OVERVIEW

**UNITED STATES
DEPARTMENT OF DEFENSE**

**FISCAL YEAR 2013
BUDGET REQUEST**

February 2012

OFFICE OF THE UNDER SECRETARY OF DEFENSE
(COMPTROLLER) / CHIEF FINANCIAL OFFICER

Preface

The FY 2013 President's Budget is based on an intensive review to establish defense priorities, and to ensure adequate resource levels for the next five years. This was achieved based on strategic guidance from the President, and reflects the recommendations of the DoD senior military and civilian leadership. A balanced approach evolved, which incorporates all areas from potential savings, to force structure enhancements, modifications, and adjustments.

In January the Department published two papers dealing with its strategy and budget. The first paper ("Sustaining U.S. Global Leadership; Priorities for the 21st Century Defense", January 2012 [1],) outlines the new defense strategy that has been approved by the President. The second paper ("Defense Budget Priorities and Choices", January 2012 [2],) shows how the strategy translated into the major budget decisions presented in the President's FY 2013 budget plan for the Department of Defense. Readers desiring an overview of the strategy and its influence on broad budget decisions should consult those documents.

While retaining an emphasis on strategy and its influence on the defense budget, this Overview describes in more detail the decisions made in the FY 2013 plan, with a focus on the budget year. The Overview is one part of an extensive set of materials that constitute the presentation and justification of the President's Budget for FY 2013. This document and all other publications for this and previous DoD budgets are available from the public web site of the Under Secretary of Defense (Comptroller): 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.

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

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[1] http://www.defense.gov/news/Defense_Strategic_Guidance.pdf
[2] http://www.defense.gov/news/Defense_Budget_Priorities.pdf

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1. FY 2013 BUDGET SUMMARY

The Fiscal Year (FY) 2013 President's Budget develops a defense strategy to transition from emphasis on today's wars to preparing for future challenges; protects the broad range of U.S. national security interests; advances the Department's efforts to rebalance and reform; and supports the national security imperative of deficit reduction through reduced defense spending.

Major Themes
• More Disciplined Use of Resources
• Strategy-Driven Changes in Force Structure and Modernization
• Supporting the All-Volunteer Force
• Overseas Contingency Operations
• FY 2013 – FY 2017 Topline

The FY 2013 Base Budget provides $525.4 billion, a reduction of $5.2 billion from the FY 2012 enacted level ($530.6 billion) and is consistent with Administration-wide efforts to make tough cuts and create savings. The budget adjusts programs that develop and procure military equipment, begins to re-size ground forces, slows the growth of compensation and benefit programs, continues to make better use of Defense resources by reducing lower priority programs, and restructures for more efficient approaches to doing business.

The incremental costs of Overseas Contingency Operations (OCO), including ongoing efforts in Afghanistan and support for the Office of Security Cooperation in Iraq, are funded separately in the FY 2013 budget request at $88.5 billion, a decrease of $26.6 billion from the FY 2012 enacted level. Details on these costs are presented in the OCO chapter.

Figure 1-1. Department of Defense Budget

DoD Budget *$ in Billions*	FY 2011 Actual	FY 2012 Enactment	FY 2013 Request	FY12 – 13 Change
Base	528.2	530.6	525.4	-5.2
OCO	158.8	115.1	88.5	-26.6
Total Budget	**687.0**	**645.7**	**613.9**	**-31.8**

Discretionary budget authority   *Numbers may not add due to rounding*

The overall themes developed in this overview are:

• More Disciplined Use of Resources (Chapter 3)

• Strategy-Driven Changes in Force Structure and Modernization (Chapter 4)

• Supporting the All-Volunteer Force (Chapter 5)

• Overseas Contingency Operations (Chapter 6)

MORE DISCIPLINED USE OF RESOURCES

The Department achieves a balanced approach by reviewing all areas of the budget for potential savings. This includes achieving new efficiencies, eliminating additional duplication and overhead, tightening personnel costs, enhancing contract competition, and reevaluating modernization programs.

The Department has learned from prior drawdowns that it is impossible to generate all the needed savings just through efficiencies. The DoD prioritizes by eliminating missions and programs that, while useful, are not valuable enough to be retained in the FY 2013 budget.

This budget continues the reform agenda advanced in the previous three budgets, but with more emphasis now on enhancing how DoD does business. The Department must continue to

reduce the "cost of doing business"… before taking further risk in meeting the demands of the strategy.

STRATEGY-DRIVEN CHANGES IN FORCE STRUCTURE AND MODERNIZATION

The Department's strategy developed in this budget creates a smaller, lighter, more agile, flexible joint force to conduct a full range of military activities that are necessary to defend U.S. national interests.

Over the past few months, the DoD has conducted an intensive review to guide defense priorities and spending for the coming decade, based on strategic guidance from the President and recommendations of the Department's senior military and civilian leadership. Although the DoD force will be smaller, it will employ both lessons from recent conflicts and new technologies developed to confront the most lethal and disruptive threats of the future. This approach enables the Department to assess risk, set priorities, and make hard choices.

SUPPORTING THE ALL-VOLUNTEER FORCE

America has asked much of its All-Volunteer Force and the civilians who support that force. Therefore, we must preserve the quality of our All-Volunteer Force. This budget keeps faith with the men and women in uniform, and their families because the volunteer force is central to a strong future military.

The cost of military pay and allowances, combined with military health care, comprises about one-third of the Department's budget. These costs have been growing rapidly in recent years – up almost 90 percent since FY 2001 (about 30 percent more than growth in inflation), while active duty end strength has grown by less than 3 percent. The FY 2013 budget for the Department of Defense continues to take care of our people while addressing costs in a responsible manner.

OVERSEAS CONTINGENCY OPERATIONS

The FY 2013 budget requests funding needed to support deployed military forces and ensure continued progress in Afghanistan and Iraq. The historical funding picture is summarized here:

Figure 1-2. Department of Defense Topline Since September 11th Attacks

$ in Billions	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13*
Base	296.9	328.1	364.9	376.5	400.0	410.5	431.4	479.0	513.2	527.9	528.2	530.6	525.4
OCO/ Supplementals	13.4	16.8	72.5	90.7	75.6	115.7	166.2	186.9	145.6	162.3	158.8	115.1	88.5
Other**	5.8	--	--	0.3	3.2	8.1	3.1	--	7.4	0.7	--	--	--
Total	**316.2**	**345.0**	**437.4**	**467.6**	**478.9**	**534.4**	**600.9**	**665.9**	**666.3**	**690.9**	**687.0**	**645.7**	**613.9**

Numbers may not add due to rounding

Data is discretionary budget authority. FY 2001 through FY 2011 are actual levels. The FY 2012 is the appropriated or enacted amount.

* Budget Request.

** Non-war supplemental appropriations, e.g. funding needed in base budget for fuel costs, hurricane relief, and other disaster relief.

FY 2013 – FY 2017 TOPLINE

Figure 1-3 shows the proposed FY 2013 – FY 2017 DoD topline in this President's Budget, as compared to last year's FY 2012 President's Budget. The FY 2013 topline for the years FY 2013 to FY 2017 is reduced by $259.4 billion.

Figure 1-3. DoD Proposed Outyear Topline for the Base Budget

$ in Billions	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY13 – 17 TOTAL
FY 2012 PB	570.7	586.4	598.2	610.6	621.6	2,987.5
FY 2013 PB	525.4	533.6	545.9	555.9	567.3	2,728.1
Delta	-45.3	-52.8	-52.3	-54.7	-54.3	-259.4
Real Growth	***-2.5%**	**0.0%**	**+0.8%**	**+0.2%**	**+0.2%**	****-0.3%**

Real growth calculated from the FY 2012 appropriation ($530.6 billion).
**Average annual real growth for FY 2013 – FY 2017.

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2. OVERVIEW OF DOD STRATEGIC GUIDANCE

SUSTAINING U.S. GLOBAL LEADERSHIP: PRIORITIES FOR 21ST CENTURY DEFENSE

This chapter summarizes the Department of Defense (DoD) strategic guidance released in January 2012, entitled "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense." The strategic guidance describes in detail the projected security environment and the key military missions for which DoD will prepare. It is intended as a blueprint for the Joint Force in 2020, providing a set of precepts that will help guide decisions regarding the size and shape of the force over subsequent program budget cycles, beginning with the FY 2013 budget.

Priorities for the 21st Century
• Sustaining U.S. Global Leadership: Priorities for 21st Century Defense
• A Challenging Global Security Environment
• Sustaining U.S. Global Leadership
• Primary Missions of the U.S. Armed Forces
• Attributes of the Joint Force 2020
• Keeping Faith with Those Who Serve
• Strategy to Budget

As we responsibly draw down from two operations, take steps to protect our nation's economic vitality, and protect our interests in a world of accelerating change, we face an inflection point. The Department's recent guidance articulates priorities for the 21st Century that sustain U.S. global leadership and shape the Joint Force to be prepared to confront and defeat aggression anywhere in the world. We will have the ability to surge and regenerate forces and capabilities, ensuring that we can meet any future threats by investing in our people and a strong industrial base. We will remain the world's finest military.

A CHALLENGING GLOBAL SECURITY ENVIRONMENT

The global security environment presents an increasingly complex set of challenges and opportunities, because much has changed over the past 10 years.

After a decade of war, the United States and its coalition partners have successfully ended the military mission in Iraq. In addition, the U.S. is also now closer than ever to achieving its strategic objectives in Afghanistan, and is beginning to transition security responsibility to Afghan security organizations.

The demise of Osama bin Laden and the capture of many other senior Al Qaeda leaders have rendered the group far less capable. However, Al Qaeda and its affiliates remain active and, more broadly, violent extremists will continue to threaten U.S. interests, allies, partners, and the homeland. The United States will continue to take an active approach to countering these threats.

The U.S. economic and security interests are inextricably linked to developments in the arc extending from the western Pacific and East Asia into the Indian Ocean region and South Asia, creating a mix of evolving challenges and opportunities. Accordingly, while the U.S. military will continue to contribute to security globally, we will of necessity rebalance toward the Asia-Pacific region.

In the Middle East the aim is to counter violent extremists, prevent destabilizing threats from developing, while upholding our commitment to allies and partner states. The U.S. continues to place emphasis on U.S. and allied military presence in the region, by working with partner nations in the region.

The U.S. has enduring interests in supporting peace and prosperity in Europe as well as bolstering the strength and vitality of the North Atlantic Treaty Organization (NATO). In keeping with this evolving strategic landscape, our posture in Europe must also evolve. As this occurs, the U.S. will maintain our Article 5 commitments to allied security and promote enhanced capacity and interoperability for coalition operations.

Building partnership capacity elsewhere in the world also remains important for sharing the costs and responsibilities of global leadership. Across the globe, the United States will seek to be the security partner of choice, pursuing new partnerships with a growing number of nations – including those in Africa and Latin America. Whenever possible, DoD will develop innovative, low-cost, and small-footprint approaches to achieve U.S. security objectives.

To enable economic growth and commerce, America, working in conjunction with allies and partners around the world, will seek to protect freedom of access throughout the global commons – those areas beyond national jurisdiction that constitute the vital connective tissue of the international system. The U.S. will continue to lead global efforts with capable allies and partners to assure access to and use of the global commons, both by strengthening international norms of responsible behavior and by maintaining relevant and interoperable military capabilities.

The proliferation of nuclear, biological, and chemical weapons technology has the potential to magnify the threats posed by regional state actors, giving them more freedom of action to challenge U.S. interests. Accordingly, the DoD will continue to enhance its capabilities, to conduct effective operations to counter the proliferation of weapons of mass destruction (WMD), acting with an array of domestic and foreign partners.

SUSTAINING U.S. GLOBAL LEADERSHIP

The U.S. has played a leading role in transforming the international system over the past 65 years. Working with like-minded nations, the U.S. has created a safer, more stable, and more prosperous world for the American people, our allies, and our partners around the globe.

Sustaining America's leadership in the 21st Century will require maintaining and strengthening our robust network of international relationships and capabilities. DoD will tailor its global presence and posture with the right capabilities in the right places. We will rebalance toward the Asia-Pacific, emphasizing our existing alliances and expanding our networks of cooperation with emerging partners throughout the Asia-Pacific to ensure collective capability and capacity for securing common interests. We will maintain an emphasis on the greater Middle East to deter aggression and prevent the emergence of new threats. We will adapt and evolve our posture in Europe, focusing our presence and activities on interoperability and sustaining alliance commitments. Emphasis is to build the capacity of partners and allies to defend their own territory and interests. This is achieved through diplomacy, and further development of security force assistance.

PRIMARY MISSIONS OF THE U.S. ARMED FORCES

Given that we cannot predict how the strategic environment will evolve with absolute certainty, we will maintain a broad portfolio of military capabilities that, in the aggregate, offer versatility across the range of missions described below.

The Strategic Guidance identifies ten missions that will largely determine the shape of the future Joint Force:

- Counter Terrorism and Irregular Warfare

- Deter and Defeat Aggression

- Project Power Despite Anti-Access/Area Denial Challenges

- Counter Weapons of Mass Destruction

- Operate Effectively in Cyberspace and Space

- Maintain a Safe, Secure, and Effective Nuclear Deterrent

- Defend the Homeland and Provide Support to Civil Authorities

- Provide a Stabilizing Presence

- Conduct Stability and Counterinsurgency Operations

- Conduct Humanitarian, Disaster Relief, and Other Operations

ATTRIBUTES OF THE JOINT FORCE 2020

The Joint Force DoD is shaping for the future will be smaller and leaner, but it will be agile, flexible, ready, and technologically advanced. It will be led by the highest quality, battle-tested professionals and will have cutting edge capabilities, exploiting our technological, joint, and networked advantage. The activities of the Joint Force will be coordinated with other instruments of national power to ensure a fully integrated governmental approach. It will have a global presence emphasizing the Asia-Pacific and the Middle East while still ensuring our ability to maintain our defense commitments to Europe, and strengthening alliances and partnerships across all regions. It will preserve DoD's ability to conduct the missions the Department judges most important to protecting our core national interests and will be prepared to confront and defeat aggression on several fronts. The Joint Force will have the ability to surge and regenerate forces and capabilities, ensuring that DoD can meet any future threats, by investing in its people and a strong industrial base.

KEEPING FAITH WITH THOSE WHO SERVE

Over the past 10 years, members of the Armed Forces have endured prolonged and repeated deployments. More than 46,000 men and women have been wounded, and more than 6,200 have lost their lives. The All-Volunteer Force has shown versatility, adaptability, and commitment, enduring the stress and strain of fighting two wars. Our first principle in addressing the change in operational tempo dictated by the end of operations in Iraq and Afghanistan will be to ensure the long-term viability of the All-Volunteer Force, while maintaining faith with Soldiers, Sailors, Airmen, and Marines.

As the Department reduces the size of its Armed Forces, it will do so in a way that respects the sacrifices of the men and women in uniform. This means, among other things, taking concrete steps to facilitate the transition of those who will leave service and supporting programs to help veterans translate their military skills to the civilian workforce.

STRATEGY TO BUDGET

DoD had to translate these broad strategic principles into a budget plan. As we created the budget plan for FY 2013, we followed three guidelines:

- We first sought to make disciplined use of resources in order to hold down the changes required in force structure and investment, but discipline alone would not permit us to accommodate budget limits;

- We then applied strategic principles, along with management principles, to make choices regarding force structure and investment;

- Finally, we ensured the quality of the all-volunteer force but, where necessary, we reviewed military pay and benefits and proposed changes to slow the growth in the costs.

3. MORE DISCIPLINED USE OF RESOURCES

The FY 2013 budget continues efforts started in the FY 2012 budget to reduce the cost of doing business by identifying opportunities for better use of resources. The Department continues to find further savings associated with streamlining overhead and headquarters, business practices and support activities. The FY 2012 budget proposed more than $150 billion in efficiencies, and we continue to monitor progress in implementing these changes. The FY 2013 budget proposes an additional $61 billion in reductions during the period FY 2013 – FY 2017 as a result of reduced overhead, improved business practices, and reduced support requirements. Unlike the FY 2012 budget where the Military Departments were authorized to keep their savings of $100 billion and invest them in high priority requirements, in FY 2013 the $61 billion will be applied to deficit reduction.

Major Initiatives
• More Disciplined Use of Resources – FY 2013 Budget Plans
• Achieve Audit Readiness
• Improving the Financial Management Workforce
• Improving Contingency Contracting
• Audit and Contract Management Oversight
• Better Buying Power: Obtaining Greater Efficiency and Productivity in Defense Spending
• Defense Acquisition Workforce Sustainment

The FY 2013 budget continues the reform agenda advanced in the previous three 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: Again focused on weapons programs, e.g., ended C-17 production and stopped pursuit of a second engine for the Joint Strike Fighter.

- FY 2012 budget: Much more focus on DoD business operations, but plans did include some changes in weapons programs. Also proposed military health care changes.

- FY 2013 plan: Continues focus on DoD business operations, overhead activities and support functions.

In addition to specifying initiatives to reduce costs, this chapter explains how the Department is changing the way it does business by achieving better fiscal and contracting discipline in areas such as improving financial management, achieving full audit readiness, and improving acquisition and contracting.

MORE DISCIPLINED USE OF RESOURCES – FY 2013 BUDGET PLANS

This section summarizes the substantial savings the Military Departments, Combatant Commands, Defense Agencies and Office of the Secretary of Defense staff will be able to achieve as a result of better business practices, and organizational streamlining. These initiatives help ensure the Department can preserve funding for the force structure and modernization needed to support the critical missions of the Joint Force:

Military Department Savings for FY 2013 – FY 2017 ($30.8 Billion)

Department of Army ($18.5 billion)

- Streamline installation support functions and reduce installation support ($5.3 billion)

- Consolidate information technology enterprise services ($1.4 billion)

- Streamline management headquarters and administrative support functions ($0.7 billion)

- Reduce civilians supporting overhead functions ($0.9 billion)

- Reduce recruiting, advertising and enlisted incentives as a result of economic conditions ($0.7 billion)

- Defer training range revitalization projects ($1.3 billion)

- Delay MILCON projects and facility restoration and modernization ($5.8 billion)

- Reduce equipment technical support and ammunition sustainment ($1.7 billion)

- Streamline Personnel Security administration ($0.4 billion)

- Other streamlining efficiencies ($0.3 billion)

Department of Navy ($5.7 billion)

- Implement strategic sourcing of commodities and services ($2.2 billion)

- Consolidate information technology enterprise services ($1.6 billion)

- Streamline organizations ($0.7 billion)

- Reduce procurement modifications ($0.3 billion)

- Increase buying power ($0.7 billion)

- Other streamlining efficiencies ($0.2 billion)

Department of Air Force ($6.6 billion)

- Consolidate information technology enterprise services ($1.1 billion)

- Reduce service support contractors ($1.2 billion)

- Reduce administrative travel and permanent change of station travel ($0.5 billion)

- Streamline contracting ($0.4 billion)

- Reduce inventories ($0.3 billion)

- Reduce accessions and force development and training ($0.5 billion)

- Delay MILCON projects ($2.4 billion)

- Other streamlining efficiencies ($0.2 billion)

DoD-Wide Savings for FY 2013 – FY 2017 ($30.2 Billion)

Civilian Pay Raises ($10.4 billion). The civilian pay increase for FY 2013 was limited to 0.5 percent.

Defense Agency/Office of the Secretary of Defense ($10.7 billion). Initiatives include reducing overhead, staffing, and expenses; more efficient contracting and acquisition; and more.

Better Buying Power ($5.3 billion). As described at the end of this chapter, this initiative would

obtain greater efficiency and productivity in defense spending by improving the way the Department acquires critical defense goods and services.

<u>Ensure Compliance with the Executive Order on Promoting Efficient Spending ($0.5 billion)</u>. Reductions were made to travel, printing and reproduction by leveraging technology to teleconference and provide information in electronic form.

<u>Reduce Combatant Command Support Costs ($1.5 billion)</u>.   Initiatives include reducing overhead and support costs.

<u>Reduce Defense Working Capital Fund Rates ($1.1 billion)</u>.   Reduce rates for supplies and printing provided by the Defense Logistics Agency, financial services provided by the DoD Finance and Account Service, and Pentagon space as a result of cost reductions.

<u>Delay and restructure various facility projects ($0.6 billion)</u>.

ACHIEVE AUDIT READINESS

In addition to specific initiatives, the Department needs to carry out several broad initiatives to improve its business practices. Achieving audit readiness for DoD financial statements represents one key initiative.

The Department needs auditable financial statements for several reasons. First, the law requires them. In 1994, Congress passed the Government Management Reform Act, which requires auditable financial statements in all major federal agencies. The Department also needs auditable financial statements because achieving this goal will force DoD to strengthen its financial management controls, an achievement that will help DoD make better use of its Defense dollars. Finally, the Department needs auditable financial statements to reassure the public that it is a good steward of taxpayer dollars.

In October 2011, Secretary Panetta emphasized the importance of auditable financial statements and directed the Department to place more emphasis on this initiative and to accelerate its efforts. Specifically, the Secretary directed the Department to:

- Achieve audit readiness of the Statement of Budgetary Resources (SBR) for general funds by the end of CY 2014

- Increase emphasis on accountability of assets

- Execute a full review of the Department's financial controls over the next 2 years and establish interim goals against which to assess progress.

- Ensure mandatory training for audit and other key financial efforts, and establish by the end of CY 2012 a pilot certification program for financial managers - similar to the one now in place for acquisition managers

- Appropriately resource efforts to meet these goals

- Meet the legal requirements to achieve full audit readiness for all DoD financial statements by 2017

The Secretary also directed the DoD Components to revise their Financial Improvement Plans (FIPs) within 60 days to incorporate the accelerated date of 2014 for the SBR for general fund activities. The FIPs have been updated by the Components and incorporated in the DoD Financial Improvement and Audit Readiness (FIAR) Plan.

