b>-41,190,134</b>

*Numbers may not add due to rounding*

**Table 8-5. Total DoD Budget by Appropriation Title**

<i>\$ in Thousands</i>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<b>Total Budget</b>			
Military Personnel	151,824,003	154,057,414	2,233,411
Operation and Maintenance	294,135,101	295,183,942	1,048,841
Procurement	134,164,121	128,050,002	-6,114,119
RDT&E	80,905,497	75,721,840	-5,183,657
Military Construction	17,319,023	13,071,701	-4,247,322
Family Housing	2,258,698	1,694,346	-564,352
Revolving and Management Funds	4,568,198	3,136,407	-1,431,791
<b>Total</b>	<b>685,174,641</b>	<b>670,915,652</b>	<b>-14,258,989</b>

Note: Reflects Discretionary Budget Authority

Numbers may not add due to rounding

**Table 8-6. Total DoD Budget by Military Department**

<i>\$ in Thousands</i>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<b>Total Budget</b>			
Army	231,994,371	215,973,579	-16,020,792
Navy	173,540,330	176,427,639	2,887,309
Air Force	163,320,332	166,343,099	3,022,767
Defense-Wide	116,319,608	112,171,335	-4,148,273
<b>Total</b>	<b>685,174,641</b>	<b>670,915,652</b>	<b>-14,258,989</b>

Note: Reflects Discretionary Budget Authority

Numbers may not add due to rounding

**Table 8-7. DoD Base Budget by Military Department and Appropriation Title**

<b>Department of the Army</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	58,020,214	60,577,932	2,557,718
Operation and Maintenance	39,967,634	45,231,880	5,264,246
Procurement	20,762,853	23,923,884	3,161,031
RDT&E	11,414,514	9,683,980	-1,730,534
Military Construction	5,739,725	4,665,350	-1,074,375
Family Housing	796,654	681,755	-114,899
Revolving and Management Funds	54,636	101,194	46,558
<b>Total Department of the Army</b>	<b>136,756,230</b>	<b>144,865,975</b>	<b>8,109,745</b>

*Numbers may not add due to rounding*

<b>Department of the Navy</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	43,969,356	46,644,817	2,675,461
Operation and Maintenance	41,983,390	47,228,370	5,244,980
Procurement	43,426,250	45,321,437	1,895,187
RDT&E	19,908,486	17,956,431	-1,952,055
Military Construction	4,178,555	2,643,026	-1,535,529
Family Housing	515,109	468,835	-46,274
Revolving and Management Funds	1,667,945	1,126,384	-541,561
<b>Total Department of the Navy</b>	<b>155,649,091</b>	<b>161,389,300</b>	<b>5,740,209</b>

*Numbers may not add due to rounding*

<b>Department of the Air Force</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	33,191,468	35,606,099	2,414,631
Operation and Maintenance	42,675,814	46,131,225	3,455,411
Procurement	36,401,933	38,297,645	1,895,712
RDT&E	28,250,871	27,737,701	-513,170
Military Construction	2,079,949	1,640,166	-439,783
Family Housing	569,037	489,565	-79,472
Revolving and Management Funds	66,861	65,372	-1,489
<b>Total Department of the Air Force</b>	<b>143,235,933</b>	<b>149,967,773</b>	<b>6,731,840</b>

*Numbers may not add due to rounding*



**Table 8-7. DoD Base Budget by Military Department and Appropriation Title  
(cont'd)**

<b>Defense-Wide</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	0	0	0
Operation and Maintenance	59,859,775	65,831,635	5,971,860
Procurement	4,198,125	5,485,212	1,287,087
RDT&E	20,813,332	19,946,970	-866,362
Military Construction	3,921,810	4,123,159	201,349
Family Housing	377,898	54,191	-323,707
Revolving and Management Funds	1,329,320	1,408,444	79,124
<b>Total Defense-Wide</b>	<b>90,500,260</b>	<b>96,849,611</b>	<b>6,349,351</b>

*Numbers may not add due to rounding*

<b>Grand Total Base Budget</b>	<b>526,141,514</b>	<b>553,072,659</b>	<b>26,931,145</b>
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Note: Reflects Discretionary Budget Authority