The FIAR Plan, which is updated semiannually and issued to Congress in May and November, identifies the Department's plans for achieving two goals:

- Improving information used most often by decision makers to manage the Department

- Achieving auditable financial statements starting with the SBR in 2014 and fully auditable financial statements no later than September 30, 2017

The Department is committed to achieving these goals and has taken significant steps to accomplish them. These include:

- Involving the Secretary and Deputy Secretary of Defense by keeping them informed of progress and challenges and seeking their guidance

- Engaging the Service Chief Management Officers (CMOs) and senior leaders from both business and financial communities

- Integrating the Enterprise Resource Planning (ERP) system deployments with FIAR activities and performing incremental audit readiness testing at ERP sites

- Applying additional resources (people and funding) within the Office of the Under Secretary of Defense (Comptroller) to better monitor and provide assistance and within the Components to execute improvement plans

To support achieving and sustaining the FIAR goals, the Department is making progress in modernizing its financial systems with the deployment of ERPs 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 2013 budget provides resources to continue the deployment of the ERPs as follows:

- The Army ERP, the General Fund Enterprise Business System, will be fully deployed to approximately 50,000 users at 200 sites worldwide during FY 2012

- The Navy ERP will be fully deployed to approximately 69,000 users worldwide in FY 2013

- The Air Force ERP, the Defense Enterprise Accounting and Management System, will be deployed to the Air Mobility Command and United States Transportation Command in FY 2013

- The Defense Agencies' ERP, the Defense Agencies Initiative, will be deployed to 5 additional Defense Agencies in FY 2013

The Department has made progress in achieving the FIAR goals and progress will continue through FY 2012 and FY 2013. Recent accomplishments include:

- Defense Information Systems Agency received an unqualified audit opinion on its FY 2011 Working Capital Fund Financial Statements

- TRICARE Management Activity – Contract Resource Management received an unqualified audit opinion on its FY 2011 Financial Statements

- Medicare-Eligible Retiree Health Care Fund received a qualified audit opinion on its FY 2011 Financial Statements

- Army, Navy, and Air Force received clean opinions on management's audit readiness assertions for Appropriations Received, an important element of the SBR

- U.S. Marine Corps FY 2011 SBR is under audit

The ultimate goal of this important initiative is to provide accurate, reliable, and relevant financial information to decision makers and achieve audit ready DoD financial statements no later than

September 30, 2017. Achieving this goal is more important than ever as the Department continues the war in Afghanistan and maintains a global presence to defend the Nation and conduct peacekeeping and contingency operations, while still facing challenging economic times and reduced budgets.

IMPROVING THE FINANCIAL MANAGEMENT WORKFORCE

In order to achieve auditable financial statements, and to provide strong financial management, the Department needs a well-trained financial workforce. While today we have many training programs, we do not have a framework that permits us to guide the training of this workforce and emphasize key types of training such as audit readiness and decision support. The Department therefore sought legislative authority to create a course-based certification program for defense financial managers.

The National Defense Authorization Act (NDAA) for Fiscal Year 2012 (Public Law 112-81) provides the authority to prescribe certification and credential standards for the financial management community. Within the Department of Defense (DoD), the Office of the Under Secretary of Defense Comptroller (OUSD(C)), in consultation with the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD(P&R)) continues to implement several initiatives that consolidate multiple development programs across DoD into a cohesive program to effectively educate, train, and certify financial management personnel (civilian and military). Specifically, OUSD(C) established the DoD Financial Management Certification Program that aims to move the entire financial management workforce toward a more analytic orientation and to ensure the financial management workforce has the knowledge, skills, and abilities necessary to achieve auditable financial statements.

The DoD Financial Management Certification Program is an innovative and significant change for the DoD financial management workforce. It is designed to support the Under Secretary of Defense (Comptroller)'s goal to maintain a capable financial management workforce and will be used to close the gap between the competencies required by the financial management workforce and current capabilities. The program is mandatory for the DoD financial management workforce and offers training and professional development opportunities while establishing a standard financial management body of knowledge throughout the Department.

IMPROVING CONTINGENCY CONTRACTING

Contingency contracting is a critical function in support of military operations, natural disasters and unanticipated calamities, but still needs to be balanced against risks for waste, fraud and abuse. We have learned from our recent experience how to improve our contract support without sacrificing operational effectiveness. For example we are implementing corrective actions consonant with findings of the Commission on Wartime Contracting (COWC). We will continue to develop innovative policy, guidance, training, and tools to facilitate effective contracting support.

KEY POINTS:

Oversight – $20 billion in contracts to be awarded in Afghanistan.

- The Department has established a senior-level acquisition and comptroller steering group to focus on requirements and rapid response, the Afghanistan Resources Oversight Council (AROC); the Commander's Emergency Response Program (CERP) Management Cell; and the business environment (systems and people).
    - Organizational Structure

- U.S. Central Command (CENTCOM) provides strategic alignment of contracts within the area of responsibility (AOR).

- The Joint Contracting Command-Iraq/Afghanistan transitioned to a Joint Theater Support Contracting Command (JTSCC) with a single commander responsible for theater support contracting. The JTSCC ensures standardized acquisition strategies, management and policies/procedures.

- AROC was established in accordance with the Senate Committee Report 111-295 to establish a council to oversee funds appropriated to the Afghanistan Security Forces Fund (ASFF). This council will provide oversight for the ASFF, Afghanistan Infrastructure Fund, and CERP. Proper planning, execution, and oversight of the funds appropriated for these programs are essential for good stewardship of these resources.

– The Department has created a 340-person reach-back center to award complex contracts and support contract closeout. FY 2012 NDAA includes legislation for one reach-back location to have parallel procurement authorities similar to the CENTCOM JTSCC

– Personnel

- General/Flag Officers

  – National Defense Authorization Act for Fiscal Year 2009, Section 503 added billets for 5 Joint General/Flag Officers.

  – For the first time DoD has 2 General/Flag Officers in key contracting positions in the CENTCOM area of responsibility: One heading JTSCC; the other as the Senior Contracting Official-Afghanistan

  – The Defense Contract Management Agency (DCMA) has a Flag Officer in charge of DCMA-International

- DCMA has filled 88 percent of its Contracting Officer Representative (COR) positions for Afghanistan

- DCMA has requested a plus-up of 79 personnel to CENTCOM J4 to support increased responsibilities in Afghanistan including growth in Counterinsurgency (COIN) contracting

– Training and Qualifications

- The Department has standardized COR qualifications

- The Army requires pre-deployment training and tracking for CORs and CERP personnel

- The Department has tools/Defense Acquisition University training to help people in field; DoD Contingency COR and Contingency Contracting Officer (CCO) Handbook; electronic purchasing tool; automated requirements generation; electronic CCO After Action Report database

- The Department also is underscoring the importance of contactors on the battlefield to non-acquisition senior leadership. For 3 years, the Chairman of the Joint Chiefs of Staff made operational contract support an area of special emphasis for the Service and Joint senior service colleges. Three online courses have been developed in this area

Efforts to Mitigate Corruption Risk in Afghanistan

- The Department is introducing and using electronic commerce to reduce its vulnerability to fraud associated with making cash payments to Afghan vendors. Total in-theater cash payments to Afghan vendors are down sharply, from 39 percent in October 2008 to less than 1 percent

- National Defense Authorization Act for Fiscal Year 2012 includes legislation on contracting with the enemy and access to subcontractor records. This legislation will go a long way in fighting corruption and tracking bad actors

- Several JTSCC programs also combat corruption and fraud by:

  – Employing procedures to identify questionable vendor conduct.

  – Training, mentoring, and assisting local national vendors in Iraq on how to be legitimate business partners with the US.

  – Vetting non-US contractors before awarding contracts to ensure the contractors do not have a history of fraud or are otherwise not eligible for contract awards.

- The OSD Panel on Contracting Integrity/Procurement Fraud Indicators Subcommittee developed 49 acquisition and contract-related fraud scenarios and incorporated them into tools and training.

- Recompeted and restructured Host Nation Trucking contract utilizing fair opportunity, in order to eliminate layers of subcontractors and to allow more transparency into the contracted support that provides security for supply truck convoys.

Efforts to Ensure Sustainability of Projects in Afghanistan

- International Security Assistance Force (ISAF) Regional Command East established an integration cell in 2011 that enhances the construction contracting requirements process by adding qualified engineering review and helping increase use of standard designs. Future effort designed to increase use of pre-engineered buildings.

- ISAF Construction Contracting Guidelines (October 9, 2010) include 16 "go/no-go" criteria, including "project sustainability."

- Hiring Afghans first and buying Afghan products through the "Afghan First" program.

Challenges Ahead

- Maintaining adequate numbers of trained oversight personnel and contracting officers

- Combating corruption

- Ensuring smooth Department of Defense (DoD) to Department of State (DoS) transition in Afghanistan.

- Ensuring sustainability of reconstruction projects in Afghanistan.

AUDIT AND CONTRACT MANAGEMENT OVERSIGHT

The Department provides for independent contract audit and management support to the military services and defense agencies in order to ensure that the contracts the Department enters into are priced fairly, and that the Department and the taxpayer do in fact receive agreed upon products and services. Three agencies provide these services: (1) the Defense Contract Audit Agency (DCAA); (2) the Defense Contract Management Agency (DCMA); and (3) the Office of the Inspector General (OIG).

Both the DCAA and DCMA consolidated audit and contract management functions that were previously performed by the military services (inconsistently among the Services), into independent organizations that now consistently apply audit and contract management regulations and principles across the Department of Defense.

- The DCAA performs contract audit functions for all DoD Components, and other Federal agencies. The DCAA was established in 1965 as an independent agency. In FY 2011 they audited $19 billion of costs incurred on contracts and reviewed over 2,600 forward pricing proposals totaling $103 billion.

  – In FY 2013, the DCAA will assign auditors to reduce the incurred cost backlog. Reducing this backlog will: (1) assist in achieving auditable financial statements; (2) provide the DCAA with data needed for forward-pricing audits; (3) prevent undue delays in payments of fees to contractors (a portion of fees to contractors is delayed until the contract is closed).

- The DCMA represents the military services, other federal agencies, and related government buying agencies at defense contractors worldwide, prior to and after contract award. The DCMA was established as an independent agency in March 2000. The DCMA provides Contract Advisory Services on more than 334,000 prime contracts being performed by nearly 19,600 contractors.

  – In FY 2013 the DCMA continues the Department's efforts to grow the acquisition workforce, in order to mitigate known acquisition workforce shortfalls, in the areas of price costing, earned value, and quality assurance.

- Created by the Inspector General Act of 1978, the DoD OIG is an independent, objective agency with the U.S. Department of Defense. The DoD IG is responsible for conducting audits, investigations, and inspections and recommends policies and procedures to promote

Figure 3-1. Contract Management and Oversight
(Dollars in Billions, Base Budget only, FTEs in whole numbers)

Program	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Defense Contract Audit Agency	$0.5	$0.5	$0.6
DCAA Full-Time-Equivalents	4,449	4,711	5,145
Defense Contract Management Agency	$1.1	$1.2	$1.3
DCMA Full-Time-Equivalents	10,107	10,903	12,081
Office of Inspector General	$0.3	$0.3	$0.3
OIG Full-Time-Equivalents	1,614	1,614	1,614
Total – Audit and Contract Management	**$1.9**	**$2.0**	**$2.2**
Total Full-Time-Equivalents	**16,170**	**17,228**	**18,840**

Source: FY 2013 President's Budget   *Numbers may not add due to rounding*

economic, efficient, and effective use of agency resources and programs that prevent fraud, waste, abuse, and mismanagement. In FY 2011 the DoD IG achieved monetary benefits of $2.6 billion.

– In FY 2013 the OIG will continue its efforts in serving the warfighter, and the taxpayer, by conducting audits, investigations, inspections, and assessments that provide guidance and recommendations for both the Department and Congress.

BETTER BUYING POWER: OBTAINING GREATER EFFICIENCY AND PRODUCTIVITY IN DEFENSE SPENDING

Developing and supporting the agile, flexible, technologically-advanced, ready Joint Force that the new strategic guidance calls for requires the efficient use of every taxpayer dollar. The Department began its Better Buying Power Initiative in 2010 to improve the way the Department acquires defense goods and services. The FY 2013 budget makes clear that achieving better buying power is more critical than ever to maintaining the best military in the world.

The Department has been implementing the Better Buying Power Initiative and is tenaciously pursuing efficiencies to drive better responsiveness of the acquisition system in supporting the Warfighter.

- There is every reason to believe that the efficiencies identified can be realized:

  – Reasonable management goals are established.

  – Focus is targeted on specific actions to realize savings and progress is being tracked.

  – Industry recognizes the need to increase efficiency.

  – Congress is supportive of improving the acquisition system.

- The alternative to restoring affordability to defense spending is unacceptable: broken or cancelled programs, budget turbulence, uncertainty for industry, erosion of taxpayer confidence, and especially, lost capability for the Warfighter.

The Department continues to focus on several key objectives in its effort to obtain greater efficiency and productivity in defense spending that are key to improving the way the Department acquires critical defense goods and services.

Support the Warfighters. Supporting forces who are engaged in overseas contingency operations will continue to be given the highest priority. Rapid acquisition to meet urgent needs, timely and reliable logistics support, effective contingency contracting and more efficient operational energy solutions are areas that will continue to be emphasized. DoD's efforts are focused on providing a more responsive acquisition system to achieve a capable force for 2020.

To achieve better support for the Warfighter, DoD will promote "real competition" whenever possible to drive productivity. Competition at the prime level is not always available, but the evidence is clear that the government is not availing itself of all possible competitive situations. All programs are now required to prepare a competition strategy describing their approach to harnessing the force of competition even if in a sole source situation (via dissimilar competition, self-competition, competition for profit, and other alternatives to classic head-to-head competition). DoD has also renewed its commitment to small business by increasing goals and investments, and placing greater emphasis on new technology.

Achieving Affordable Programs. The Department cannot continue the practice of starting programs that prove to be unaffordable. DoD will work to achieve program affordability by working with the requirements and resource communities to ensure programs start with firm

cost goals in place, appropriate priorities set and the necessary trade-offs made to keep programs within affordable limits.

Following the November 3, 2010 USD(AT&L) guidance to the Service Secretaries and Directors of Defense Agencies mandates that affordability be treated as a requirement at all milestone decision points for DoD programs. In other words, as the Department begins new programs – such as the Ohio-class SSBN(X) replacement, the joint Family of Systems for long-range strike, and the Army's Ground Combat Vehicle (GCV), program managers must demonstrate affordability before granting milestone authority to proceed with the program. Understanding and controlling future costs from a program's inception is critical to achieving affordability requirements.

For the many defense programs that are already underway, USD (AT&L) instructed the Department's acquisition professionals and suppliers to manage according to what programs Should Cost, not according to historical estimates of what they Will Cost. The Will Cost estimate is typically the independent cost estimate provided to the Department as a necessary component of the budgeting and programming process. The Should Cost approach is used to drive down costs and will continue throughout the year. All programs present Should Cost estimates at each milestone decision point and will use those estimates as a basis for contract negotiations and determining contract incentives. Should cost management has already been used to drive down costs in the Global Hawk and the Joint Strike Fighter programs.

Improving Efficiency. One of the ways to improve efficiency will be made through improvements in the tradecraft of Services Acquisition. DoD is aggressively managing the more than $200 billion the Department spends annually on services (such as information technology services, weapons-systems maintenance, and transportation). This amounts to more than 50 percent of the Department's contract spend. To manage with greater effectiveness, USD (ATL) required each military departments and defense component to establish a senior manager for the acquisition of services at the General Officer, Flag, or SES level. These senior managers are responsible for governance in planning and execution of service contracts. Furthermore, for the first time, the Department has established a common taxonomy of types of services to organize procurement of services into six portfolio categories to make fact-based decisions, facilitate the sharing of best practices and lessons learned, and institutionalize strategic sourcing.

Additionally, DoD is ensuring that the appropriate contract type is utilized for the acquisition of services. This focus will ensure appropriately balanced risk and return on investment for the Defense Department and private industry. In support of this goal, the Department has increased training for the acquisition of services as well as for Contractor Officer Representatives, and has developed on-line tools to aid in the development of requirements. Notable examples of training for the acquisition of services are the Defense Acquisition University Services Acquisition Workshops, the Acquisition Requirements Roadmap Tool, and DoD's model curriculum for both classroom and online training of CORs with a variant and a Handbook specifically tailored for CORs deployed in contingency operations.

Of course, efficiency will only improve if the Department's leadership takes consistent steps to reduce non-productive processes and practices. For example, both the number and level of program reviews are being reduced to only those necessary to support major investment decisions. This does not eliminate the reviews necessary to respond to significant program execution issues, but it streamlines required planning documents to the essential information needed to manage acquisition programs. Recommendations have also been made to reduce the number and size of reports, including elimination of 45 internal reports and 90 recurring reports to Congress.

Strengthening the Industrial Base. Industry is our partner in the defense acquisition enterprise; without the industrial base, DoD could not equip and support our Warfighters. A healthy industrial base means a profitable industrial base, but it also means a lean, efficient base that provides good value for the taxpayers' defense investments and increases in productivity over time. DoD will execute contracts with industry which include appropriate incentives and drive fair business deals which protect the taxpayer's interest while providing industry with reasonable profit opportunities and without putting industry at unacceptable risk.

DEFENSE ACQUISITION WORKFORCE SUSTAINMENT

The FY 2013 budget supports continued strengthening of the acquisition workforce to ensure we achieve and sustain sufficient workforce capacity and capability. Since 2008, DoD has filled 6,400 new acquisition positions supported by the Defense Acquisition Workforce Development Fund. Aligned with strategy, workforce capacity has improved in critical areas such as engineering, contracting, acquisition management, and audit. Training capacity has improved by approximately 19,000 resident and 100,000 online training seats per year. These improvements mitigate ongoing challenges: 17 percent of the workforce is eligible for full retirement today; 19 percent are eligible within five years; workforce gains decreased 32 percent from FY 2010 to FY 2011; and losses spiked up 32 percent from FY 2010 to FY 2011. In addition to completing and maintaining improved capacity, DoD will continue efforts to strengthen the quality, readiness and performance results of the acquisition workforce. The requested FY 2013 appropriation of $274.2 million for the Defense Acquisition Workforce Development Fund is critical to following through on the improvement strategy. Ultimately, it is the quality of the workforce that determines the quality of our acquisition outcomes.

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4. STRATEGY-DRIVEN CHANGES IN FORCE STRUCTURE AND MODERNIZATION

STRATEGY TO BUDGET

Major Initiatives
• Strategy to Budget
• Force Structure Changes
• Army Modernization Changes
• Navy and Marine Corps Modernization Changes
• Air Force Modernization Changes
• Defense-wide Modernization Changes
• Active and Reserve Military Strength

The Department's strategic guidance published January 2012, "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense," is intended as a blueprint for the Joint Force in 2020. The new strategic guidance also served as the basis for shaping the FY 2013 budget. Also in January 2012, the Department published a paper entitled "Defense Budget Priorities and Choices", which outlined the rationale for translating the new defense strategy into a budget plan and highlighted key decisions. This paper noted that the budget decisions were made in accordance with the five major tenets in the President's strategic guidance:

1. Rebalance force structure and investments toward the Asia-Pacific and Middle East regions while sustaining key alliances and partnerships in other regions

2. Plan and size forces to be able to defeat a major adversary in one theater while denying aggression elsewhere or imposing unacceptable costs

3. Protect key investments in the technologically advanced capabilities most needed for the future, including countering anti-access threats

4. No longer size active forces to conduct large and protracted stability operations while retaining the expertise of a decade of war

5. To the extent possible, structure major adjustments in a way that best allows for their reversal or for regeneration of capabilities in the future if circumstances change

Readers desiring a more extensive discussion of the new strategy, and how it was translated into budgets, are referred to the two papers cited above. This chapter highlights some of the specific choices and reprioritizations the Department made as it translated the new strategy into the FY 2013 budget plan. This includes making investments in high-priority programs, such as unmanned surveillance aircraft and upgraded tactical vehicles, while terminating unnecessary and lower-priority programs such as the C-27 airlift aircraft and new weather satellites, and maintaining programs such as the Joint Strike Fighter at a restructured level. Some of these choices take effect in FY 2013, but will also play out over subsequent budget cycles as well.

FORCE STRUCTURE CHANGES

The strategic guidance prescribes a smaller and leaner force structure. The restructured force will be balanced by technological advancements. The force will be able to deter and defeat aggression, maintain flexibility to ensure surge capability, and readiness that ensures effective mobilization. The force will be ready for the full range of missions assigned in the guidance.

Force Structure Changes FY 2013 through FY 2017

• The Army eliminates a minimum of 8 Brigade Combat Teams (BCTs) and studies brigade structure.

• The Navy eliminates 7 cruisers and 2 Dock Landing Ships (LSDs).

- The Marine Corps eliminates 1 infantry regiment headquarters, 5 infantry battalions (4 active and 1 reserve), 1 artillery battalion, 4 Tactical Air squadrons (3 active and 1 reserve), and 1 combat logistics battalion.

- The Air Force eliminates 6 combat coded fighter squadrons (1 active and 5 reserve components) and 1 non-combat coded fighter squadron (active).

  − The active component includes 1 A-10 squadron and 1 F-15C squadron.

  − The reserve component includes 4 A-10 squadrons and 1 F-16 squadron.

- The Air Force reduces 303 aircraft:

  − 123 Combat Aircraft – 102 A-10, 21 F-16

  − 150 Mobility and Tanker Aircraft – 65 C-130, 27 C-5A, 20 KC-135, 38 C-27

  − 30 Intelligence, surveillance, and reconnaissance (ISR) Aircraft – 11 RC-26, 1 E-8C, 18 RQ-4

End Strength Changes FY 2013 through FY 2017

Reflecting these force structure changes, the Department's overall military end strength (Base and Overseas Contingency Operations) changes from 2,269,700 in FY 2012 to 2,238,400 in FY 2013, a 1.4 percent reduction equating to 31,300 in end strength. By FY 2017, the overall military end strength will be 2,145,800, a 5.5 percent reduction equating to 123,900 in end strength from FY 2012. Details provided below:

- Army Active, Reserve, and Army National Guard end strength in FY 2013 is 1,115,300 – 0.9 percent less than FY 2012. In FY 2017 the end strength will be 1,048,200, a 6.8 percent reduction from FY 2012.

- Navy Active and Reserve end strength in FY 2013 is 385,200 – 1.7 percent less than FY 2012. In FY 2017, the end strength will be 376,600, a 3.9 percent reduction from FY 2012.

- Marine Corps Active and Reserve end strength in FY 2013 is 236,900 – 2.0 percent less than FY 2012. In FY 2017 the end strength will be 221,700, an 8.3 percent reduction from FY 2012.

- Air Force Active, Reserve, and Air National Guard end strength in FY 2013 is 501,000 – 1.9 percent less than FY 2012. In FY 2017, the end strength will be 499,300, a 2.3 percent reduction from FY 2012.

ARMY MODERNIZATION CHANGES

CAPABILITY IMPROVEMENTS

The FY 2013 President's Budget focuses investment funding on improving network operations, modernizing combat vehicles and aviation, and preserving a viable acquisition strategy. The proposed budget balances the ability to remain successful in current engagements while also ensuring responsiveness for unforeseen contingencies, thereby meeting the needs of the nation.

> **Costs and Savings:**
>
> Except as noted, costs in this chapter are for FY 2013 and FY 2013 – FY 2017, and are consistent with costs in the President's Budget for FY 2013. Savings for restructurings and terminations represent reductions compared with the plan in the President's Budget for FY 2012, except as noted.

Warfighter Information Network – Tactical (WIN-T)

The Tactical WIN-T is the Army's cornerstone tactical communications system and will provide a single integrating framework for the Army's battlefield network. It will provide the hardware and programming to enable the Brigade Combat Team (BCT) Modernization Network to have the full capabilities of a systems network. The budget request for WIN-T enables interoperability between Increment 1 (networking at the halt) and Increment 2 (initial networking on the move), which are both currently fielded. This funding also supports the purchase of Network Centric Warfare Modems and Low Rate Initial Production quantities to support test activities. The Department will reap the benefits from these investments beginning in FY 2013 when WIN-T systems deploy with BCTs. Funding in FY 2013 is $0.9 billion and totals $6.1 billion from FY 2013 – FY 2017.

CH-47 Chinook Helicopter

The CH-47 Chinook Helicopter is a versatile, twin-engine, tandem rotor heavy-lift helicopter designed to transport cargo, troops, and weapons. The FY 2013 budget requests funding for upgrades to the CH-47F model, which include improved engines, advance avionics, and new airframes. These upgrades will reduce operating costs and extend aircraft service life. Protection of the CH-47 is a major part of the Army's continued focus on aviation and maintaining an effective Aviation Modernization program, specifically modernization of the Army Rotary Wing fleet. The Department requests funding for procurement of 25 new F-model aircraft while remanufacturing 19 more. Also, funding will be used for further improvements and upgrades, including a loading system to enable rapid reconfiguration from cargo to passenger missions. Funding in FY 2013 is $1.2 billion and totals $5.7 billion from FY 2013 – FY 2017.

Stryker Vehicle

The Stryker Vehicle is a full spectrum, strategically responsive, agile, and dominant land force. Stryker is a lethal, versatile, and tactically agile joint force capable of operational maneuver. The FY 2013 budget request calls for the procurement of 58 Nuclear, Biological, Chemical Reconnaissance Vehicles (NBCRV) as well as engineering and development efforts, including survivability and integration of targeting under armor (TUA) on the Stryker Fire Support Vehicle (FSV). The budget request also includes funding for the purchase of hardware modifications and the installation of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) obsolescence/safety items. Funding in FY 2013 is $0.3 billion and totals $0.5 billion from FY 2013 – FY 2017.

TERMINATIONS AND RESTRUCTURINGS

High Mobility Multi-Wheeled Vehicle (HMMWV) Recapitalization Termination

The Army and Marine Corps propose the termination of the HMMWV Recapitalization program. The combined savings in FY 2013 is $0.2 billion and totals $0.9 billion from FY 2013 – FY 2017. The termination of the HMMWV Recapitalization program maintains the nondeployed HMMWV fleet in its current condition. The services will continue to sustain their legacy HMMWV fleet until the Joint Light Tactical Vehicle enters the inventory.

Joint Air-to-Ground Missile (JAGM) Restructuring

The JAGM was an Army-led close-air-support missile program that sought to utilize tri-mode seeker technology against land and maritime stationary and moving targets. The JAGM was planned to replace the aging inventory of the Hellfire and Maverick missiles by providing a fixed wing, rotary wing, and unmanned aircraft system launched missile with advanced Line-Of-Sight and Beyond-Line-Of-Sight capabilities. The missile would have precision point targeting and fire

and forget seeker technologies, increased range and lethality against soft and hardened moving and stationary targets, and the ability to operate in adverse weather conditions, day or night, and in obscured/countermeasure environments.

The Army and Navy have deemed that it is a manageable risk to significantly reduce the investment in the JAGM program from FY 2013 – FY 2017. The program retains minimal funding to determine if it is possible to integrate JAGM technology into U.S. Government-owned missiles (guidance, warhead, and motor). The risk is further mitigated through the Department's continued development of the Small Diameter Bomb Increment II and associated tri-mode seeker technology. The proposed savings in FY 2013 is $0.3 billion and totals $1.6 billion from FY 2013 – FY 2017.

Ground Combat Vehicle (GCV) Delay

In FY 2009, the Army initiated the new GCV to provide Soldiers essential protected mobility that is required to operate across the full spectrum of activities. These operations range from major combined-arms maneuver and close combat action to stability operations and security force assistance missions. Current and product-improved Infantry Fighting Vehicles (IFVs) do not meet the necessary mobility requirements, and do not have the growth potential required to incorporate advances in protection or network capabilities for the full infantry squad. The Army entered the Technology Development Phase in August 2011, but the program was delayed due to a contract award protest. The Department proposes the GCV restructuring in order to accommodate the fact-of-life adjustments to the program. The proposed savings is $1.3 billion in FY 2013 and totals $1.3 billion from FY 2013 – FY 2017.

Joint Light Tactical Vehicle (JLTV) Restructuring

The JLTV is the next generation lightweight troop transport vehicle designed to provide the payload, protection, mobility, operational range, and interoperability needed to fill the capability gap between the HMMWV and Mine Resistant Ambush-Protected (MRAP) Family of Vehicles. The JLTV will provide advantages over the legacy fleet in the areas of transportability, fuel efficiency, mobility, and affordability. This Army and Marine Corps acquisition program would replace a portion of the HMMWV fleets.

With the Family of Medium Tactical Vehicles (FMTV) ceasing production in FY 2014, the JLTV will be critical to maintaining an industrial base to supply Tactical Wheeled Vehicles to the military. The Department proposes restructuring JLTV due to revised pricing estimates. The proposed savings in FY 2013 is $0.2 billion and total $2.1 billion from FY 2013 – FY 2017.

Family of Medium Tactical Vehicles (FMTV) Restructuring

The FMTV is a complete series of trucks and trailers that vary by payload and mission. The Army proposes the restructuring of the FMTV program in FY 2013 due to Department funding constraints. In order to mitigate FMTV shortages, the Army will retain a higher number of the M900 legacy 5 ton trucks and will rely on the Depot Reset program to sustain M900 legacy 5 ton trucks in the future. The proposed savings in FY 2013 is $0.1 billion and total $2.2 billion from FY 2013 – FY 2017.

Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System (JLENS) Restructuring

The JLENS fills the capability gap to provide a persistent, 360-degree, 3-dimensional, surveillance and integrated fire control capability. The Army will restructure JLENS and assume a manageable risk in Cruise Missile Defense, and subsequently rely on Joint aerial assets to partially mitigate any associated capability gaps. Additionally, this decision will allow more time

for the Army and the Department to review total program affordability while the program conducts Combatant Commander exercises. The proposed savings in FY 2013 is $0.4 billion and totals $2.2 billion from FY 2013 – FY 2017.

NAVY AND MARINE CORPS MODERNIZATION CHANGES

CAPABILITY IMPROVEMENTS

Shipbuilding

The FY 2013 President's Budget requests funding for the procurement of 10 new ships. The 10 ships include: 2 Virginia-class attack submarines, as well as funding for the design of the Block 5 Virginia Payload Module, which will increase future Virginia-class submarine strike payload capacity; 2 DDG-51 class Aegis Destroyers; 4 Littoral Combat Ships (LCSs), 1 Joint High Speed Vessel (JHSV) and 1 CVN-21-class aircraft carrier. This will allow the Navy to carry out its many missions, including safely patrolling and keeping open international sea lanes such as the Horn of Africa, Strait of Hormuz, Strait of Malacca, and the South China Sea.

The FY 2013 budget requests $38 million for design efforts to construct a modified Mobile Landing Platform (MLP) variant known as the Afloat Forward Staging Base (AFSB), planned for procurement in FY 2014. The AFSB will provide troop berthing and aviation modules that will offer the Combatant Commanders greater flexibility and provide additional in-theater capability.

Funding for the construction of Navy and Sealift ships and the development of the Block 5 Virginia Payload Module is $17.7 billion in FY 2013 and totals $83.7 billion from FY 2013 – FY 2017.

Aircraft Procurement

The FY 2013 budget requests funding for the procurement of 26 F/A-18E/F aircraft, now in the fourth year of a multi-year contract. The Super Hornet possesses enhanced range, payload and survivability features compared with the C/D model aircraft and was first operationally deployed in 2002. Funding is $2.2 billion in FY 2013 and totals $3.5 billion from FY 2013 – FY 2017.

The FY 2013 budget requests funding for the procurement of 12 EA-18G aircraft. The EA-18G, with its Airborne Electronic Attack capability to detect, identify, locate, and suppress hostile emitters, is the Navy's replacement for the EA-6B. Funding is $1.0 billion in FY 2013 and totals $1.1 billion from FY 2013 – FY 2017.

The FY 2013 budget also requests funding for the procurement of Small Tactical Unmanned Aircraft Systems (STUAS) and modifications. The STUAS provides persistent Intelligence, Surveillance and Reconnaissance and target acquisition support for tactical maneuver decisions at the unit level for the services and SOCOM. Funding is $32 million in FY 2013 and totals $0.3 billion from FY 2013 – FY 2017.

TERMINATIONS AND RESTRUCTURINGS

Medium-Range Maritime Unmanned Aerial System (MRMUAS) Termination

The MRMUAS provides the Navy and Special Operations Forces with sea-based, airborne, real-time and near-real-time Intelligence, Surveillance, and Reconnaissance data. Due to changing priorities within the Department, and the demonstrated in-theater capability of the MQ-8B Fire Scout aircraft and follow on MQ-8C capability upgrade, it was deemed a manageable risk to terminate the MRMUAS program in FY 2013. The proposed savings is $0.2 billion in FY 2013 and totals $1.3 billion from FY 2013 – FY 2017.

Joint High Speed Vessels (JHSV) Restructuring

The Department proposes reducing the procurement of JHSV in the FY 2013 budget from 18 ships to 10 ships. The reduction is mitigated by the transfer of 5 Army ships to the Navy, thus providing the Navy with a total of 10 ships in the inventory. The resultant ship level provides sufficient capacity for Joint wartime and peacetime intra-theater lift requirements. The proposed savings is $0.2 billion in FY 2013 and totals $1.5 billion from FY 2013 – FY 2017.

MV-22 Osprey Restructuring

The MV-22 is a tilt-rotor vertical takeoff and landing aircraft currently being produced for joint service application. The program provides an aircraft to meet the amphibious/vertical assault needs of the Marine Corps, the strike rescue needs of the Navy, and supplements the United States Special Operations Command (USSOCOM) special mission aircraft. The aircraft is capable of flying 2,100 miles with one refueling and gives the Services the advantages of a Vertical/Short Takeoff Landing (V/STOL) aircraft that can rapidly self-deploy to any location in the world.

Due to the changing force structure requirements of the Marine Corps, the Department proposes reducing the MV-22 ramp by 24 aircraft from FY 2013 – FY 2017. The deferral of 24 aircraft to beyond the FYDP is estimated to save $875 million as compared to the FY 2012 President's Budget FYDP estimate, with $0.4 billion attributable to FY 2013. The Department is also pursuing a follow-on multi-year procurement (MYP) which will result in significant cost avoidance. The cost avoidance estimated from FY 2013 – FY 2017; based on the reduced quantity ramp, will be $852 million. The total of the reduced MV-22 FYDP ramp and the follow-on MYP will total more than $1.7 billion, with $0.4 billion attributable to FY 2013.

P-8A Poseidon Restructuring

The P-8A Multi-mission Maritime Aircraft (MMA) system is a commercial derivative aircraft based on the Boeing Company's 737-800 ERX aircraft. The P-8A is the replacement system for the P-3C Orion. The P-8A will sustain and improve the armed maritime and littoral intelligence, surveillance, and reconnaissance capabilities for U.S. Naval Forces in traditional, joint, and combined roles to counter changing and emerging threats. The primary roles of the P-8A are persistent Anti-Submarine Warfare (ASW) and Anti-Surface Warfare (ASuW).

Due to changing priorities within the Department and funding constraints, the Department deemed that it was a manageable risk to reduce P-8A procurement by 10 aircraft from FY 2013 – FY 2017. Savings total $5.2 billion from FY 2013 – FY 2017.

E-2D Advanced Hawkeye (AHE) Surveillance Restructuring

The E-2D Advanced Hawkeye (AHE) is an all-weather, twin engine, carrier-based, Airborne Command, Control and Surveillance aircraft designed to extend task force defense perimeters. The AHE provides advance warning of approaching enemy surface units and aircraft, vectors interceptors or strike aircraft to attack, and provides area surveillance, intercept, search and rescue, communications relay, and strike/air traffic control.

Due to changing priorities, the Department deemed that it is a manageable risk to reduce the AHE program by 9 aircraft from FY 2013 – FY 2017. The proposed savings is $0.3 billion in FY 2013 and totals $0.5 billion from FY 2013 – FY 2017.

SSBN(X) Development Delay

The goal of the SSBN(X) program is to develop a replacement for the existing OHIO Class submarines, which reach the end of their service life starting in FY 2027, and maintain a secure

and effective nuclear deterrent. The Department determined that it is a manageable risk to delay SSBN(X) development by two years. The proposed savings is $0.6 billion in FY 2013 and totals $4.3 billion from FY 2013 – FY 2017.

AIR FORCE MODERNIZATION CHANGES

CAPABILITY IMPROVEMENTS

CYBER Capabilities

The U.S. Cyber Command (CYBERCOM) plans, coordinates, integrates, synchronizes and conducts activities to direct the operations and defense of the Global Information Grid and, when directed, conduct offensive cyber operation 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 2013 budget request continues to strengthen CYBERCOM to ensure our military is ready to effectively operate in cyberspace across the full range of cyber contingencies. Funding in FY 2013 is $3.4 billion and totals $18.0 billion from FY 2013 – FY 2017.

Space Capabilities

The FY 2013 Space budget request continues to pursue satellite block buys to avoid costly production breaks, preserves the most critical industrial base capabilities, and reduces non-recurring engineering costs for the procurement of the Advanced Extremely High Frequency (AEHF) and Space Based Infrared System (SBIRS). The Department will achieve additional efficiencies through a new acquisition strategy for the Evolved Expendable Launch Vehicle program; and by restructuring the Joint Space Operations Center Mission System, next generation GPS satellites, and commercial imagery. Additionally, the Department will restructure the Operationally Responsive Space program in order to provide more responsive and timely space capabilities to the warfighter. Overall, space funding in FY 2013 is $8.0 billion and totals $40.1 billion from FY 2013 – FY 2017.

New Bomber

The next generation bomber is a new acquisition program that began in FY 2012. By leveraging the "Family of Systems" synergistic capabilities, the new bomber will not need the same capabilities that were planned for the previous Next Generation Bomber. The new bomber will incorporate many subsystems (engines, radars, other avionics) and technologies that are already proven. The bomber will carry precision-guided conventional weapons and nuclear weapons. It will be optionally manned, providing operational flexibility when planning missions of long duration or in challenging anti-access environments.

By relying on proven technologies and by planning to evolve the aircraft over time as threats evolve, similar to the B-52 legacy fleet, the up-front acquisition costs will be reduced significantly from the B-2 experience. The average procurement unit cost is anticipated to be about $550 million in FY 2010 dollars for a fleet of 80-100 aircraft. The Air Force plans to utilize an executive-level, highly streamlined, stable oversight structure to manage the program, and keep requirements manageable, tradable and affordable. Funding in FY 2013 is $0.3 billion and totals $6.3 billion from FY 2013 – FY 2017.

NATO Alliance Ground Surveillance System

The FY 2013 budget requests funding for 3 NATO Alliance Ground Surveillance (AGS) systems. The NATO AGS, which is based on the Block 40 version of the RQ-4B Global Hawk unmanned aerial vehicle, will enable the Alliance to perform persistent surveillance over wide areas from

high-altitude, long-endurance, unmanned aerial platforms operating at considerable stand-off distances and in any weather or light condition. Using advanced radar sensors, the NATO AGS will continuously detect and track moving objects throughout observed areas, and provide radar imagery of areas and stationary objects. Funding is $0.2 billion in FY 2013 and totals $0.9 billion from FY 2013 – FY 2017.

Strategic Deterrence

The FY 2013 budget request continues to support the nuclear triad that maintains a safe, secure and effective arsenal to deter potential adversaries and assure U.S. allies. Highlights include continued support to the National Nuclear Security Agency providing an additional $439 million in FY 2013 and $2.9 billion from FY 2014 – FY 2017 for nuclear weapons and naval reactor activities; continued funding for the B61 life extension program tail-kit assembly with a two year slip to adjust to the current NNSA schedule; funds the Analysis of Alternatives for the Long Range Stand-Off (LRSO) missile, a replacement for the legacy Air Launched Cruise Missile (ALCM); continued funding for the Trident II D5 missile life extension program procuring missile motors, guidance, fuzing, arming and firing systems, and other critical components; continued sustainment of the Minuteman III Intercontinental Ballistic Missile (ICBM) weapon system including missile support equipment, security modernization, propulsion system rocket engine life extension, cryptography upgrade increment II, and fuze support efforts. Department funding for Strategic Deterrence is $2.7 billion in FY 2013 and totals $25.1 billion from FY 2013 – FY 2017.

TERMINATIONS AND RESTRUCTURINGS

Joint Strike Fighter (JSF) Restructuring

The JSF program will develop and field a family of aircraft that meet the future needs of the United States and its international partners. Specifically, the JSF will meet Air Force Conventional Take-off & Landing (CTOL) requirements with the F-35A variant, the Marine Corps Short Take-Off and Vertical Landing (STOVL) requirements with the F-35B variant, and Navy Carrier Variant (CV) requirements with the F-35C variant. Commonality among the variants is expected to hold down life cycle costs. This is a joint program with no single executive service. Service Acquisition Executive (SAE) authority alternates between the Navy and the Air Force, and currently resides with the Air Force. The F-35 is a next generation strike fighter that has increased aerodynamic performance, stealth signature and countermeasures. Its advanced avionics, data links and adverse weather precision targeting incorporate the latest technology available. The F-35 has increased range with internal fuel and includes superior weaponry over existing aircraft. This supportable, state of the art aircraft commands and maintains global air superiority.

Due to changing Department priorities, funding constraints, and the need to reduce concurrency, the Department determined that it is a manageable risk to reduce procurement by a combined total of 13 aircraft in FY 2013 and 179 aircraft from FY 2013 – FY 2017. The proposed Navy/Air Force savings is $1.6 billion in FY 2013 and totals $15.1 billion from FY 2013 – FY 2017.

RQ-4 Global Hawk Block 30 (GH30) Termination

The GH30 is a high-altitude, long-endurance unmanned aircraft with integrated imagery, radar, and signals intelligence sensors. The GH30 was scheduled to replace the U-2 aircraft in FY 2015, and was expected to provide significant cost savings over U-2. The Department has determined that the GH30 would require a much more substantial investment than originally planned in order to reach its maximum potential. The Department has determined that the

termination of the GH30 is a manageable risk and proposes to extend U-2 operations until FY 2025. The proposed savings is $0.8 billion in FY 2013 and totals $2.5 billion from FY 2013 – FY 2017.

Defense Weather Satellite System (DWSS) Termination

The DWSS is the DoD component of the National Polar-Orbiting Operational Environmental Satellite System (NPOESS) program. The DWSS is the follow-on to the Defense Meteorological Satellite Program (DMSP) and is intended to provide global visible and infrared cloud cover imagery and other critical meteorological, oceanographic, terrestrial and space environment data to support global military and intelligence community operations. The Air Force has determined it is a manageable risk to terminate the DWSS program, given that two DMSP satellites have yet to be launched. The proposed savings is $0.5 billion in FY 2013 and totals $2.3 billion from FY 2013 – FY 2017.

C-130 Avionics Modernization Program (AMP) Termination

The C-130 AMP was designed to meet Federal Aviation Administration (FAA) and European Air Traffic and Management Navigation and Safety mandates, resolve obsolescence issues, replace analog displays, and standardize aircraft configurations. The FY 2013 budget request proposes the termination of C-130 AMP program and includes funding for the more cost effective Optimize Legacy C-130 Communication, Navigation Surveillance Air Traffic Management (CNS/ATM) program. The program will outfit the legacy C-130 combat delivery fleet with the required CNS/ATM capabilities. The proposed savings is $0.3 billion in FY 2013 and totals $2.3 billion from FY 2013 – FY 2017.

C-27J Joint Cargo Aircraft Termination

The C-27J is a medium-sized airlift aircraft. The Department has deemed that it is a manageable risk to terminate this program because many of its missions can be accomplished by the legacy C-130 fleet. The proposed savings is $0.2 billion in FY 2013 and totals $0.4 billion from FY 2013 – FY 2017.

KC-46A Tanker Restructuring

The KC-46A Aerial Refueling Tanker will meet the primary air refueling missions of Global Attack, Air Bridge, Theater Support, deployment and special operations support. The KC-46A will replace roughly a third of the current capability with the purchase of 179 aircraft. The FY 2013 budget request proposes to restructure the KC-46A program to reflect the development and production plans associated with the newly awarded contract. The FY 2013 budget continues to support development of a new aerial refueling tanker restructuring production funding from FY 2013 to FY 2015 to support the signed contract. The proposed savings is $1.0 billion in FY 2013 and totals $2.4 billion from FY 2013 – FY 2017.

Unmanned Air Systems Restructuring

The FY 2013 program sustains 65 MQ-1/9 combat air patrols with a surge capability to 85; retains the Predator longer than previously planned, protects funding for the Army's Gray Eagle, and continues the development of new capabilities. The Department has determined that 24 MQ-9 Reaper aircraft adequately support 65 combat air patrols and has reduced the procurement of the MQ-9 Reaper by 24 aircraft and reinvested the funds in ground stations.