**Table 8-8. OCO Funding by Military Department and Appropriation Title**

<b>Department of the Army</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	12,419,263	8,091,618	-4,327,645
Operation and Maintenance	68,918,425	58,182,324	-10,736,101
Procurement	12,918,007	4,771,149	-8,146,858
RDT&E	57,962	8,513	-49,449
Military Construction	924,484	0	-924,484
Family Housing	0	0	0
Revolving and Management Funds	0	54,000	54,000
<b>Total Department of the Army</b>	<b>95,238,141</b>	<b>71,107,604</b>	<b>-24,130,537</b>

*Numbers may not add due to rounding*

<b>Department of the Navy</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	2,439,850	1,664,345	-775,505
Operation and Maintenance	12,189,291	10,688,009	-1,501,282
Procurement	3,162,461	2,632,101	-530,360
RDT&E	99,637	53,884	-45,753
Military Construction	0	0	0
Family Housing	0	0	0
Revolving and Management Funds	0	0	0
<b>Total Department of the Navy</b>	<b>17,891,239</b>	<b>15,038,339</b>	<b>-2,852,900</b>

*Numbers may not add due to rounding*

<b>Department of the Air Force</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	1,783,852	1,472,603	-311,249
Operation and Maintenance	13,236,712	10,895,287	-2,341,425
Procurement	4,383,368	3,853,436	-529,932
RDT&E	188,967	142,000	-46,967
Military Construction	474,500	0	-474,500
Family Housing	0	0	0
Revolving and Management Funds	17,000	12,000	-5,000
<b>Total Department of the Air Force</b>	<b>20,084,399</b>	<b>16,375,326</b>	<b>-3,709,073</b>

*Numbers may not add due to rounding*

**Table 8-8. OCO Funding by Military Department and Appropriation Title**  
**(cont'd)**

<b>Defense-Wide</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	0	0	0
Operation and Maintenance	15,304,060	10,995,212	-4,308,848
Procurement	8,911,124	3,765,138	-5,145,986
RDT&E	171,728	192,361	20,633
Military Construction	0	0	0
Family Housing	0	0	0
Revolving and Management Funds	1,432,436	369,013	-1,063,423
<b>Total Defense-Wide</b>	<b>25,819,348</b>	<b>15,321,724</b>	<b>-10,497,624</b>
<i>Numbers may not add due to rounding</i>			
<b>Grand Total OCO Budget</b>	<b>159,033,127</b>	<b>117,842,993</b>	<b>-41,190,134</b>

**Table 8-9. Total DoD Budget by Military Department and Appropriation Title**

<b>Department of the Army</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	70,439,477	68,669,550	-1,769,927
Operation and Maintenance	108,886,059	103,414,204	-5,471,855
Procurement	33,680,860	28,695,033	-4,985,827
RDT&E	11,472,476	9,692,493	-1,779,983
Military Construction	6,664,209	4,665,350	-1,998,859
Family Housing	796,654	681,755	-114,899
Revolving and Management Funds	54,636	155,194	100,558
<b>Total Department of the Army</b>	<b>231,994,371</b>	<b>215,973,579</b>	<b>-16,020,792</b>

*Numbers may not add due to rounding*

<b>Department of the Navy</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	46,409,206	48,309,162	1,899,956
Operation and Maintenance	54,172,681	57,916,379	3,743,698
Procurement	46,588,711	47,953,538	1,364,827
RDT&E	20,008,123	18,010,315	-1,997,808
Military Construction	4,178,555	2,643,026	-1,535,529
Family Housing	515,109	468,835	-46,274
Revolving and Management Funds	1,667,945	1,126,384	-541,561
<b>Total Department of the Navy</b>	<b>173,540,330</b>	<b>176,427,639</b>	<b>2,887,309</b>

*Numbers may not add due to rounding*

<b>Department of the Air Force</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	34,975,320	37,078,702	2,103,382
Operation and Maintenance	55,912,526	57,026,512	1,113,986
Procurement	40,785,301	42,151,081	1,365,780
RDT&E	28,439,838	27,879,701	-560,137
Military Construction	2,554,449	1,640,166	-914,283
Family Housing	569,037	489,565	-79,472
Revolving and Management Funds	83,861	77,372	-6,489
<b>Total Department of the Air Force</b>	<b>163,320,332</b>	<b>166,343,099</b>	<b>3,022,767</b>