DEFENSE-WIDE MODERNIZATION CHANGES

CAPABILITY IMPROVEMENTS

Missile Defense

The FY 2013 budget provides funding for the development and deployment of missile defense capabilities that support the Administration's priorities: Protecting the homeland and strengthening regional missile defenses to protect deployed forces, allies, and partners. The request supports the European PAA (EPAA), which is designed to protect NATO allies and forces from regional ballistic missile threats. The United States will pursue phased adaptive approaches in the Asia Pacific and the Middle East by building on current efforts in those regions. The Department has met its objectives for EPAA Phase 1 with the deployment of Aegis ballistic missile defense (BMD) ships and land-based radar in Europe in 2011. The next three EPAA phases include deploying an Aegis Ashore in Romania with Standard Missile-3 Block IB (SM-3 IB) interceptors, deploying an Aegis Ashore in Poland with SM-3 IIA interceptors, and the addition of SM-3 Block IIB interceptors and early intercept capability. Other key efforts supported include:

- The procurement of 5 ground-based interceptors (GBIs) to support the Ground-Based Midcourse Defense flight test program, and procurement of GBI reliability enhancements.

- The continued conversion of Aegis ships, with a planned operational availability of 32 ships by FY 2017, and the procurement of 29 SM-3 interceptors for Aegis BMD ships.

- The procurement of 84 Patriot Advanced Capability-3 (PAC-3) missiles; the procurement of 38 Enhanced Launcher Electronic Systems capable of firing PAC-3 missiles; and, the continued development of the PAC-3 Missile Segment Enhancement designed to extend the PAC-3 range.

- The completion of the Medium Extended Air Defense Systems (MEADS) Proof of Concept and demonstration.

The FY 2013 budget request balances capabilities and risks to deter aggression, protect U.S. and allied interests, and pursue cost-effective and operationally-effective capabilities as a hedge against future threats. Funding in FY 2013 is $9.7 billion and totals $47.4 billion from FY 2013 – FY 2017.

Science and Technology

The FY 2013 budget request maintains a strong Science & Technology (S&T) posture, with the Department wide request of $11.9 billion ($62 billion from FY 2013 – FY 2017). The FY 2013 request is above the FY 2011 enacted budget of $11.7 billion, and down modestly from the FY 2012 enacted budget of $12.2 billion. This is summarized in Figure 4-1.

The FY 2013 S&T budget request:

- Maintains Basic Research at $2.1 billion – an investment that largely supports university based research;

- Funds the Defense Advanced Research Projects Agency at $2.8 billion to develop strategic concepts for the Department;

- Funds Counter Weapons of Mass Destruction S&T at $1.0 billion; and

- Maintains S&T funding in each of the Military Departments at $2.0 billion.

A strong S&T investment allows the Department to focus and align content to meet new and emerging priorities. The investment in promising technologies to counter other nations' development of Anti-access/Area-denial capabilities was increased by $700 million across the future years defense program (FYDP). The Department also increased investments in a next generation, high-efficiency turbine engine, Adaptive Versatile Engine Technology (ADVENT), with the intent to lead to an engineering and manufacturing decision in FY 2014. Investments were strengthened in DoD S&T priority areas such as Cyber S&T, Electronic Warfare, Autonomy (Robotics), and Advanced Manufacturing.

Figure 4-1. Science & Technology Program
(Dollars in Billions)

Program	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	FY12 – 13 Change
Basic Research (6.1)	1.9	2.1	2.1	0.0
Applied Research (6.2)	4.4	4.7	4.5	-0.2
Advanced Technical Development (6.3)	5.4	5.4	5.3	-0.1
S&T Total	**11.7**	**12.2***	**11.9***	**-0.3**

* Best estimate subject to final budget lock   *Numbers may not add due to rounding*

Chemical-Biological Defense Program

The Chemical and Biological Defense Program develops and fields improved chemical, biological, and radiological (CBR) defense capabilities to the Joint Force in support of the national strategy. Focused efforts within this program consist of a number of mutually-supporting S&T efforts, systems acquisition programs, and testing capabilities aimed at delivering comprehensive CBR defense capabilities that enable the warfighter to prevent, protect, mitigate, respond to, and recover from CBR threats as part of a layered, integrated defense, and improving the warfighter's ability to find, track, interdict, and eliminate Chemical, Biological, Radiological, and Nuclear (CBRN) weapons and emerging threats. The four key emphasis areas within the CBDP are: Medical Countermeasures (MCMs), Diagnostics and Analytics, Global Bio-Surveillance, and Non-Traditional Agent (NTA) defenses. Funding for the CBDP is $1.4 billion in FY 2013 and totals $7.6 billion from FY 2013 – FY 2017.

- **Medical Countermeasures (MCMs)**

   MCMs include capabilities to protect the warfighter against CBR threats and mitigate illness, suffering, and death. MCMs provide end-to-end countermeasures against emerging infectious diseases, genetically engineered threats, naturally occurring biological phenomena, novel chemical agents, and radiological threats. Program efforts include core medical efforts aimed at developing and delivering pretreatments/prophylaxes and therapeutics to the warfighter. MCMs in development traditionally fall into one of two categories: (1) pretreatments/prophylaxes such as a plague vaccine and (2) post-exposure, pre/post-symptomatic therapeutics such as the Hemorrhagic Fever Virus therapeutic.

- **Diagnostics and Analytics**

   Diagnostic and analytic-related efforts are a centerpiece of the CBDP's comprehensive capability to counter CBR threats and characterize CBR attacks or events by diagnosing causative agents of disease and providing situational awareness of threat agents in the environment. The CBDP has resourced a robust portfolio that includes S&T of CBR

diagnostics, systems development and procurement of point-of-need/point-of-care diagnostic equipment, and continuous assay development and procurement to support fielded and developmental diagnostic or analytic tools (e.g, the Joint Biological Agent Identification and Diagnostic System, the Next Generation Diagnostics System, and the Common Analytical Laboratory System.

- **Global Bio-Surveillance**

  Global Bio-Surveillance provides integrated capabilities that enhance global awareness of endemic pathogens in the environment and provide warning and characterization of biological attacks or events for decision-making, including the ability to find, track, interdict, and eliminate biological weapons and threats directed against warfighters and citizens, and the means to conduct forensics and attribution to prevent re-attack. These capabilities emphasize both the pre-event (early warning and indications) and post-event (effective consequence management and persistent surveillance for re-emergence) activities necessary to improve early warning and characterization of man-made (i.e., genetically engineered/synthetic biological agents) and naturally occurring (i.e., emerging infectious diseases and the re-emergence of pathogens from zoonotic reservoirs) disease outbreaks in near real-time.

- **Non Traditional Agent (NTA) Defense**

  In support of one of the President's focus on countering weapons of mass destruction, as stated in the January 2012 Defense Strategic Guidance, the FY 2013 budget request increases resources for the development of countermeasures and defenses against NTAs in concert with interagency partners. This includes: Developing technologies that address existing and emerging, and future NTAs and provide multi-layered and integrated defenses to NTAs; strengthening and integrating capabilities that provide warning of attack, barrier protection, and both pretreatments/prophylaxes and post-exposure treatments; fielding faster, more flexible consequence management capabilities on the battlefield and in the homeland; and developing capabilities, policies, and plans that enable the Department to act swiftly to save lives and restore the effectiveness of contaminated areas.

Cooperative Threat Reduction

The Cooperative Threat Reduction (CTR) program focuses on eliminating, securing, or consolidating weapons of mass destruction (WMD), related materials, and associated delivery systems and infrastructure at their source in partner countries. The CTR Program also focuses on building partner capacity to prevent the proliferation of WMD materials across borders or in transit across international borders.

The FY 2013 budget request supports the destruction of chemical weapons and reduces the risk of their proliferation to rogue states and terrorist groups, supports bio-risk assessments in selected areas of Asia and Africa, enhances the capability of partner countries to prevent, deter, detect, report, and interdict illicit trafficking in WMD and related materials, and supports assisting Russia in the elimination of strategic offensive arms. Funding in FY 2013 is $0.5 billion and totals $2.3 billion from FY 2013 – FY 2017.

TERMINATIONS AND RESTRUCTURINGS

Terminal High Altitude Area Defense (THAAD) Restructuring

The THAAD is a key element of the Ballistic Missile Defense System (BMDS). THAAD provides a rapidly-transportable BMD capability with interceptors using "Hit-To-Kill" technology to destroy ballistic missiles inside and outside the atmosphere. Due to changing priorities and funding

constraints, the Department proposes the restructuring of THAAD program. The proposal reduces the total number of interceptors from 333 to 180 from FY 2013 – FY 2017. The proposed savings is $0.3 billion in FY 2013 and totals $1.8 billion from FY 2013 – FY 2017.

ACTIVE AND RESERVE MILITARY STRENGTH

The force structure and modernization changes noted above lead to changes in active duty and reserve military strength that are summarized here. This budget will structure and pace reductions in the nation's ground forces in such a way that the U.S. can surge, regenerate, and mobilize capabilities needed for any contingency. Building in reversibility and the ability to quickly mobilize will be key. That means reexamining the mix of elements in the active and reserve components, maintaining a strong National Guard and Reserve, and retaining a healthy cadre of experienced NCOs and mid-grade officers. There are also changes to naval and air forces.

Active Military Strength Levels

As recently outlined in the Department's new strategic guidance, the U.S. joint force will be smaller and leaner, but more agile, flexible, ready to deploy, innovative and technologically advanced. With the end of U.S. military commitments in Iraq and the drawdown already underway in Afghanistan, the Army and Marine Corps will no longer need to be sized to support the large scale, long-term stability operations that dominated over the past decade. The enduring baseline active duty end strength levels for the Army and Marine Corps will be reduced to 490,000 and 182,100, respectively. It should also be noted that even at the new enduring strength levels, both the Army and Marine Corps remain above pre-September 11, 2011 levels.

Figure 4-2. Active Military End Strength

End Strength	FY 2001	FY 2012[1]	FY 2013[2]	FY 2017 Plan
Army	480,801	562,000	552,100	490,000
Navy	377,810	325,700	322,700	319,500
Marine Corps	172,934	202,100	197,300	182,100
Air Force	353,571	332,800	328,900	328,600
Total	**1,385,116**	**1,422,600**	**1,401,000**	**1,320,200**

[1] *Includes 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.*

[2] *The FY 2013 Army base budget funds enduring end strength of 490,000 plus 12,400 Temporary End Strength Army Medical (TEAM) associated with non-deployable Soldiers in the Integrated Disability System. Includes end strength funded in FY 2013 OCO – 49,700 Army and 15,200 Marine Corps.*

The FY 2013 budget supports the active duty end strength shown in Figure 4-2. In order to minimize impact on the operating forces, the Army base budget for FY 2013 does include an additional temporary 12,400 end strength above the enduring level of 490,000 associated with non-deployable Soldiers in the Integrated Disability System. However, end strength and funding for an additional 49,700 Army and 15,200 Marine Corps above the enduring baseline levels are included in the FY 2013 Overseas Contingency Operations (OCO) request as this additional strength is being maintained primarily to support Operation ENDURING FREEDOM.

Reserve Components

The National Guard and Reserve provide trained, ready and cost-effective forces that can be employed on a regular operational basis, while also ensuring strategic depth for large-scale contingencies or other unanticipated national crises. Reserve Component (RC) forces can:

- Provide critical capabilities for meeting national defense objectives.

- Enable mitigation of strategic risk at less cost than a large standing full-time force.

- Provide cost effective returns on significant DoD investment

- Reduce stress on the Total Force

Reserve Component units and individuals are currently heavily employed across the full spectrum of military operations – ranging from combat missions overseas to homeland emergencies – and have demonstrated their readiness and importance. The RC adds significant cost-effective value to the all-volunteer force and must continue to serve in an operational capacity – available, trained, and equipped for predictable routine deployments – as well as in a strategic capacity. This experience clearly demonstrates future benefit to our nation for RC to serve in both an operational and strategic capacity. Preventing and deterring conflict will likely necessitate the continued use of RC elements to protect and serve the Total Force.

The FY 2013 budget anticipates the Department will use the Guard and Reserve 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 2013 budget (Figure 4-3) supports 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 percent of total military end strength (Figure 4-4) at a cost of 9 percent of the total base budget. In approximate numbers, the Ready Reserve currently consists of:

- Selected Reserve: 837,400

- Individual Ready Reserve: 220,000

- Inactive National Guard: 3,700

Since the September 11th terrorist attacks, over 825,000 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 employment models, RC 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 2013 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.

Figure 4-3. Reserve Component Funding*
(Dollars in Billions)

Program (Base Budget)	FY 2012 Enacted	FY 2013 Request
Army Reserve	9.3	9.1
Navy Reserve	3.7	3.5
Marine Corps Reserve	1.1	1.0
Air Force Reserve	5.5	5.4
Army National Guard	19.3	18.3
Air National Guard	10.0	9.7
Subtotal Reserve	19.6	19.0
Subtotal National Guard	29.3	28.0
Total	**48.9**	**47.0**

Numbers may not add due to rounding

* Includes Military Personnel, Operation & Maintenance, Military Construction Appropriation levels, and estimated Procurement funding excluding National Guard and Reserve Equipment (NGRE)

Figure 4-4. Reserve Component End Strength
(End Strength in Thousands)

Selected Reserve	FY 2012 Authorized	FY 2013 Request	FY 2017 Plan
Army Reserve	205.0	205.0	205.0
Navy Reserve	66.2	62.5	57.1
Marine Corps Reserve	39.6	39.6	39.6
Air Force Reserve	71.4	70.5	69.5
Army National Guard	358.2	358.2	353.2
Air National Guard	106.7	101.6	101.2
Total	**847.1**	**837.4**	**825.6**

Numbers may not add due to rounding

Equipping and Basing Operational Reserve Forces

The FY 2013 budget requests $3 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. Fielding and 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 2013 RC budget includes $1 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

With an increase of $23.3 million in FY 2013, this budget strongly supports Family and Employer Support Programs that enhance the readiness of the Reserve Components. The Yellow Ribbon Reintegration Program (YRRP), Employer Support of the Guard and Reserve (ESGR), and Employment Initiative programs provide outreach, services, and assistance for RC Service members and their families; they are essential for our RC members, their families, and force readiness and are adequately funded.

Homeland Defense and Civil Support

The FY 2013 budget continues requisite support for the National Guard and Reserve's critical role in responding to 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, National Guard and Reserve units in every state, territory, and the District of Columbia 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 (now called Aerospace Control Alert), the Civil Support Teams (CST), the CBRN Enhanced Response Forces (CERFP), and the Homeland Response Forces (HRF).

Reasonable Reductions/Responsible Risks

In summary: this budget will retain, to the extent possible, the ability to adjust or reverse force structure and modernization changes being made today to preserve flexibility for tomorrow. The Army and Marine Corps are both working to retain a slightly more senior force by retaining mid-grade NCOs and commissioned officers even as their overall end strength decreases. They are preserving the organizational structure and training force upon which they may build if required. In this way, they will have the structure and cadre of experienced leaders necessary to build upon if we have to re-grow the force quickly.

5. SUPPORTING THE ALL-VOLUNTEER FORCE

Senior leaders in the Department of Defense place a high value on the willingness of America's military personnel to serve their country. Those leaders recognize that the military compensation system must be generous, in recognition of the demands of military service, and must always provide sufficient compensation to attract and retain qualified personnel.

Major Initiatives
• Military Compensation • Managing the Military Health System • Military Retirement Modernization Commission • Strengthening Military Families • Building and Sustaining Excellent Facilities • Supporting DoD Civilians

The Department's senior leaders also understand that changes must be made in the rate of growth of military compensation. The cost of military pay and allowances, along with those for military health care, make up about one third of the Department's budget and have growing rapidly in recent years – up almost 90 percent since FY 2001 (about 30 percent more than growth in inflation) while active duty end strength has grown by less than 3 percent. As DoD draws down the total defense budget in response to the new national security strategy and the nation's economic crisis, the drawdown must include changes in compensation lest the cuts fall disproportionately on forces, training, and modernization -- which could undermine the new security strategy.

With these key factors in mind, the Secretary of Defense worked closely with civilian and military leaders to review military pay and allowances and health care. That review concluded that savings realized from pay changes should be disproportionately small compared to those for other budget categories. The final budget proposals achieved less than one ninth of required budget savings from pay, allowances, and health care even though these categories make up about one third of the defense budget. Senior leaders directed that changes in pay must be fair and transparent. The changes had to be simple and easy to explain. Finally, senior leaders dictated that no one's pay would be cut, though growth in pay would be slowed.

MILITARY COMPENSATION

The Department reviewed military pay and allowances. For the next couple of years, increases in pays and allowances will keep pace with expected increases in private-sector compensation. In the longer run, basic pay raises will be held down in an effort to slow the growth in compensation costs. More specifically,

- For basic pay, the Department proposes an increase of 1.7 percent beginning January 2013, a raise that matches the increase in the Employment Cost Index (ECI). The planned raise for FY 2014 is also expected to match the ECI increases. However, in an effort to control costs, raises beyond FY 2014 will be lower. Lower raises are delayed to give time for military personnel to accommodate these changes.

- For the basic allowance for housing (BAH) and basic allowance for subsistence (BAS), the FY 2013 budget request includes a 4.2 percent average rate increase in BAH and a 3.4 percent increase in BAS effective January 1, 2013. However, the actual increases will be based on a "by location" housing market analysis conducted for the Department of Defense and a food cost index prepared by the Department of Agriculture, both of which are measured much closer to the effective date to ensure they best capture the actual cost impact on the service member.

MANAGING THE MILITARY HEALTH SYSTEM

The FY 2013 budget includes $48.7 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.

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 2013 request of $48.7 billion, which includes $1.8 billion in estimated savings associated with several TRICARE benefit cost sharing proposals.

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

Figure 5-1. Military Health Care Costs[1]
(Dollars in Billions)

Program	FY 2012 Enacted	FY 2013 Request
Defense Health (DHP)	32.5	32.5
Military Personnel[2]	8.5	8.5
Military Construction[2]	1.1	1.0
Health Care Accrual[3]	10.7	6.7
Unified Medical Budget	**52.8**	**48.7**
Treasury Receipts for Current Medicare-Eligible Retirees[4]	*9.4*	*9.7*

[1] *Excludes OCO funds and other transfers. FY 2013 DHP and Health Care Accrual amounts include estimated savings from TRICARE benefit proposals of $452 million and $1,344 million, respectively.*

[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 2.2 million Medicare-eligible retirees and their family members. FY 2013 assumes $388 million in mandatory savings for TRICARE benefit proposals.*

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. 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. The centerpiece of the MHS strategy is the Quadruple Aim:

The MHS Quadruple Aim:

- **Readiness:** Ensuring that the total military force is medically ready to deploy and that the medical force is ready to deliver health care anytime, anywhere in support of the full range of military operations, including humanitarian missions.

- **Population Health:** Reducing the generators of ill health encouraging healthy behaviors and decreasing the likelihood of illness through focused prevention and the development of increased resilience.

- **Experience of Care:** Providing a care experience that is patient and family centered, compassionate, convenient, equitable, safe, and always of the highest quality.

- **Responsibly Managing the Total Cost of Health Care:** Creating value by focusing on quality, eliminating waste, and reducing un-warranted variation; considering the total cost of care over time, not just the cost of an individual health care activity.

Several initiatives support the Quadruple Aim. These include the expansion of Patient Centered Medical Home, moving from Healthcare to Health with particular focus on tobacco use and obesity, and emphasis on Patient Safety.

However, these efforts alone will not control the large increases in health care costs. In 1996, when TRICARE was fully implemented, a working age retiree's family of 3 who used civilian care contributed on average roughly 27 percent of the total cost of its health care. Today that percentage has dropped to only 11 percent. While health care costs have doubled or tripled over this time frame, a family's out of pocket expenses, including enrollment fees, deductibles and cost shares, has only grown by 20 percent – 30 percent.

With this in mind, in FY 2012, the Department proposed to implement a modest increase to TRICARE Prime enrollment fees for working age retirees and make 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.

In FY 2013, the Department is seeking further changes phased over several years: (details are provided in Figure 5-2):

- Increase TRICARE Prime enrollment fee, institute an enrollment fee for TRICARE Standard/Extra, and increase Standard/Extra deductibles. It also adjusts the catastrophic cap to exclude enrollment fees. These changes will affect only retirees.
- Increase co-pays for pharmaceuticals (excludes active duty service members).
- Implement an enrollment fee for TRICARE-for-Life (TFL).
- Phase in fee changes over several years.
- Index fees/deductibles/Rx co-pays/catastrophic cap to reflect the growth in national health care costs.
- Exclude survivors of military members who died on active duty and medically retired members from any fee increases.

Despite these changes, DoD will continue to offer the most comprehensive health benefit, at lower cost to those it serves than most health plans in the nation – and deservedly so. Even after the proposed changes in TRICARE fees, the TRICARE benefit will remain one of the best medical benefits in the United States, with lower out-of-pocket costs than many other employers.

The Department will continue to invest in those programs and services critical to sustaining a strong Military Health System. These include:

- Medical readiness of the service members and military medical personnel to respond to any contingency around the globe;
- Support to wounded warriors and their families; and,
- A high quality health delivery system that offers great value, and further improves access to care and customer service for all.

Figure 5-2. TRICARE Proposals

> **TRICARE Prime for Working Age Retirees (under Age 65)**
>
> As part of the FY 2013 President's Budget, the Department will seek additional increases in the **TRICARE Prime** (Health Maintenance Organization (HMO) type plan) enrollment fees in order to bring the beneficiary cost share closer to the original levels mandated by Congress when the program was established. These increases will be phased-in over a 4-year period and will be tiered based on the amount of the beneficiary's military retirement pay. Table 1 displays the proposed fees by fiscal year for the three tiers of retired pay. After FY 2016, the enrollment fees will be indexed to increases in National Health Expenditures (NHE). The retired pay tiers will also be indexed to ensure beneficiaries are not pushed into a higher tier as a result of annual cost-of-living (COLA) increases. The construct and tiering are generally based on recommendations of the 2007 *Task Force on the Future of Military Health Care*.

Table 1 – TRICARE Prime Annual Family Enrollment Fees (Individual Fees = 50%)

Retired Pay	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016*	FY 2017
Tier 1: $0 – $22,589	$460/$520	$600	$680	$760	$850	$893
Tier 2: $22,590 – $45,178	$460/$520	$720	$920	$1,185	$1,450	$1,523
Tier 3: $45,179 & above	$460/$520	$820	$1,120	$1,535	$1,950	$2,048

* Indexed to medical inflation (National Health Expenditures) after FY 2016

TRICARE Standard and Extra for Working Age Retirees (under Age 65)

The **TRICARE Standard and Extra** (fee-for-service type) benefit programs currently have no enrollment fees and modest annual deductibles of $150 per individual and $300 per family. For FY 2013, the Department proposal will seek to implement an annual enrollment fee and increase deductibles. These increases displayed in Table 2 will be phased-in over a 5 year period and will then be indexed to increases in NHE.

Table 2 – TRICARE Standard/Extra Fees/Deductibles

Annual Enrollment Fees	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017*
Individual	$0	$70	$85	$100	$115	$130
Family	$0	$140	$170	$200	$230	$250
Annual Deductibles						
Individual	$150	$160	$200	$230	$260	$290
Family	$300	$320	$400	$460	$520	$580

* Indexed to medical inflation (National Health Expenditures) after FY 2017

TRICARE-for-Life Benefit (TFL) Benefit Program for Retirees age 65 and Older

Like almost all Americans, upon reaching age 65, TRICARE beneficiaries must enroll in Medicare and begin paying Medicare Part B (outpatient care coverage) premiums. With Part B coverage, Medicare typically covers only 80 percent of normal health care costs and most people choose to be covered by "Medigap" or employer-sponsored retiree health insurance to cover the additional costs as well as providing some prescription drug coverage. Enacted in 2001, the TFL program acts as a second payer plan for TRICARE beneficiaries covering the costs not paid by Medicare. While the average "Medigap" plan with comparable coverage carried premiums $2,100 per individual in 2009, there are currently no annual fees for TFL coverage. As part of the FY 2013, President's Budget, the Department is proposing to implement modest annual fees for TFL coverage. These fees will be phased in over a 4-year period and use the same tiering based on the beneficiary's retired pay along with the same indexing and exemptions as the proposed TRICARE Prime fees. Table 3 displays the proposed TFL fees by fiscal year for the three tiers of retired pay.

Table 3 – TRICARE-for-Life Annual Enrollment Fees – Per Individual

Retired Pay	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016*	FY 2017
Tier 1: $0 – $22,589	$0	$35	$75	$115	$150	$158
Tier 2: $22,590 – $45,178	$0	$75	$150	$225	$300	$317
Tier 3: $45,179 & above	$0	$115	$225	$335	$450	$475

* Indexed to medical inflation (National Health Expenditures) after FY 2016

Pharmacy Co-Pays

This proposal will adjust pharmacy co-pay structure for retirees and active duty family members to incentivize the use of mail order and generic drugs. Prescriptions will continue to be filled at no cost to beneficiaries at Military Treatment Facilities (MTFs). No fees would continue to apply to prescriptions for active duty service members. Table 4 displays the proposed co-pays for prescriptions filled through the TRICARE retail and mail order pharmacy programs.

Table 4 – Pharmacy Co-Pays

Retail – 1 month fill	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Generic	$5	$5	$6	$7	$8	$9
Brand	$12	$26	$28	$30	$32	$34
Non-Formulary*	$25	N/A	N/A	N/A	N/A	N/A
Mail-Order – 3 month fill						
Generic	$0	$0	$0	$0	$0	$9
Brand	$9	$26	$28	$30	$32	$34
Non-Formulary	$25	$51	$54	$58	$62	$66
Military Treatment Facilities	No Change – Still $0 Co-Pay					

* Non-Formulary pharmaceuticals will have limited availability in retail pharmacies

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> **Catastrophic Cap**
>
> In order to maintain the adjusted beneficiary cost share, the annual catastrophic cap $3,000 per family will also be indexed to NHE and exclude enrollment fees.
>
> Finally, to protect the most vulnerable, these proposals exempt survivors of members who die on active duty and medically retired and their family members from these increases. However, it should be noted that even once the proposal is fully implemented, the TRICARE Prime program remains a very generous benefit with the average beneficiary cost share well below the original 27 percent of health care costs when the program was fully implemented in 1996**.**

MILITARY RETIREMENT MODERNIZATION COMMISSION

The Department does not propose any changes to the military retirement system in the President's Budget for FY 2013. However, the Department requests that Congress establish a Commission to review military retirement in the context of overall military compensation. The Commission would be charged with determining whether there are cost effective changes that should be made to the current system. The President and the Secretary of Defense strongly recommend that any recommended changes be fully grandfathered – that is, they would only apply to new recruits.

The Department requests that the Commission operate under the following procedures, similar to those that govern actions by a BRAC Commission:

- The Department would make a formal recommendation to the Commission regarding changes in military retirement;

- After considering the Department's recommendation and other inputs, the Commission would make a recommendation to the President;

- The President could request that the Commission make changes in its recommendations but could not require changes;

- The President would decide whether to forward the Commission's recommendation to Congress; and

- If forwarded, Congress would have to vote up or down on the recommendation without amendment and under expedited procedures.

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, the Vice President, and Dr. Biden.

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.

On January 24, 2011, the President announced an integrated, government-wide initiative to support military families. These commitments are concentrated on 4 areas: enhancing the well-being and psychological health of the military family, 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 2013 DoD base budget request, which funds vital family assistance for military members and their families on more than 300 installations worldwide.

The Department undertook a review to evaluate Family Program effectiveness and then reinvested resources from less effective programs into programs proven effective in meeting critical needs. The FY 2013 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 war funding decline – from the OCO budget to the base budget.

The FY 2013 base budget includes $8.5 billion (Figure 5-3) for family support programs vital to the morale and well-being of our military members and their families. Key programs include:

Figure 5-3. Military Family Support Programs
(Dollars in Billions, Base Budget only)

Program	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Child Care and Youth Programs	1.2	1.2	1.3
Morale, Welfare and Recreation	1.5	1.5	1.4
Warfighter and Family Services	1.7	1.7	1.6
Commissary	1.3	1.4	1.4
DoDEA Schools*	2.2	2.5	2.7
Military Spouse Employment	0.1	0.2	0.1
Total	**8.0**	**8.5**	**8.5**

Numbers may not add due to rounding

* FY 2013 includes funding for Local Education Schools

- ***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 2013 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.

- ***Warfighter & Family Services:*** Includes funding for Family Support Centers, Armed Forces Exchanges, and for non-medical 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 246 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 2013 budget supports the education of 61,174 students in 125 schools in 12 countries and 33,200 students in 69 schools in 7 states, Puerto Rico, and Guam

- **Local Education Schools:** The Department is requesting over $50 million in FY 2013 to address the most pressing facility needs of public schools on military installations.

- ***Spouse Employment:*** Funds tuition assistance to support military spouses' employment opportunities, to include full funding for the My Career Advancement Account (MyCAA) Program ($90 million).

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 2013 budget continues to fund critical military construction (MilCon) and family housing requirements. The FY 2013 MilCon investment is less than investments in prior years until the Department reassesses its investment strategy next year when the impacts of force structure changes on infrastructure requirements has been assessed (Figure 5-4). For FY 2013, the highlights of the current submission are:

Figure 5-4. MilCon and Family Housing
(Dollars in Billions)

Base Budget	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
MilCon (no BRAC)	12.9	11.3	9.1
BRAC	2.7	0.6	0.5
Family Housing	1.8	1.7	1.7
Subtotal	**17.4**	**13.6**	**11.2**
Rescissions to Prior Years	-0.8	-0.8	--
MilCon-VA Bill*	**16.6**	**12.8**	**11.2**

Numbers may not add due to rounding

- **Military Construction ($9.1 billion):**

  – Supports the beddown of weapons systems and provides operational and training facilities.

  – Continues to recapitalize aging facilities (worst first) and modernize DoD facilities to support U.S. military and their families, such as dependents' schools, dorms/barracks, and medical facilities.

- **Base Realignment and Closure (BRAC) ($0.5 billion):** Funds environmental and caretaker costs for properties not yet conveyed in prior-rounds and BRAC 2005. FY 2011 was the final year in which funds were budgeted for implementation of BRAC recommendations.

  – The force structure that emerges from the new defense strategy will require a properly aligned infrastructure from which to operate, deploy and train. The Budget requests the authority for DoD to commence two additional rounds of BRAC and to establish an independent Commission that will provide an objective, thorough, and non-partisan review and analysis of DoD's recommendations.

- **Family Housing ($1.7 billion):** Funds construction, improvements, operation and maintenance of government-owned family housing worldwide at the same level as enacted in FY 2012. This investment provides quality, affordable housing to U.S. military and their families. Approximately 93 percent of the domestic family housing inventory has been privatized.

SUPPORTING DoD CIVILIANS

The FY 2013 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 CY 2011 and 2012. The President proposed a pay increase of 0.5 percent for civilians in 2013.

As part of the continuing drive to reduce the "cost of doing business" by finding further efficiencies in overhead and headquarters, 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. The number of civilian full time equivalents (FTEs) in FY 2013 declines by 1 percent from 764,323 FTEs in FY 2012 to

756,356 FTEs in FY 2013. Actions may include offering early out incentives and temporary suspension of recruitment actions to allow Components and Defense Agencies to more fully assess the impact of mission set changes and the introduction of process efficiencies on their workforce composition. DoD will continue to ensure that inherently governmental functions are performed by career federal employees. DoD continues to support its civilian workforce through numerous 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.

6. OVERSEAS CONTINGENCY OPERATIONS

FY 2012 – FY 2013 SUMMARY

The FY 2013 President's budget includes $88.5 billion for overseas contingency operations (OCO) to support Operation ENDURING FREEDOM (OEF) – mostly in Afghanistan – and the reset of equipment redeploying from Iraq. The request supports our deployed troops and ensures they have everything they need to achieve their important and dangerous missions. Funding for OCO needs is reflected in Figure 6-1.

In Afghanistan, we must continue to fund activities that bring to bear the coordinated efforts of the U.S. and its allies, and that 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, the requested funding provides for equipment reset and for the DoD portion of cost for the continuation of the Office of Security Cooperation – Iraq.

Supporting our Deployed Troops
• FY 2012 – FY 2013 Summary
• Progress in Afghanistan
• Finalizing Transition in Iraq
• Overseas Contingency Operations Budget Request
• Force Level Assumptions

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

Operation	FY 2012 Enacted*	FY 2013 Request
Operation ENDURING FREEDOM (OEF)	105.5	85.6
Post-Operation NEW DAWN (OND)/Iraq Activities	9.6	2.9
Total	**115.1**	**88.5**

* FY 2012 Enacted amounts include $0.6B of rescissions

PROGRESS IN AFGHANISTAN

Our goal in Afghanistan remains to disrupt, dismantle, and defeat Al Qaeda and to prevent its return to either Afghanistan or Pakistan. The specific objectives in Afghanistan are to deny safe haven to Al Qaeda and to deny the Taliban the ability to overthrow the Afghan Government. To support these objectives, the U.S. and coalition forces will continue to degrade the Taliban insurgency in order to provide time and space to increase the capacity of the Afghan National Security Forces (ANSF) and the Afghan Government so they can assume the lead for Afghanistan's security by the end of 2014.

The FY 2013 OCO request includes the funding needed to continue the President's strategy and meet our goals in Afghanistan. Overall, DoD OCO funding requirements decrease in rough proportion to troop level reductions, as depicted in Figure 6-2.

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 continues to state that the U.S. must prevent the Taliban from turning Afghanistan back to a safe haven from which international terrorists can strike at our allies or at us.

Against a backdrop of safe havens in Pakistan, and continued challenges in Afghanistan, the U.S. 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 U.S. and the international community.

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

Trends in OCO Funding
($ in Billions)

Trends in OCO Troop Levels
(Annual Average in Thousands)

* Afghan data is for Operation ENDURING FREEDOM. Iraq data is for Operation IRAQI FREEDOM and Operation NEW DAWN , and Iraq activities.

** FY 2012 number ($115B) includes $0.6B of rescissions that were applicable to FY 2010 OCO appropriations.

*** U.S. forces deployed in Iraq only for the first quarter of FY 2012.

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The U.S. will continue to support the Afghan Government, building the capacity of the ANSF and government institutions in support of the transition process. The U.S. and international presence will continue as we gradually transition from a lead combat role to supporting the ANSF. The U.S. also assists the Government of Pakistan in defeating extremists harbored in the border regions between the two countries.

Military Achievements and Challenges

The past year has seen a general increase in the number of partnered U.S.-Afghanistan security operations as well as an increase in the number of ANSF-led operations. The overall operational effectiveness of the Afghan National Army (ANA) continues to improve. Assessments in September 2011 found that 115 of 161 ANA units in the field achieved an operational effectiveness rating of "Effective with Assistance" or higher. The Afghan National Police (ANP) has also demonstrated improvement in its ability to conduct limited, independent policing operations and to coordinate operations with other ANSF elements. Assessments as of September 2011 found that 150 of 180 ANP units achieved an operational effectiveness rating of "Effective with Assistance" or higher. The overall focus within the ANP is the transition to a community policing role, and civilian police mentors from the international community are currently partnering and mentoring the ANP to increase its focus on rule of law efforts.

The International Security Assistance Force (ISAF) is seeing clear indications that focused counterinsurgency (COIN) 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. Insurgent-generated violence remains largely localized and does not threaten all of Afghanistan. Operations conducted by the ANSF and the ISAF 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. However, the Afghan Government and the 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.

The ANSF and the ISAF main operational effort is focused on expanding security for the most threatened populations 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 the ANSF and the ISAF have been conducting COIN operations. 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. For example, Marjah District in Helmand Province was an insurgent command-and-control center, a base for improvised explosive device 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 and the ANSF operations in Regional Command-East (RC-E) are designed 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 support 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 COIN approach has successfully demonstrated how combining military and civilian resources can diminish insurgent capacity, establish security, and link the Afghan people to their government. For these reasons, along with the ANSF's increasing operational effectiveness, 10,000 U.S. troops redeployed by the end of 2011, and the remainder of the surge force, for a total of 33,000 personnel, will redeploy by the end of September 2012. Approximately 68,000 U.S. troops, however, will remain in Afghanistan following the redeployment, and the ISAF is currently developing a recommendation for future force levels. FY 2013 OCO funding is essential to finance U.S. forces' continued operations in Afghanistan and to continue developing and strengthening the ANSF.

Political and Economic Achievements and Challenges

A crucial element of U.S. 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 U.S. 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 U.S. 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 U.S., and the ISAF, together with the United Nations Mission in Afghanistan (UNAMA) and Non-Governmental Organizations (NGOs), continues 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 U.S. is also funding strategic infrastructure projects, primarily in the energy and transportation sectors, that are critical to the counterinsurgency fight. These projects, supported by the Afghanistan Infrastructure Fund, are designed to consolidate security gains, increase freedom of movement, and lay the foundation for economic development and job creation. They are focused in the districts and provinces that support the counterinsurgency effort and are complementary to national-level projects funded by the U.S. Agency for International Development. In FY 2013, the Department is requesting continued support for the Afghanistan Infrastructure Fund which will contribute to the execution of infrastructure projects in areas critical to the military campaign.

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) have been instrumental to supporting Afghan Government efforts, ensuring coordination among different contributing entities and responsiveness to the needs of the population. The PRTs will increasingly evolve to a support role as transition progresses through 2014. The Commander's Emergency Response Program (CERP) continues to be a critical tool for U.S. military commanders to support small scale projects designed to meet urgent humanitarian relief or urgent reconstruction requirements 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.

FINALIZING TRANSITION IN IRAQ

The Department's previous requests for Iraq Security Forces Funds were focused on ensuring the Iraqis' achieved the minimum essential capabilities needed to provide internal security and a foundational level of external defense by December 2011. Going forward, the Office of Security Cooperation – Iraq (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 U.S. commitment to Iraq is both strong and enduring, and continued strategic engagement is critical.

The FY 2013 funding request includes operational costs for the OSC-I and amounts for the reset of equipment redeploying from Iraq and the theater of operations.

OVERSEAS CONTINGENCY OPERATIONS BUDGET REQUEST

Funding for the challenges described in the previous pages is requested in the President's OCO budgets. Funding by functional category in the FY 2013 OCO is captured in Figure 6-3, followed by brief explanations of each of the functional categories.

Operations. This is the largest OCO functional category ($48.2 billion) 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

Figure 6-3. OCO Functional Category Breakout
(Dollars in Billions)

	FY 2012 Enacted*	FY2013 Request
Operations	60.2	48.2
Force Protection	6.5	5.1
Improvised Explosive Devices (IED) Defeat	2.4	1.7
Military Intelligence Program (MIP) *(Includes ISR)*	5.8	4.5
Afghanistan Security Forces Fund (ASFF)	11.2	5.7
Afghanistan Infrastructure Fund (AIF)*	0.4	0.4
Commander's Emergency Response Program (CERP)*	0.4	0.4
Support for Coalition Forces	2.1	2.2
Equipment Reset	13.0	9.3
Military Construction	0.3	--
Temporary End Strength	2.2	6.1
Non-DoD Classified	5.4	4.9
Non-war/Other*	5.8	--
Total	**115.7**	**88.5**
Rescissions**	-0.6	--
Total including Rescissions	**115.1**	**88.5**

*   *Reflects base budget amounts transferred by the Congress to OCO, and congressional non-war adds (e.g., $1B for domestic National Guard and Reserve Equipment).*
***Includes rescissions enacted in FY 2012 for FY 2010 OCO appropriations.*

operations; forces sustainment; and replenishment of war reserve stocks. The FY 2013 budget also includes:

- TFBSO: $179 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: $508 million for the operation of the Office of Security Cooperation – Iraq (OSC-I), which is a cornerstone for achieving the long-term U.S. goal of building partnership capacity in the Iraqi Security Forces (ISF).   The OSC-I will conduct the full range of traditional security cooperation activities such as joint exercise planning, combined arms training, conflict resolution, multilateral peace operations, senior level visits and other forms of bilateral engagement. Additionally, the OSC-I will conduct security cooperation activities in support of the ISF to include providing: Academy instructors; Ministerial and Service level advisors; logistic and operations capacity building; intelligence integration; and interagency collaboration. The OSC-I is the critical Defense component of the U.S. Mission Iraq and a foundational element of our long-term strategic partnership with Iraq.

Force Protection: The $5.1 billion request for force protection funds body armor and protective gear, protection equipment, armored vehicles, and the Mine Resistant Ambush Protected (MRAP) vehicle program, all used to protect our forces.

The Department requires additional body armor and personal protective gear for deploying forces, as well as replacement components for battle damaged items.   Other protective

equipment includes aircraft modifications, communications and electronics, rifle modifications, night vision devices, and radios.

The requested $3.1 billion for MRAP supports sustainment and vehicle upgrades for the MRAP family of vehicles. As of January 2012, there are approximately 23,000 MRAP vehicles located in theater for OEF with approximately 15,000 fielded in Afghanistan. Funding supports battle damage and repair, fleet maintenance, consumable and repairable spare parts, and contractor logistics support, and provides for leased facilities in Kuwait and Afghanistan to support operations. Survivability and mobility upgrades include independent suspension systems, seat system upgrades, spall liners, rocket propelled grenade defeat solutions, 360-degree lighting, fuel tank protection, and egress solutions.

Improvised Explosive Device (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, and activities of the Military Departments and Defense Agencies to acquire intelligence for the planning and conduct of tactical military operations by U.S. Armed Forces and our allies. Over the last five years, the DoD has made great strides toward increased Intelligence, Surveillance, and Reconnaissance (ISR) capacity in the U.S. Central Command area of operations. Although we continue to see positive results, the adversary persistently challenges the limits of new technologies, driving the need for additional ISR capabilities and capacity. The FY 2013 MIP request supports this continuously evolving need. The request includes requirements specifically identified by the ISR Task Force, under the direct oversight of the Secretary of Defense and the Under Secretary of Defense for Intelligence. Since the inception of the ISR Task Force in 2007, the Secretary and his senior leaders in the Defense Intelligence community have focused efforts to meet the most pressing requirements of our deployed forces, using the best available technologies and accelerated acquisition and fielding processes, to deliver actionable intelligence to commanders in the field and decision makers at all echelons.

Afghanistan National Security Forces: 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. At this time, the DoD projects maintaining 352,000 ANSF end-strength through October 2013.

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.

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

Coalition Support: Amounts requested 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 consumed, destroyed, or damaged due to combat operations. Major items undergoing reset include helicopters, fixed wing aircraft, trucks, other tactical vehicles, munitions, radios, and various combat support equipment. Upon returning from war zones,

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

	ANSF Fund* ($ in Billions)		ANSF Strength (in Thousands)		
	FY 2012 Enacted	**FY 2013 Request**	**Oct 2011 Actual**	**FY 2012 Goal**	**FY 2013 Goal**
Afghan National Army (ANA)	6.5	3.7	173	195	195
Afghan National Police (ANP)	4.6	2.0	139	157	157
Related Activities	<0.1	<0.1	--	--	--
Total Afghan National Security Forces	**11.2**	**5.7**	312	352	352

* Approved end-strength of 352,000.   Numbers may not add due to rounding

units restore their equipment to a condition that enables them to conduct training exercises, achieve required readiness levels, and prepare for future deployments.

Temporary End Strength: The OCO request includes about $6.1 billion for 49,700 Army and 15,200 Marine Corps active duty end strength that are above the projected end state needed by these Services (490,000 and 182,100, respectively) to support the new defense strategy. OCO funding will be used to fund end strength above this level during the transition from the current end strength (developed to fight the wars in Iraq and Afghanistan) to the new end state that supports the defense strategy.

Non-DoD Classified: Details are classified.

FORCE LEVEL BUDGET ASSUMPTIONS

Figure 6-5 displays the force levels assumed in the DoD FY 2013 OCO budget, expressed as annual average troop strength. The force levels in Afghanistan decrease toward the end of FY 2012 consistent with the President's decision to begin transition to an Afghan lead, reducing the annual average from 98,250 (original estimate in the FY 2012 President's Budget) to 89,840 to about 68,000 in-country troops in FY 2013.

Figure 6-5. U.S. Force Level Assumptions in DoD OCO Budgets
(Annual Average Troop Strength)

Force	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request
Afghanistan	98,345	*89,840	67,500
Iraq	46,568	**4,450	--
Afghanistan and Iraq	**144,913**	**94,290**	**67,500**
In-Theater Support	70,889	55,100	49,199
Subtotal OND/OEF	**215,802**	**149,390**	**116,699**
In CONUS/Other Mobilization	48,206	32,400	26,463
Total Force Levels	**264,008**	**181,790**	**143,162**

* Revised from the FY 2012 President's Budget estimate of 98,250 average annual troops In Afghanistan to reflect the President's decision to redeploy approximately 33,000 troops from Afghanistan by the summer of 2012.