*Numbers may not add due to rounding*

**Table 8-9. Total DoD Budget by Military Department and Appropriation Title  
(cont'd)**

<b>Defense-Wide</b>	<b>FY 2011 Continuing Resolution</b>	<b>FY 2012 Request</b>	<b>Delta '11-'12</b>
<i>\$ in Thousands</i>			
Military Personnel	0	0	0
Operation and Maintenance	75,163,835	76,826,847	1,663,012
Procurement	13,109,249	9,250,350	-3,858,899
RDT&E	20,985,060	20,139,331	-845,729
Military Construction	3,921,810	4,123,159	201,349
Family Housing	377,898	54,191	-323,707
Revolving and Management Funds	2,761,756	1,777,457	-984,299
<b>Total Defense-Wide</b>	<b>116,319,608</b>	<b>112,171,335</b>	<b>-4,148,273</b>

*Numbers may not add due to rounding*

<b>Grand Total Base and OCO Budget</b>	<b>685,174,641</b>	<b>670,915,652</b>	<b>-14,258,989</b>
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Note: Reflects Discretionary Budget Authority

**Table 8-10. U.S. Casualty Status for OIF and OEF**

Source: <http://www.defense.gov/news/casualty.pdf>

<b>OPERATION IRAQI FREEDOM (OIF) U.S. CASUALTY STATUS *</b>				
<b>FATALITIES AS OF: February 1 2011, 10 a.m. EST</b>				
	Total Deaths	KIA	Non-Hostile	WIA
OIF U. S. Military Casualties	4,408	3,483	925	31,938
OIF U.S. DoD Civilian Casualties	13	9	4	
<b>Totals</b>	<b>4,421</b>	<b>3,492</b>	<b>929</b>	31,938
<b>OPERATION NEW DAWN (OND) U.S. CASUALTY STATUS **</b>				
<b>FATALITIES AS OF: February 1 2011, 10 a.m. EST</b>				
	Total Deaths	KIA	Non-Hostile	WIA
OND U. S. Military Casualties	18	9	9	99
OND U.S. DoD Civilian Casualties	0	0	0	
<b>Totals</b>	<b>18</b>	<b>9</b>	<b>9</b>	99
<b>OPERATION ENDURING FREEDOM (OEF) U.S. CASUALTY STATUS</b>				
<b>FATALITIES AS OF: February 1 2011, 10 a.m. EST</b>				
	Total Deaths	KIA	Non-Hostile	WIA
OEF U.S. Military Casualties				
Afghanistan Only***	1,364	1,124	240	10,264
Other Locations****	95	11	84	
OEF U.S. DoD Civilian Casualties	2	1	1	
<b>Worldwide Total</b>	<b>1,461</b>	<b>1,136</b>	<b>325</b>	10,264
* OPERATION IRAQI FREEDOM includes casualties that occurred between March 19, 2003, and August 31, 2010, in the Arabian Sea, Bahrain, Gulf of Aden, Gulf of Oman, Iraq, Kuwait, Oman, Persian Gulf, Qatar, Red Sea, Saudi Arabia, and United Arab Emirates. Prior to March 19, 2003, casualties in these countries were considered OEF. Personnel injured in OIF who die after 1 September 2010 will be included in OIF statistics.				
** OPERATION NEW DAWN includes casualties that occurred on or after September 1, 2010 in the Arabian Sea, Bahrain, Gulf of Aden, Gulf of Oman, Iraq, Kuwait, Oman, Persian Gulf, Qatar, Red Sea, Saudi Arabia, and United Arab Emirates.				
*** OPERATION ENDURING FREEDOM (Afghanistan only), includes casualties that occurred in Afghanistan only.				
**** OPERATION ENDURING FREEDOM (Other Locations), includes casualties that occurred in Guantanamo Bay (Cuba), Djibouti, Eritrea, Ethiopia, Jordan, Kenya, Kyrgyzstan, Pakistan, Philippines, Seychelles, Sudan, Tajikistan, Turkey, Uzbekistan, and Yemen.				