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

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7. PERFORMANCE IMPROVEMENT

7.1 INTRODUCTION

This chapter fulfills the requirements of the Government Performance and Results Act of 1993 (GPRA), the GPRA Modernization Act (GPRAMA) of 2010, and Office of Management and Budget (OMB) Circular A-11 – all of which call for integration of annual performance results and goals in Congressional budget justifications. This chapter complements the appropriation-specific budget justification information that is submitted to the Congress by providing:

- A performance-focused articulation of the Defense Department's strategic goals and objectives; and

- A vehicle for communicating a limited number of DoD-wide performance improvement priorities for senior-level management focus over the current and budget year timeframe.

Section 7.2 discusses how the Department has integrated performance improvement into its overall Planning, Programming, Budgeting, and Execution System (PPBES) process.

Section 7.3 provides a summary of the Department's mission, organization, and major functions, as required by the GPRA of 1993.

Section 7.4 describes how the Department's Strategic Plan forms the basis for development of the DoD's Annual Performance Plan (APP), as required by the GPRA of 1993.

Section 7.5 provides the Department's FY 2011 Annual Performance Report (APR), as required by the GPRA of 1993.

Section 7.6 provides an update to the Department's FY 2012 Annual Performance Plan that includes five new Agency Priority Goals (APGs), as required by the GPRAMA of 2010.

Section 7.7 provides the Department's FY 2013 Annual Performance Plan, as required by the GPRA of 1993, and carries over the five new APGs from the FY 2012 Performance 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.

7.2 DOD BUDGET AND PERFORMANCE INTEGRATION

In FY 2007, the DoD Comptroller established the Performance Budget Task Force (PBTF), within the Office of the Secretary of Defense to integrate performance into the Department's Planning, Programming, Budgeting, and Execution System (PPBES) process. The PBTF includes 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 functional areas and strategic objectives, as articulated in the Department's Strategic Plan;

- Recommend annual and long-term performance goals that are ambitious, but achievable;

- Identify senior level accountability for specific performance goals;

- Validate and document performance data collection and computation methodologies;

- Analyze, assess, and report actual performance results; and

- Recommend improvements to the DoD's overall performance management process.

Ultimate responsibility for performance improvement in the Defense Department rests with the Deputy Secretary of Defense in his role as the Chief Management Officer (CMO) and as the Chief Operating Officer (COO), pursuant to the GPRAMA of 2010. The Deputy Secretary is assisted by a Deputy CMO (DCMO)/Performance Improvement Officer (PIO) and other OSD Principal Staff Assistants, who are responsible for approving performance goals and achieving performance results for their respective functional oversight areas.

DoD Planning

The Quadrennial Defense Review (QDR) Report satisfies the GPRA requirement for each federal agency to submit a strategic plan. The QDR Report forms the basis for the Department's overarching strategic goals and strategic objectives that are incorporated into DoD's Annual Performance Plans. Goals and objectives are updated, as necessary, to reflect changes to strategic direction.

Following release of each QDR Report, the PBTF analyzes and aligns each strategic objective to a DoD functionally-oriented taxonomy called Forces and Infrastructure Categories (F&IC) in order to associate DoD programs, functions, and resources to each strategic objective (Figure 7-1). The F&IC taxonomy recognizes two types of DoD organizations – forces and infrastructure. Force organizations are 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 DoD organizations are grouped into broad functional categories that are crosswalked to an overarching F&IC.

During this phase, the PBTF also works with each OSD Principal Staff Assistant to begin developing relevant performance measures that can be used to assess achievement of each DoD strategic objective, as articulated in the Department's Strategic Plan. Performance measures must be supported by accurate and reliable data and computation methodologies before they are approved.

DoD Programming and Budgeting

During the programming/budgeting phase, the PBTF works OSD Principal Staff Assistants to recommend performance goals for each objective area that are ambitious, yet achievable. DoD-wide performance goals are included 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.

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.

Figure 7-1. 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

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 senior-level forums. DoD Components are required to complete a budgetary exhibit that identifies resource offsets for each performance goal that the Component has not funded. During the budget review, 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

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 7-2. 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.

Figure 7-2. Department of Defense Performance Budget Hierarchy

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 performance goal priorities that are utilized to indicate progress toward accomplishing each DoD strategic objective.

The DoD Annual Performance Report (APR) and Annual Performance Plan (APP) are ultimately part of the Congressional budget justification, at http://comptroller.defense.gov/, that is forwarded to the President for his approval.

Figure 7-3 reflects how each strategic goal and objective and performance goal in the Department's APR and APP is constructed to reflect an affiliation to a DoD Forces and Infrastructure (F&IC) category. This is done for all strategic goals and objectives except Strategic Goal 1, which combines a number of F&ICs to reflect the DoD Overseas Contingency Operations (OCO) budget request.

Figure 7-3. DoD Performance Goal Construct

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 assesses performance results from OSD Principal Staff Assistants (PSAs) on a quarterly basis and presents these interim results to the Deputy Secretary of Defense for management decision making. 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.

Title 5, U.S.C., section 4312 and Office of Personnel Management (OPM) implementing instructions require performance evaluations for DoD's Senior Executive Service (SES) members and Senior Level/Scientific and Technical (SL/ST) professionals be based on both individual and organizational performance. OPM 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.

7.3 DOD MISSION, ORGANIZATION STRUCTURE, AND MAJOR FUNCTIONS

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
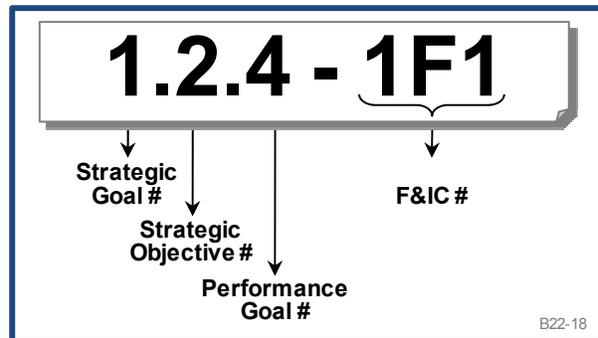
creation of America's first army in 1775, the Department and its predecessor organizations have evolved into a global presence of 3 million individuals, stationed in more than 140 countries and dedicated to defending the United States by deterring and defeating aggression and coercion in critical regions. Figure 7-4 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 Assistants (PSAs) are responsible for the formulation and oversight of defense strategy and policy. Figure 7-5 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 7-4. Department of Defense Organizational Structure
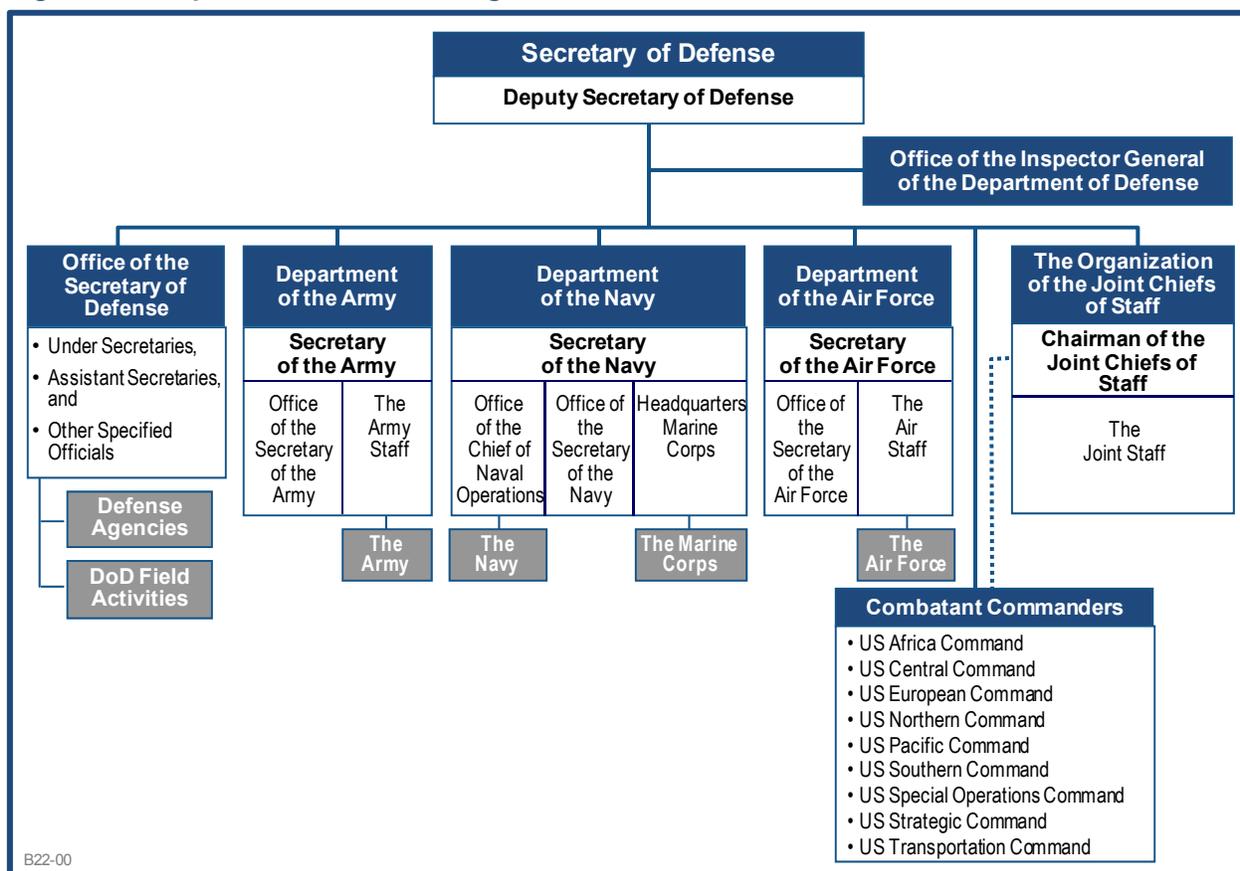
Military Departments

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 Active duty, Reserve, and National Guard 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 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 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 recognized as indispensable and integral parts of the nation's defense.

Figure 7-5. Office of the Secretary of Defense

Organization Reflects Presidentially-Appointed/Senate-Confirmed Officials plus five positions (*) who report directly to the Secretary of Defense B22-06
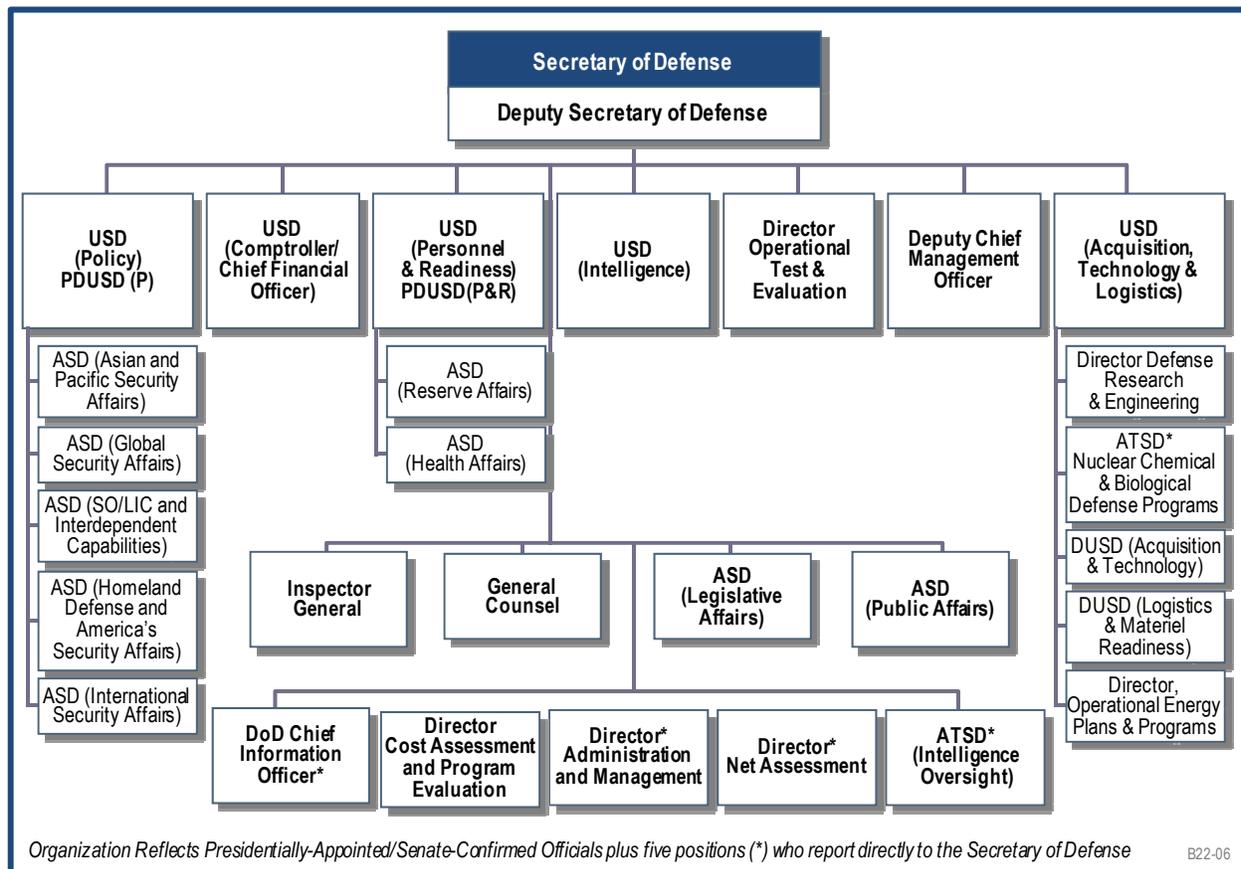
Defense Agencies

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.

Department of Defense (DoD) Field Activities

Ten DoD field activities have also evolved from functional consolidations. However, these activities perform missions typically more limited in scope than defense agencies.

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 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.

Combatant Commands

Nine Combatant Commands are responsible for conducting the Department's military operational missions around the world. Six commands (Figure 7-6) 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.

- 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.

- U.S. Africa Command (USAFRICOM) is responsible for Africa (except Egypt).

Figure 7-6. Combatant Commands Geographic and Functional Areas

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.

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

Figure 7-7. DoD Major Organizational Components

MILITARY DEPARTMENTS (3):
- Department of the Army (Army) • Department of the Air Force (AF) • Department of the Navy (Navy)/Marine Corps (MC)

DEFENSE AGENCIES (17):
- Defense Advanced Research Projects Agency (DARPA)
- Defense Commissary Agency (DeCA)
- Defense Contract Audit Agency (DCAA)
- Defense Contract Management Agency (DCMA)
- Defense Finance and Accounting Service (DFAS)
- Defense Information Systems Agency (DISA)
- Defense Intelligence Agency (DIA)
- Defense Legal Services Agency (DLSA)
- Defense Logistics Agency (DLA)
- Defense Security Cooperation Agency (DSCA)
- Defense Security Service (DSS)
- Defense Threat Reduction Agency (DTRA)
- Missile Defense Agency (MDA)
- National Geospatial-Intelligence Agency (NGA)
- National Reconnaissance Office (NRO)
- National Security Agency (NSA)
- Pentagon Force Protection Agency (PFPA)

DOD FIELD ACTIVITIES (10):
- Defense Media Activity (DMA)
- Defense Prisoner of War/Missing Personnel Office (POW/MPO)
- Defense Technical Information Center (DTIC)
- Defense Technology Security Administration (DTSA)
- DoD Education Activity (DoDEA)
- DoD Human Resources Activity (DHRA)
- DoD Test Resource Management Center (TRMC)
- Office of Economic Adjustment (OEA)
- TRICARE Management Activity (TMA)
- Washington Headquarters Services (WHS)

OTHER ORGANIZATIONS (8):
- Court of Military Appeals (CMA)
- Defense Acquisition University (DAU)
- Defense Health Program (USD(P&R)/DHP))
- DoD Inspector General (DoDIG)
- National Defense University (NDU)
- Office of the Secretary of Defense (OSD)
- Office of Test and Evaluation (OTE)
- The Joint Staff (TJS)

THE COMBATANT COMMANDS (9):
- U. S. European Command (USEUCOM)
- U. S. Central Command (USCENTCOM)
- U. S. Pacific Command (USPACOM)
- U. S. Southern Command (USSOUTHCOM)
- U. S. Northern Command (USNORTHCOM)
- U. S. Strategic Command (USSTRATCOM)
- U. S. Special Operations Command (USSOCOM)
- U. S. Transportation Command (USTRANSCOM)
- U.S. African Command (USAFRICOM)

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7.4 DOD STRATEGIC PLAN

Every four years, 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 and establish a defense program for the next 20 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 prescribed by the President. 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. Consequently, the Department's Quadrennial Defense Review (QDR) Report constitutes the DoD's strategic plan. The Secretary of Defense submits the QDR Report to the President and the Committees on Armed Services of the U.S. Senate and the U.S. House of Representatives.

In February 2010, Secretary Gates released the latest QDR Report – i.e., DoD's Strategic Plan. The 2010 QDR Report recognizes that the United States is deeply intertwined with the broader international system and is focused on protecting our people, promoting stability in key regions, providing assistance to nations in need, and promoting 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 cutting-edge 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 Defense Department needs a broad portfolio of military capabilities that remain agile, flexible, ready, innovative, and technologically-advanced.

Figure 7-8. DoD Strategic Goals

In order to help defend and advance our national interests, the 2010 QDR Report 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 Report acknowledged that the Defense Department had to implement an agenda that reforms how it does business. Consequently, these five imperatives reflect the Department's 2010 QDR strategic goals and form the basis for the DoD's Annual Performance Plans. Figure 7-8 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.

Figure 7-9 provides a summary of the Department's 20 strategic objectives, pursuant to the 2010 QDR Report. A copy of the Defense Department's Strategic Plan (i.e., 2010 QDR Report) can be found at http://www.defense.gov/qdr/.

Figure 7-9. DoD Strategic Goals and Strategic 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.

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.

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 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE.

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.

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

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

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7.5 FY 2011 DOD ANNUAL PERFORMANCE REPORT

FY 2011 DOD SUMMARY PERFORMANCE RESULTS

The Department's FY 2011 Annual Performance Report (APR) includes five overarching strategic goals, 20 broad-based strategic objectives, and 74 enterprise-level or DoD-wide performance results. It also includes, as a subset of the APR, the following eight priority goals carried over from FY 2010. Two priority goals/objectives reflect federal-wide initiatives in the areas of energy and civilian hiring. The other six goals are DoD-specific and reflect ongoing management reforms in the areas of acquisition, financial management, personnel security clearances, and other support functions.

- Provide effective business operations to Overseas Contingency Operations.

- Create the next generation of electronic record system – Virtual Lifetime Electronic Record (VLER).

- Streamline the hiring process.

- Enhance the security cooperation workforce.

- Increase energy efficiencies.

- Reform the DoD acquisition process.

- Increase the audit readiness of individual DoD components.

- Reform the DoD personnel security clearance process.

Since the publication of the FY 2011 President's Budget, four performance measures were eliminated that reduced the total number of DoD-wide performance goals assessed for FY 2011 from 80 to 76. Two goals, associated with pre-deployment training and review of personnel security investigative files, were eliminated based on data collection and computation issues. A third goal was eliminated when the Air Force established a different organizational structure for building partnership capacity. Finally, a fourth goal was eliminated for deployment of enterprise-level business services since the results were too small for statistical assessment in FY 2011.

Figure 7-10. FY 2011 DoD Summary Performance Results

80% of Performance Goals Met

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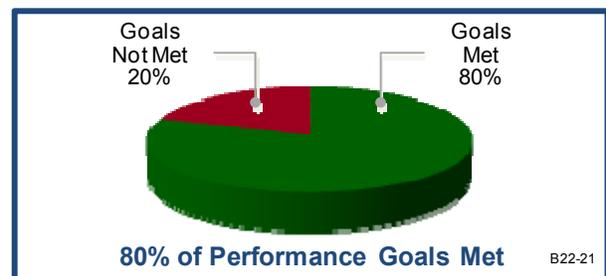
Based on the 74 DoD performance results that are assessed, 80 percent of these (59 of 74) met or exceeded their annual performance goals; 20 percent (15 of 74) did not achieve their annual goals, as depicted in Figure 7-10. Two results, focused on energy efficiency, are not available in time for inclusion in this report.

Figure 7-11. DoD FY 2011 Performance Results by Strategic Goal

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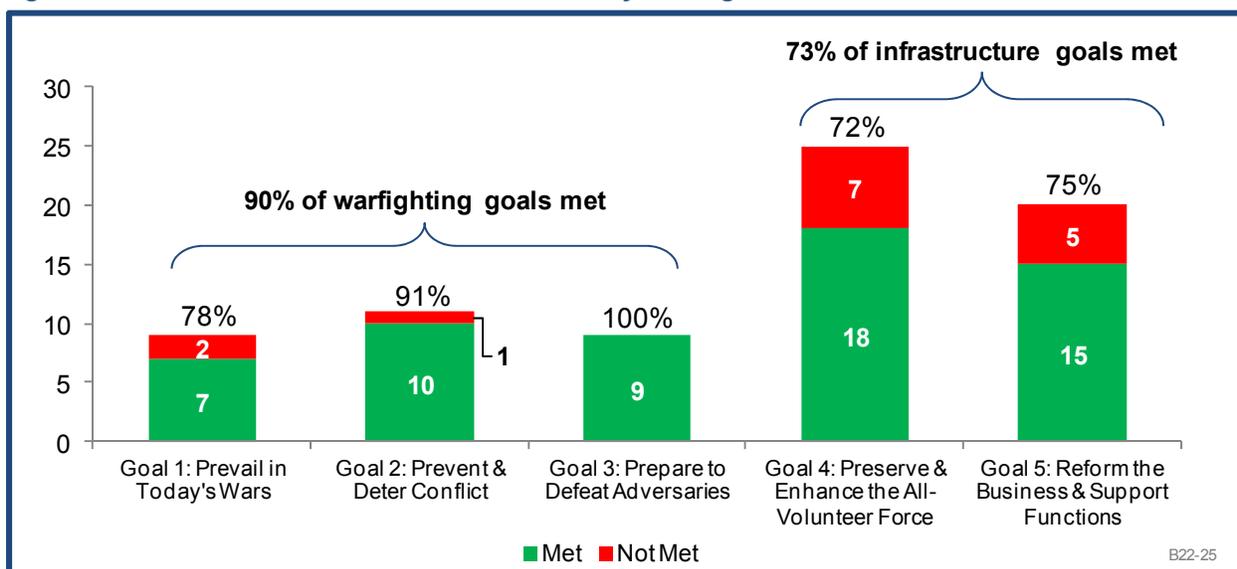
Figure 7-11 reflects FY 2011 performance results by DoD strategic goal area. The Department achieved a 90 percent (26 of 29) success rate in accomplishing its core warfighting (DoD strategic goals 1, 2, and 3) outcomes. However, less progress was made in the support establishment (DoD strategic goals 4 and 5), where the Department achieved a 73 percent (33 of 45) success rate in achieving infrastructure results.

Twenty-three percent (17 of 74) of FY 2011 performance results reflect new goals for which there are no available trend data. Based on the 57 measures that carried over from FY 2010, 7 percent of results (4 of 57) are already operating at optimum (100 percent) performance levels; 75 percent of results (43 of 57) reflect positive improvements in performance; and 9 percent of results (5 of 57) reflect stable performance trends, and 9 percent of results (5 of 57) reflect negative trends in declining performance, as depicted in Figure 7-12.

Compared to FY 2010, Figure 7-13 reflects FY 2011 performance trends by DoD strategic goal area. All 25 warfighting results (DoD strategic goals 1, 2, and 3) reflect positive improvements in performance or are already operating at optimum (100 percent) performance levels. In the infrastructure arena (DoD strategic goals 4 and 5), 69 percent of results (22 of 32) reflect positive improvements; 16 percent of results (5 of 32) reflect stable performance, and 15 percent of results (5 of 32) reflect negative trends in declining performance.

Figure 7-12. DoD FY 2011 Summary Performance Trends

The following sections provide a discussion of FY 2011 performance results, assessed by DoD strategic goal, strategic objective, and priority goal area. Exhibit A provides a summary listing of all performance results for FY 2011 by DoD strategic goal and objective.
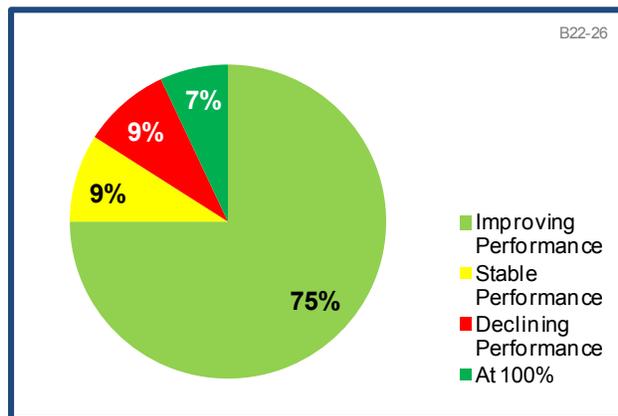
Figure 7-13. DoD FY 2011 Performance Trends by Strategic Goal
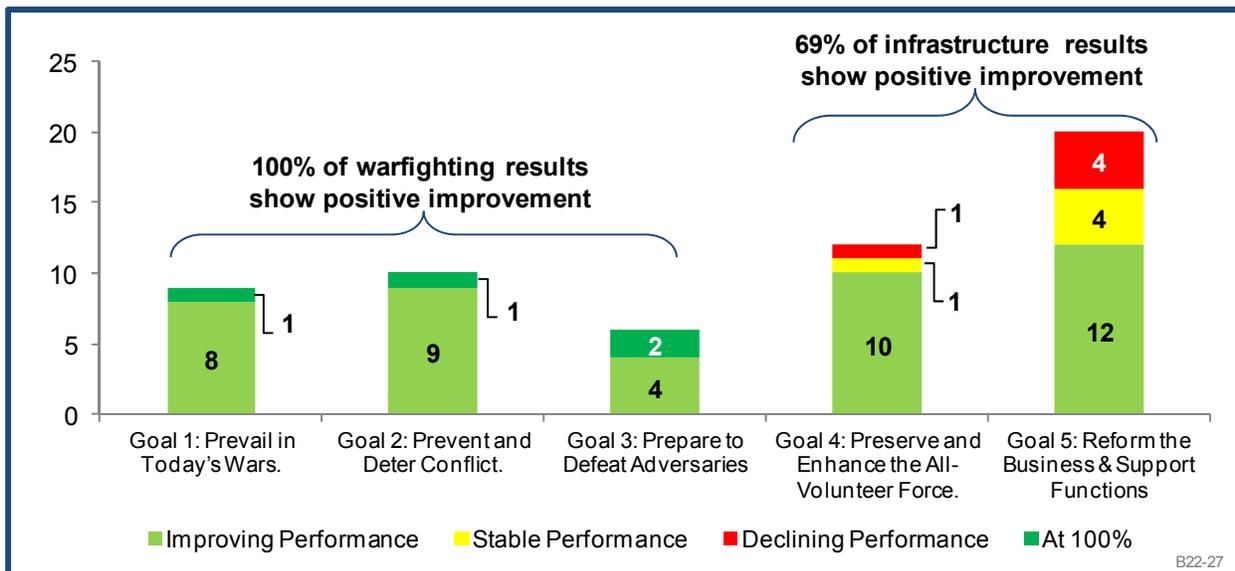
STRATEGIC GOAL 1 RESULTS: PREVAIL IN TODAYS WARS.

Strategic Goal 1 accounts for 12 percent of the Department's FY 2011 performance plan goals (9 of 76). The Department met or exceeded 78 percent (7 of 9) of performance results for Strategic Goal 1. Results, by specific performance goal and each strategic objective area, are identified at Figure 7-14 and discussed in detail below.

Figure 7-14. DoD Strategic Goal 1 Results

STRATEGIC GOAL 1: PREVAIL IN TODAY'S WARS.			
Performance Measures	**Annual Performance Goals/Results**		
	FY 2010 Results	**FY 2011 Goals**	**FY 2011 Results**
Strategic Objective 1.1-OCO: Degrade the Taliban to levels manageable by the Afghan National Security Force (ANSF), while increasing the size and capability of the ANSF. *Priority Goal: Provide effective business operations and ensure logistics support to overseas operations.*			
1.1.1-OCO: Cumulative number of Afghan National Army (ANA) end strength	144,000	171,600	**170,781**
1.1.2-OCO: Cumulative number of Afghan National Police (ANP) end strength	115,000	134,000	**136,122**
1.1.3-OCO: Percent of the Combatant Commanders' (CoComs) current operations which they report ready to execute	100%	100%	**100%**
*1.1.4-OCO: Percent assigned of required Contracting Officer Representatives (CORs) supporting Afghan contingency operations	87%	85%	**87.8%**
*1.1.5-OCO: Percent of in-theater Army central disbursements, using cash (U.S. dollars)	2.6%	2%	**0.9%**
*1.1.5-OCO: Percent of contract actions tied to entitlements and disbursements in the systems of record	44.7%	95%	**94%**
Strategic Objective 1. 2-OCO: Execute a responsible drawdown of the U.S. military presence in Iraq.			
1.2.1-OCO: Cumulative number of U.S. military troops in Iraq	48,770	50,000	**39,000**
1.2.2-OCO: Cumulative number of rolling stock in Iraq supporting U.S. military troops	16,500	16,500	**11,485**
1.2.3-OCO: Cumulative number of U.S. military installations in Iraq supporting U.S. military troops	88	95	**17**
	Met or Exceeded	**Did Not Meet**	**Total**
GOAL 1 – PREVAIL IN TODAY'S WARS.	**7** | **78%**	**2** | **22%**	**9** | **100%**
*Reflects FY 2010-2011 priority goal.			

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

The Department has increased the size and improved the capability of Afghan forces, and has begun the process of transferring responsibility of security to a capable Afghan partner. There has been a successful transition of three provinces and four municipalities to the ANSF security lead in the first of several areas of transition. In FY 2011, the Department fell slightly short in achieving the ANA end strength goal, but exceeded the combined goal for increasing the ANSF by over 1,300 strength. As the ANSF develops, the Department has worked with other U.S government agencies to lay the groundwork for their sustainable future with a reduced U.S. presence. ANSF sustainability has been improving because of the Department's ongoing, successful professional training from the ministerial level down to the individual soldier and policeman. We have worked to develop institutional professionalism and individual Afghan capacity across a broad range of functions within the force, including operations; leadership

development and accountability; literacy; gender integration programs; transparency; development of an Afghan instructor corps; and a host of others. Our literacy training program has just reached a milestone in that the one-hundred thousandth ANSF soldier has successfully completed a literacy course. We train the Afghans in formal classroom environments and partner closely with the ANSF in the field and at headquarters levels. As ANSF capabilities grow, they will correspondingly take more of the security lead.

The ability to successfully execute current operations is a core competency of the Department. For FY 2011, 100 percent of Combatant Commanders reported that they met their readiness goals in terms of current operations. At the same time, the Department improved its contract and financial management support in theater by exceeding its personnel fill rate goals for Contracting Officer Representatives (CORs) who provide contract oversight to deployed commanders and fielded forces.

*** Priority Goal Results: Provide effective business operations to Overseas Contingency Operations.**

The percentage of Contracting Officer Representatives (CORs) in Afghanistan has consistently surpassed the established fill rate goal of 85 percent. In addition, the Department's financial management community made significant progress in linking contracts to entitlement and disbursement actions, and reducing the percent of in-theater disbursement using U.S dollars. The "Cash off the Battlefield" initiative was required to reduce costs, deprive the enemy of U.S. dollars, and improve usage of electronic commerce, while improving internal controls. Providing an electronic interface among contracts, invoices, and receiving reports defines the strategic relationship between contracting and accounting functions, and ensures vendor payments are made within the timeframes allotted by the Prompt Payment Act. This interface demonstrates the success of the DoD procure-to-pay business systems in supporting the needs of a combatant command operating in a contingency environment. Flexible, robust, and deployable business systems are critical to ensure that DoD warfighters receive maximum acquisition support, while maintaining full financial responsibility and accountability to the U.S. taxpayer. While the final result (94 percent) fell slightly below the goal (95 percent), the additional workload required to research and load missing contract action data for older contracts was disproportionate to the benefits gained.

> **Strategic Objective 1.2.OCO: Execute a responsible drawdown of the U.S. military presence in Iraq.**

By the third quarter of FY 2011, the Department had already exceeded its drawdown goals in terms of reducing its military presence in Iraq. United States Forces-Iraq (USF-I) will continue the implementation of the Operations Plan (OPLAN) 1101, which directs the drawdown of U.S. forces in accordance with the United States-Iraq Security Agreement. The Department will continue the drawdown in a manner that protects our military forces and civilians, exercises good stewardship of the resources provided to us, and does not jeopardize the readiness of our military. Our goal is to leave a stable, secure, sovereign and self-reliant Iraq as a long-term strategic partner to the United States.

The drawdown from Iraq is a complex operation of significant magnitude. Much remains to be done to enable the Iraqi forces to assume full responsibility by December 31, 2011. The strategies require compliance with OPLAN 1101 and associated drawdown fragmentary orders. USF-I has issued coordinated plans for the execution of the drawdown, created organizations to oversee, synchronize, and ensure unity of effort during the drawdown, and established goals and metrics for measuring progress.

STRATEGIC GOAL 2 RESULTS: PREVENT AND DETER CONFLICT.

Strategic Goal 2 accounts for 14 percent of the Department's FY 2011 performance goals (11 of 76). The Department met or exceeded 91 percent (10 of 11) of performance results for Strategic Goal 2. Results, by specific performance goal and each strategic objective area, are identified at Figure 7-15 and discussed in detail below.

Figure 7-15. DoD Strategic Goal 2 Results

STRATEGIC GOAL 2: PREVENT AND DETER CONFLICT.			
Performance Measures	**Annual Performance Goals/Results**		
	FY 2010 Results	**FY 2011 Goals**	**FY 2011 Results**
Strategic Objective 2. 1-12A: 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.			
2.1.1-1F1: Percent of DoD Combatant Commanders (CoComs) that are ready to execute their Core or Theater Campaign Plan mission	100%	100%	100%
2.1.2-1F1: Percent of DoD Combatant Commanders' (CoComs) Contingency Plans which they report ready to execute	82.1%	80%	85%
2.1.3-1F1: Cumulative percent increase in DoD Special Forces and Navy Sea, Air, and Land (SEAL) personnel achieved	27%	28%	35%
2.1.4-1F1: Cumulative number of Army brigades converted to a modular design and available to meet military operational demands	56	66	71
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	202	225	225
2.1.6-1F1: Cumulative percent of unit initiatives completed to balance three Marine Corps Expeditionary Forces (MEFs)	84%	92%	95%
2.1.7-1F1: Cumulative number of ships in the fleet	287	284	284
Strategic Objective 2. 2-1F2A: Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners.			
2.2.1-1F2A: Number of formal DoD-led meetings with international partners to reaffirm U.S. commitments to extended deterrence	Non-applicable	6	11
2.2.2-1F2A: Passing percentage rate for Defense Nuclear Surety Inspections (DNSIs)	73%	100%	85.7%
Strategic Objective 2. 3-1F3: Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.			
2.3.1-1F3: Cumulative number of Aegis Ballistic Missile Defense (BMD)-capable ships	21	23	23
Strategic Objective 2. 4-1X2: Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.			
2.4.1-1X2: Cumulative number of Predator (MQ-1) and Reaper (MQ-9) aircraft intelligence, surveillance, and Reconnaissance (ISR) orbits	45	50	59
	Met or Exceeded	**Did Not Meet**	**Total**
GOAL 2 – PREVENT AND DETER CONFLICT.	10 — 91%	1 — 9%	11 — 100%

> **Strategic Objective 2.1.1F1: Extend a global posture to prevail across all domains by increasing capacity in general purpose forces and enhancing stability operations and foreign security force competency.**

The U.S. military must be prepared to support broad national goals. This will require integrated use of diplomacy and defense, along with intelligence, law enforcement, and economic tools of statecraft to maintain and promote stability. In FY 2011, the Department continued to balance its armed forces between current conflicts and future contingencies. Throughout FY 2011, all

Combatant Commanders met their Theater Campaign Plan readiness goals. The Department continued the Army conversion to modular brigades and met its Navy fleet goal. In addition, the Department exceeded planned force structure increases to Special Forces and SEAL capabilities and actions to balance Marine Corps Expeditionary Forces.

The Department will adopt an approach that leverages existing alliances to create conditions that advance common interests. The Department will continue to meet force structure requirements to support current operations and core or Theater Campaign and Contingency Plans, while sustaining our critical industrial capacity.

> **Strategic Objective 2.2.1F2A: Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners.**

As part of the Nuclear Posture Review (NPR) report implementation, the United States has increased opportunities to engage allies in discussion and collaboration on strategic issues related to extended deterrence. The number of formal official meetings almost doubled from the FY 2011 planned projection and additional meetings are in development.

The Department's nuclear arsenal continues to be safe, secure, and effective. However, the result assessed (percentage passing rate of first-time Defense Nuclear Surety Inspections) is a poor indicator of this. Maintaining a 100 percent passing rate on first-time DNSIs may appear to be a good standard, but it could generate unrealistic expectations and a potential "zero tolerance" culture that is neither sustainable nor appropriate for achieving long-term excellence in the nuclear enterprise. Over the past fiscal year, the Defense Threat Reduction Agency (DTRA) and Service inspection teams assessed that nuclear weapons in DoD custody are safe, secure, and reliable. The inspection team's assessment indicates there are infrequent instances when units fail to perform their nuclear surety mission in a satisfactory manner. Based on subsequent re-inspections, DTRA also concludes that the actions taken to correct underlying problems of units rated unsatisfactory have been effective. While the DoD did not achieve its Defense Nuclear Surety Inspection (DNSI) goal, first-time passing rates have consistently improved over the last three years, indicating sustained Services' excellence and senior leadership focus on the nuclear enterprise.

> **Strategic Objective 2.3.1F3: Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.**

The Department met its goal of strengthening missile defense cooperation with allies and partners by deploying more Ballistic Missile Defense (BMD)-capable ships. In addition, the Department continues to pursue productive cooperative relationships with a number of allies and partners in key regions. The cooperation is taking several forms, such as hosting missile defense assets, acquiring U.S.-made missile defense capabilities, and supporting U.S.-led initiatives in international forums. The North Atlantic Treaty Organization (NATO) announced in November 2010 that it plans to pursue a missile defense capability. Our allies and partners increasingly view missile defense as a valuable capability to counter the proliferation of ballistic missiles, and they are working with the United States bilaterally and multilaterally to enhance their ballistic missile defenses.

The Department will work within budgetary limitations to develop and field robust, pragmatic, and cost-effective missile defense capabilities. We will evaluate the scope and nature of the reductions, if any, and decide where reductions and efficiencies can be taken without diminishing the level of protection provided to the warfighters.

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> **Strategic Objective 2.4.1X2: Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.**

For FY 2011, the DoD exceeded its annual goal in the number of Predator (MQ-1) and Reaper (MQ-9) ISR Combat Air Patrols (CAPs) by approximately 18 percent. Predator and Reaper CAPs directly affect the ability of our warfighters to Find-Fix-Engage the enemy in both Afghanistan and Iraq. Increasing the number of CAPs expands the capability of General Purpose and Special Operations forces to more effectively carry out their missions.

The DoD exceeded the ISR goal, due to three Secretary of Defense-directed surges. These surges were enabled by additional Air Force Reserve and National Guard activation along with the shifting of active duty forces from training to combat operations. The key challenge associated with fielding and maintaining Unmanned Aerial System Combat Air Patrols/orbits is training throughput. However, for FY 2012 the Air Force will continue to leverage Total Force solutions to begin to reconstitute the MQ-1 and MQ-9 weapon systems.

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

Strategic Goal 3 accounts for 12 percent of the Department's FY 2011 performance goals (9 of 76). The Department met or exceeded 100 percent (9 of 9) of performance results for Strategic Goal 3. Results, by specific performance goal and each strategic objective area, are identified at Figure 7-16 and discussed in detail below.

Figure 7-16. DoD Strategic Goal 3 Results

STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES.			
Performance Measures	**Annual Performance Goals/Results**		
	FY 2010 Results	**FY 2011 Goals**	**FY 2011 Results**
Strategic Objective 3.1F2: Improve the responsiveness and flexibility of consequence management response forces.			
3.1.1-1F2: Cumulative number of Homeland Response Forces (HRFs) trained, equipped, evaluated, and validated at a reduced response time of 6 – 12 hours.	Non-applicable	2	2
3.1.2-1F2: 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 o f 6-12 hours	Non-applicable	2	17
Strategic Objective 3.2-1F2C: Enhance capacity to locate, secure, or neutralize weapons of mass destruction, key materials, and related facilities			
3.2.1-1F2C: Cumulative percent of treaty-declared category 1 chemical weapons destroyed	79.8%	88.3%	89.1%
3.2.2-1F2C: Cumulative number of zonal diagnostic labs built and equipped for biological agent detection and response	20	37	37
Strategic Objective 3.3-1F2C: Enhance U.S. capabilities to train, advise, and assist foreign security forces and their sustaining institutions to operate with or in lieu of U.S. forces.			
3.3.1-1F2C: Percent of Munitions and Dual-Use License applications adjudicated back to State and Commerce Departments within statutory timelines	99%	100%	100%
Strategic Objective 3.4-1X1: Expand capacity to succeed against adversary states armed with anti-access capabilities and/or nuclear weapons and improve capabilities to conduct effective operations in cyberspace and space.			
3.4.1-1X1: Number of operational availability gaps in protected MILSATCOM mission area (space segment)	0	0	0

STRATEGIC GOAL 3: PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES.					
Performance Measures	**Annual Performance Goals/Results**				
	FY 2010 Results		**FY 2011 Goals**	**FY 2011 Results**	
3.4.2-1X1: Number of operational availability gaps in narrowband MILSATCOM mission area (space segment)	0		0	0	
3.4.3-1X1: Percent of DoD's nuclear command, control, and communications (NC2) cryptographic modernization plan completed	Non-applicable		8%	12%	
Strategic Objective 3.5-2D: Maintain a strong technical foundation within the Department's Science and Technology (S&T) program.					
3.5.1-2D : Percent of completing demonstration programs transitioning each year	61.5%		30%	83%	
	Met or Exceeded		**Did Not Meet**	**Total**	
GOAL 3 – PREPARE TO DEFEAT ADVERSARIES AND SUCCEED IN A WIDE RANGE OF CONTINGENCIES.	9	100%	0	0%	9	100%

Strategic Objective 3.1.1F2B: Improve the responsiveness and flexibility of consequence management response forces.

The 2010 QDR Report calls for improving the responsiveness of consequence management response forces. For the first time, the Department was called upon to deploy consequence management forces to support Japan, a vital ally, following the damage to the Fukushima Nuclear Power Plant Complex. This deployment highlighted numerous areas for continued improvement in responsiveness and integration into a Whole of Government response effort.

The Department's efforts related to CBRN response are highly dependent on the current excellent partnership with other Federal departments and agencies, particularly the Department of Homeland Security and the states that host the HRFs.

Strategic Objective 3.2.1F2C: Enhance capacity to locate, secure, or neutralize weapons of mass destruction (WMD), key materials, and related facilities.

During 2011, the Department directed that the Commander of the Strategic Command (USSTRATCOM) establish a Standing Joint Force Headquarters for the Elimination of WMD (SJFHQ-E), capable of deploying and providing operational command and control of specialized forces. Continued fielding of the STRYKER Nuclear, Biological, and Chemical Reconnaissance Vehicle (NBCRV), along with bilateral exercises with the Republic of Korea and multilateral exercises with Canada, Australia, and the United Kingdom, have improved the Department's ability to locate and characterize WMD programs. Additionally, updates to contingency planning have improved the abilities of Geographic Combatant Commands (GCCs) to plan for the full range of counter WMD (CWMD) missions.

Establishment of fully functioning and integrated labs is dependent upon our partnership with both the host nation and the construction teams. The upgrades at Ukraine's (Ministry of Health) Dnepropetrovsk, Zakarpatia, and Lviv Oblast Biosafety Level-2 Diagnostic Laboratories were somewhat delayed due to a partial Stop Work Order that changed the concept of operations to a more regionally-focused approach. This new regional approach was agreed to by both the DoD and the Government of Ukraine, and will result in a more effective surveillance network.