## Overview – FY 2012 Defense Budget

### Acronym List

Acronym	Definition
3GIRS	Third Generation Infrared Surveillance
AABs	Advisory and Assistance Brigades
AEHF	Advanced Extremely High Frequency
ANA	Afghan National Army
ANP	Afghan National Police
ANSF	Afghan National Security Forces
ARRA	American Recovery and Reinvestment Act
ASDs	Assistant Secretaries of Defense
AT&L	Acquisition, Technology and Logistics
BA	Budget Authority
BCT	Brigade Combat Team
BMD	Ballistic Missile Defense
BMDS	Ballistic Missile Defense System
BRAC	Base Realignment and Closure
CAPE	Cost Assessment and Program Evaluation
CAPs	Combat Air Patrols
CBRNE	Chemical, Biological, Radiological, Nuclear, and High Explosive
CERFP	CBRNE Enhanced Response Force Package
CERP	Commander's Emergency Response Program
CJCS	Chairman of the Joint Chiefs of Staff
COR	Contracting Officer Representative
DARPA	Defense Advanced Research Projects Agency
DAU	Defense Acquisition University
DEAMS	Defense Enterprise Accounting and Management System
DeCA	Defense Commissary Agency
DHP	Defense Health Program
DISA	Defense Information Security Agency
DNI	Director for National Intelligence
DoC	Department of Commerce
DoD	Department of Defense
DoDEA	Department of Defense Education Activity
DoS	Department of State
DSCA	Defense Security Cooperation Agency
EASE	Evolutionary Acquisition for Space Efficiency
EPAA	European Phased Adaptive Approach
ERP	Enterprise Resource Planning
FCS	Future Combat Systems
FIAR	Financial Improvement And Audit Readiness
FY	Fiscal Year
FYDP	Future Years Defense Program
GFEBs	General Fund Enterprise Business System
Gol	Government of Iraq
GS	General Schedule
HPPGs	High Priority Performance Goals
HRF	Homeland Response Force
IED	Improvised Explosive Devices
ING	Inactive National Guard
IRR	Individual Ready Reserve
IRTPA	Intelligence Reform and Terrorism Prevention Act
ISF	Iraqi Security Forces
ISR	Intelligence, Surveillance, and Reconnaissance
JHSV	Joint High Speed Vessel
JS	Joint Staff
JSF	Joint Strike Fighter

## Overview – FY 2012 Defense Budget

Acronym	Definition
LCS	Littoral Combat Ship
MATV	MRAP All Terrain Vehicle
MHS	Military Health System
MilCon	Military Construction
MIP	Military Intelligence Program
MLP	Mobile Landing Platform
MRAP	Mine Resistant Ambush Protected
NCR	National Capital Region
NDCS	National Drug Control Strategy
NECC	Net Enabled Command and Control
NNSA	National Nuclear Security Administration
NPOESS	National Polar-orbiting Operational Environmental Satellite System
OCO	Overseas Contingency Operations
OEF	Operation Enduring Freedom
OIF	Operation Iraqi Freedom
OMB	Office of Management and Budget
OND	Operation New Dawn
OPM	Office of Personnel Management
OSD	Office of the Secretary of Defense
PAA	Phased Adaptive Approach
PEs	Program Elements
PRTs	Provincial Reconstruction Teams
PSAs	Principal Staff Assistants
QDR	Quadrennial Defense Review
RC	Reserve Component
SBIRS	Space Based Infrared System
SCO	Security Cooperation Organizations
SLAMRAAM	Surface-Launched Advanced Medium-Range Air-to-Air Missile
SMP	Strategic Management Plan
SOF	Special Operations Forces
SRG	Senior Review Group
START	Strategic Arms Reduction Treaty
STOVL	Short Take-Off and Vertical Landing
TTHS	Trainees, Transients, Holdees, and Students
USAFRICOM	U.S. Africa Command
USCENTCOM	U.S. Central Command
USCYBERCOM	U.S. Cyber Command
USD(C)	Under Secretary of Defense (Comptroller)
USDs	Under Secretaries of Defense
USEUCOM	U.S. European Command
USJFCOM	U.S. Joint Forces Command
USNORTHCOM	U.S. Northern Command
USPACOM	U.S. Pacific Command
USSOCOM	U.S. Special Operations Command
USSOUTHCOM	U.S. Southern Command
USSTRATCOM	U.S. Strategic Command
USTRANSCOM	U.S. Transportation Command
VA	Department of Veterans Affairs
VLER	Virtual Lifetime Electronic Record
WII	Wounded, Ill, and Injured
WMD	Weapons of Mass Destruction
WMD-CST	Weapons of Mass Destruction-Civil Support Teams
WTUs	Warrior Transition Units