Strategic Objective 3.3.1F2C: Enhance U.S. capabilities to train, advise, and assist foreign security forces and their sustaining institutions to operate with or in lieu of U.S. forces.

In FY 2011, the Department met its statutory timelines for adjudicating 100 percent of its munitions and dual-use licenses back to the Departments of State and Commerce and continued to move forward on export control reform. Moreover, the DoD has also made additional investments in institutionalizing capabilities to conduct security force assistance. All of the Military Services have increased the number of train-the-trainer personnel and improved the language, regional expertise, and cultural awareness training that these personnel receive prior to deployment. The U.S. Army and Air Force have made sizable investments in force structure to support this mission area with the 162nd Infantry Training Brigade and the Mobility Support Advisory Squadrons. In addition, the Department has steadily increased its non-standard rotary wing capability in support of Afghanistan through increases in the United States Special Operations Command's (USSOCOM) capabilities.

Funding for the Department's expanded train, advise, and assist capabilities has predominantly been from Overseas Contingency Operations (OCO) accounts in support of combat operations in Iraq and Afghanistan. As the forces and funding levels draw down for these two contingency areas, there will be less resource flexibility for expanded investment in this mission area. The Department has been less successful in increasing investments in capabilities to train and advise partner nations on non-standard fixed wing aircraft due to budget constraints. Defense Institution Building (DIB) objectives will require additional training and personnel investment to meet the Department's objectives.

> **Strategic Objective 3.4.1X1:** Expand capacity to succeed against adversary states armed with advanced anti-access capabilities and/or nuclear weapons and improve capabilities to conduct effective operations in cyberspace and space.

The Department achieved all three of its performance goals in the area of cyberspace and space operations. No operational availability gaps were detected in the space segments of military satellite communications. In addition, the Department is on track to complete execution of its cryptographic modernization plan for nuclear command, control, and communications by FY 2016.

Improving the Department's ability to attribute nuclear threats to their source can help deter aggressors from considering the use of nuclear weapons. Additional resources are required to enhance the Department's air and ground sample collection mission and to augment current laboratory assessment capabilities. Research is underway to identify new means by which we can more quickly complete reliable technical nuclear forensics assessments.

> **Strategic Objective 3.5.2D:** Maintain a strong technical foundation within the Department's Science and Technology (S&T) program.

The Department's Strategic Plan calls for maintaining the Department's technological edge via its science and technology (S&T) investments. The Department was tremendously successful in FY 2011 by transitioning 83 percent of its S&T demonstration projects into warfighter applications. Of particular note, are the following projects:

Enhanced Mortar Target Acquisition System (EMTAS) – This project provides a rapid, more accurate capability to provide indirect fire onto targets, reducing time to engagement, collateral damage, and risk to U.S. operating forces at Forward Operating Bases (FOBs). Ten EMTAS units have been delivered, are in use in Afghanistan, and are providing excellent results.

Long Range Facial Recognition for Forward Operating Base Deployments – This $940,000 investment provides facial recognition capability, out to 100 meters in day or night, that is compared to a watch list of suspect individuals along the perimeter of a FOB. A

notification is provided to security personnel when a possible watch list match occurs. The Marine Corps is identifying five FOBs in Afghanistan for operational evaluation in FY 2012.

M1A1 Crew Cooling System – This project provides cooling systems for USMC M1A1 Main Battle Tanks in Iraq and Afghanistan, where inside temperatures may exceed 140°F, significantly degrading the cognitive and physical abilities of crewmembers. Internal Microclimate Cooling Units (MCUs) provide a combination of condensed air with liquid cooling garments that the crew wears, augmented by external solar shields for thermal reduction. After operational testing, the USMC procured 164 MCUs and 505 solar shields in FY 2011, with additional procurements planned for FY 2012 and 2013. With a combined cost avoidance of $18 million, this project will yield an overall return on investment of 15 to 1.

Joint Recovery and Distribution System (JRADS) – This project was initiated to address gaps in cargo shipments and transfers of tactical wheeled vehicles and light-to-medium-weight rotary wing aircraft to and from hostile, forward areas. JRADS demonstrated a unique heavy equipment recovery trailer system to support 24-hour, fort-to-fighter, precision logistics delivery distribution system for sustaining combat power. In January 2011, the JRADS operationally demonstrated three 40-ton Recovery Trailer Systems in Afghanistan. The JRADS trailers demonstrated faster recovery of heavy equipment and vehicles, reduced the DoD's material handling footprint, and sped up the defense supply chain. These three trailers have been refurbished and returned to Afghanistan for continued use. Urgent needs requests for 124 of these systems for the Army and the Marine Corps is under coordination.

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

Strategic Goal 4 accounts for 33 percent of the Department's FY 2011 performance goals (25 of 76). The Department met or exceeded 72 percent (18 of 25) of performance results for Strategic Goal 4. Results, by specific performance goal and each strategic objective area, are identified at Figure 7-17 and discussed in detail below.

Figure 7-17. DoD Strategic Goal 4 Results

STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE.			
Performance Measures	**Annual Performance Goals/Results**		
	FY 2010 Results	**FY 2011 Goals**	**FY 2011 Results**
Strategic Objective 4.1-2M: Provide top-quality physical and psychological care to wounded warriors, while reducing growth in overall healthcare costs. *Priority Goal: Create the next generation of electronic record system – Virtual Lifetime Electronic Record (VLER)*			
4.1.1-2M: Average percent variance in Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase	-1%	0%	**1.4%**
4.1.2-2M: Percent of military members, in the fourth quarter, participating in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating	44%	100%	**100%**
*4.1.3-2M: Cumulative number of DoD sites with Virtual Lifetime Electronic Record (VLER) production capability	Non-applicable	3	**6**
4.1.4-2M: Percentage of Armed Forces who meet Individual Medical Readiness (IMR) requirements	74%	80%	**78%**
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 Reassessment (PDHRAs) documented by qualified professional	Not available	68%	**86%**

STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE.			
Performance Measures	**Annual Performance Goals/Results**		
	FY 2010 Results	**FY 2011 Goals**	**FY 2011 Results**
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 Reassessment (PDHRAs) documented by qualified professional	Not available	68%	**86%**
Strategic Objective 4.2-2P: Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component. *Priority Goal: Streamline the hiring process.*			
4.2.1-2P: Percent variance in Active component end strength	0.4%	3%	**-0.5%**
4.2.2-2P: Percent variance in Reserve component end strength	0.6%	3%	**0.2%**
4.2.3-2P: Number of soldiers under stop loss	3,198	0	**0**
*4.2.5-2P: Number of days for external civilian hiring (end-to-end timeline)	116	101	**104**
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	Not available	75%	**85.7%**
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	Not available	95%	**95.6%**
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	Not available	94%	**94%**
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	Not available	95%	**97.3%**
4.2.10-2P: Percentage of Reserve Component (RC) Service members mobilized in the evaluation period that have dwell ratios greater than or equal to 1:5	Not available	60%	**71.8%**
Strategic Objective 4.3-2R: Better prepare and support families during the stress of multiple deployments.			
4.3.1-2R: Percent of worldwide government-owned Family Housing inventory at good or fair (Q1- Q2) condition	Not available	81%	**80%**
4.3.2-2R: Percent of the inventory for government-owned permanent party unaccompanied housing in the United States at good or fair (Q1 – Q2) condition	Not available	89%	**85%**
4.3.3-2R: Percent of the inventory for government-owned permanent party unaccompanied housing in foreign locations at good or fair (Q1 – Q2) condition	Not available	75%	**82%**
4.3.4-2R: Cumulative number of Department of Defense Education Activity (DoDEA) schools that meet good or fair (Q1-Q2) standards	61	65	**66**
4.3.5-2R: Rating of Military OneSource usefulness by Service members who deployed and have dependents	2.8	2.8	**2.8**
Strategic Objective 4. 4-2T: Train the total Defense Workforce with the right competencies. *Priority Goal: Reform the DoD acquisition process.* *Priority Goal: Enhance the security cooperation workforce.* *Priority Goal: Reform the DoD personnel security clearance program.*			
*4.4.1-2T: Percent of acquisition positions filled with personnel meeting Level II certification requirements	52%	52.1%	**55.1%**
*4.4.2-2T: Percent of acquisition positions filled with personnel meeting Level III certification requirements	67.4%	67.5%	**70.2%**

STRATEGIC GOAL 4: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE.			
Performance Measures	**Annual Performance Goals/Results**		
	FY 2010 Results	**FY 2011 Goals**	**FY 2011 Results**
*4.4.3-2T: Cumulative percent of incumbents that have been trained in security cooperation in positions that require security cooperation training	82%	95%	**98.3%**
*4.4.4-2T: Percent of certified DoD adjudicators	Not available	50%	**23%**
4.4.5-2T: 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	Non-applicable	2,900	**3,076**
	Met or Exceeded	**Did Not Meet**	**Total**
GOAL 4 – PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE	18 72%	7 28%	25 100%
*Reflects FY 2010-2011 priority goal.			

> **Strategic Objective 4.1.2M: Provide top-quality physical and psychological care to wounded warriors, while reducing growth in overall healthcare costs.**

The Department remains committed to providing the best possible physical and psychological care to our wounded, ill, or injured (WII) Service members. Despite the increased cost in medical care utilization, the cost associated with non-Active duty medical care is actually below our goal. As of September 30, 2011, the Department has successfully expanded the Integrated Disability Evaluation System (IDES) with a total of 139 Medical Treatment Facilities using this system. Individual medical readiness for both Active and Reserve Service members, while below target, continues to show steady improvement. Active duty health care utilization continues at a high rate due to war-related care. With the increasing number of suicides and Service members diagnosed with depression or Post Traumatic Stress Syndrome (PTSD), it is imperative to screen, diagnose, and treat our Service members before the acuity of disorders significantly impacts their health and quality of life. Medical and dental shortfalls among Guard and Reserve Service members will continue to challenge our ability to meet individual readiness goals.

*** Priority Goal Results: Create the next generation of electronic record system – Virtual Lifetime Electronic Record (VLER).***

On April 9, 2009, President Obama directed that the Department and the Veteran's Affairs (VA) "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." The DoD demonstrated achievement in implementing the VLER production capability at six pilot Military Treatment Facilities in FY 2011. The pilots have shown that electronic health data can be successfully exchanged with the Veteran's Affairs and private sector partner systems. Virtual Lifetime Electronic Record (VLER) health information exchanges are progressing and will continue to improve as more private sector entities join the Nationwide Health Information Network. VLER challenges include immaturity of available software and electronic health information sharing in the private sector. However, the Department remains committed to expanding the scope of the electronic health record initiative to encompass a military member's entire lifecycle record.

Strategic Objective 4.2.2P: Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component.

In FY 2011, all Military Departments began adjusting their force levels to meet reduced strength levels in FY 2012 and beyond. One result was a yearend Active component variance of -0.5 percent (or 7,300) end strength. This slight under-strength did not adversely affect military operations or readiness. Managing the deployment tempo remains among the most tangible demonstrations of commitment to our Service members and their families, and all Services have shown improvement in compliance with the Department's planning objectives for time deployed and time at home. In addition, the Army was able to eliminate the use of Stop Loss for deploying units well ahead of its goal.

Priority Goal Results: Streamline the hiring process.

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. While the Department is meeting its timeline for all civilian hires, it did not meet its annual goal (101 days) of reducing cycle time for external civilian hires, using delegated examining authority. However, steady progress has been made. A key factor is the implementation of USA Staffing, an enterprise-wide automated staffing tool that allows for easy coordination of the entire hiring process. USA Staffing license distribution is being coordinated with "just-in-time" training to ensure effective use by Human Resource professionals. During the fourth quarter of FY 2011, the Department experienced a system outage related to USA Staffing, which supports approximately 70 percent of DoD external hiring actions. This outage was somewhat mitigated by the use of open continuous vacancy announcements that build a ready pool of qualified applicants, thereby reducing rework. Continued training of DoD managers to increase adoption and familiarity with automated staffing tools will allow the Department to achieve its long-term civilian hiring goal of 80 days by FY 2012.

Strategic Objective 4.3.2R: Better prepare and support families during the stress of multiple deployments.

In this era of high operating tempo, it is essential that deployed warfighters be assured that their families are in suitable, well-maintained housing. Almost all of the military family housing (FH) in the U.S. has been privatized, which has set a high standard for quality construction and effective maintenance. Accordingly, at installations where privatization is not feasible (e.g., foreign locations), it is essential that high standards also be maintained for government owned housing. With major advances made in FH quality, there has been a recognition that the quality of unaccompanied housing (UH) deserves an equal focus. The main challenges are programming the necessary military construction funds to complete build-out plans (primarily Navy) and programming sufficient sustainment funds to prevent deterioration of the inventory, which would adversely impact quality of life and readiness.

The Department of Defense Education Activity (DoDEA) has begun an aggressive construction program to bring all DoDEA schools up to a good or fair condition rating. Sixty-six schools now meet standards. New schools will enhance dependent education and improve retention goals with the reassurance that the well- being of Service members' families is important to the Department.

Strategic Objective 4.4.2T: Train the Total Defense Workforce with the right competencies.

Certification standards drive workforce quality. A key quality objective is ensuring that acquisition workforce members meet position certification requirements. Certification

requirements are comprised of training, education, and experience standards which are established by level for each acquisition functional category. For both the Level II and Level III, certification percentage levels increased relative to FY 2010. The actual numbers of members certified increased, while the size of the workforce (and number of positions) increased at a greater rate.

The Department exceeded its goal to increase the proficiency of language program graduates, which in turn, sharply reduced the need for remedial training at their units of assignment. These linguists begin mission training at higher proficiency levels and assume operational duties sooner.

The Department did not achieve its adjudicator certification goal, due to a July moratorium on testing while the program undergoes review. Resumption of testing is planned for September 2011.

* Priority Goal Results: Enhance the security cooperation workforce.

The need for trained personnel in U.S. Security Cooperation Organizations (SCO) located overseas was identified as a priority in DoD's Strategic Plan. 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. In FY 2011, the Department increased the percentage of incumbents that have been trained in security cooperation to over 98 percent, thereby increasing the effectiveness of the security cooperation workforce. This includes those Security Cooperation Officers (SCOs) overseas who work directly with the foreign countries on their requirements for U.S. defense articles and services, in support of building international partner capacity. In addition, course curriculum at the Defense Institute for Security Assistance Management was improved with new and additional on-line courses made available on-line. Utilization of a large number of mobile education teams to on-site locations also helped achieve the goal.

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

Strategic Goal 5 accounts for 29 percent of the Department's FY 2011 performance goals (22 of 76). However, two results, focused on energy efficiency, are not available in time for inclusion in this report. Based on the results that are available, the Department met or exceeded 73 percent (15 of 20) of performance goals for Strategic Goal 5. Results, by specific performance goal and each strategic objective area, are identified at Figure 7-18 and discussed in detail below.

Figure 7-18. DoD Strategic Goal 5 Results

STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE.			
Performance Measures	**Annual Performance Goals/Results**		
	FY 2010 Results	**FY 2011 Goals**	**FY 2011 Results**
Strategic Objective 5. 1-2A: Increase use of renewable energy and reduce energy demand at DoD installations. *Priority Goal: Increase energy efficiencies.*			
5.1.1-2A: Average facilities sustainment rate	86%	90%	**83%[1/]**
*5.1.2-2A: Cumulative average percent reduction in building energy intensity	11.2%	18%	Not available
*5.1.3-2A: Percentage of renewable energy produced or procured based on DoD's annual electric energy usage	10.4%	11%	Not available

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

Performance Measures	Annual Performance Goals/Results		
	FY 2010 Results	FY 2011 Goals	FY 2011 Results
Strategic Objective 5.2-2C: Protect critical DoD infrastructure and partner with other critical infrastructure owners in government and the private sector to increase mission assurance.			
5.2.1-2C: Percent of applicable information technology and National Security Systems that are certification and accreditation-compliant	90%	90%	**92%**
Strategic Objective 5.3- 2E: Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items. *Priority Goal: Reform the DoD acquisition process.*			
*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 to or greater than 30 percent of original APB unit cost	8	5	**8**
*5.3.2-2E: Percentage of contract obligations that are competitively Awarded	62.5%	65%	**58.5%**
*5.3.3-2E: Average percent increase from the Acquisition Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after	4.4%	5%	**4.5%**
*5.3.4-2E: Cumulative percent of Major Defense Acquisition Programs certified, as required by the Weapon Systems Acquisition Reform Act of 2009	44%	60%	**60%**
5.3.5-2E: 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))	1	1	**2**
5.3.6-2E: 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))	2	3	**1**
Strategic Objective 5.4-2L: Provide more effective and efficient logistical support to forces abroad.			
5.4.1-2L: Perfect Order Fulfillment (POF) rate for Defense Logistics Agency (DLA) stock items	84.8%	84.9%	**86.2%**
5.4.2-2L: Army customer wait time	16.6	15.9	**14.1**
5.4.3-2L: Navy customer wait time	12.7	12.5	**11.4**
5.4.4-2L: Air Force customer wait time	7.6	5	**5**
Strategic Objective 5.5-2U/V: Improve financial management and increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts. *Priority Goal: Increase the audit readiness of individual DoD Components.* *Priority Goal: Reform the DoD personnel security clearance program.*			
*5.5.1-2U/V: Percentage of DoD Statement of Budgetary Resources for Appropriations Received validated as audit-ready	19%	80%	**80%**
*5.5.2-2U/V: Percentage of DoD Fund Balance with Treasury validated as audit-ready	9%	9%	**9%**
*5.5.3-2U/V: Percentage of DoD Statement of Budgetary Resources validated as audit-ready	14%	14%	**14%**
*5.5.4-2U/V: Percentage of DoD Mission Critical Assets validated for existence and completeness as audit-ready	4%	20%	**4%**
5.5.5-2U/V: Percent of improper military pay payments	0.61%	1.25%	**0.51%**
5.5.6-2U/V: Percent of improper civilian pay payments	0.24%	0.26%	**0.16%**
5.5.7-2U/V: Cumulative number of late formal Anti-deficiency Act investigations from the FY 2009 baseline of 25	19	10	**9**

STRATEGIC GOAL 5: REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE.						
Performance Measures	Annual Performance Goals/Results					
	FY 2010 Results		FY 2011 Goals		FY 2011 Results	
*5.5.8-2U/V: Average number of days required to adjudicate the fastest 90 percent of initial top secret and secret personnel security clearance Cases	10		20		9	
	Met or Exceeded		Did Not Meet		Total	
GOAL 5 – REFORM THE BUSINESS AND SUPPORT FUNCTIONS OF DEFENSE ENTERPRISE.	15	75%	5	25%	20	100%
*Reflects FY 2010-2011 priority goal.						
1/ Reflects result for Operations and Maintenance (O&M) funds only; as most facilities sustainment funding is O&M, the residual amount in other accounts is not expected to result in the goal being achieved.						

> **Strategic Objective 5.1.2A: Increase use of renewable energy and reduce energy demand at DoD installations.**

The FY 2011 continuing resolution delayed the appropriation of funding, and that caused a ripple effect in the DoD sustainment execution rates. The Services and Agencies prioritized sustainment tasks and focused their funding on their most pressing requirements.

*Priority Goal Results: Increase energy efficiencies.

While the DoD is steadily improving its energy performance, yearend results were not available in time for publication in this report.

> **Strategic Objective 5.2.2C: Protect critical DoD infrastructure and partner with other critical infrastructure owners in government and the private sector to increase DoD mission assurance**.

For several years, the DoD has utilized certification and accreditation (C&A) as a measure for reducing security risk to its information systems. In FY 2000, the Office of Management and Budget (OMB) began requiring formal C&A for all Federal government information systems. The Department continues to improve its compliance rates in this area. By the end of FY 2011, the DoD had exceeded its information assurance goal by having 92 percent of its information technology (IT) and National Security systems certified and accredited. This FY 2011 accomplishment is above the OMB's recommended federal-wide benchmark for 90 percent of information systems to be certified and accredited.

> **Strategic Objective 5.3.2E: Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items.**

* Priority Goal Results: Reform the acquisition process.

In FY 2011, the DoD met all but two of its acquisition goals. The Department met its goal for the percentage of MDAPs certified as required by the Weapon Systems Acquisition Reform Act (WSARA) of 2009 and managed to keep the average percent cost increase from the Approved Program Baseline (APB) to under five percent. In addition, the Department exceeded its goals for having professionally-certified acquisition personnel. The two goals not achieved are focused on the percentage of contract obligations that are competitively awarded and the number of MDAP breaches.

Competition for contract awards fell short because of several factors: delays caused by Congressional passage of a Continuing Resolution for half of FY 2011; award of several major weapon system programs; deployment of a new Federal Procurement Data System report that corrected calculation errors and more accurately reported fair opportunity competition; and the discovery of calculation errors during data validation.

The eight MDAP breaches exceeded the goal due to changing requirements, testing issues, and increased materials and planned product improvement costs. Breaches included four critical breaches and four significant breaches. Four breaches were due to reductions in quantity resulting from changes in requirements. The fifth breach was due to changes in the mix of end items resulting from changes in requirements. The sixth breach was due to cancellation of the program. The seventh breach was due to testing issues and added pre-planned product improvements. The eighth breach was due to increased construction materials costs. Several initiatives were directed to strengthen DoD's acquisition workforce, improve upfront cost estimates, prevent frequent changes in system requirements, and ensure proper contract oversight and program execution. In addition, the DoD implemented an Overarching Integrated Product Team (OIPT) structure to ensure business system investments stay within cost, schedule, and performance baselines.

Strategic Objective 5.4.2L: Provide more effective and efficient logistical support to forces abroad.

In FY 2011, the Department met or exceeded all four performance goals by providing timely and critical logistics support to forces abroad. The Defense Logistics Agency exceeded its perfect order fulfillment performance goal due to the higher than expected volume of orders for items that were less challenging to obtain. In FY 2011, Army priorities were focused on buildup, drawdown, and reset support to Operation ENDURING FREEDOM and Operation NEW DAWN. The Army was able to improve customer wait time (CWT) by implementing, at key sites, new procedures for processing and recording the receipt of materiel. The new procedures required units to receive materiel through the supply support activities. As a result, the supply support activities were able to more timely close orders for materiel that was previously delivered directly to units. In FY 2011, the Navy was able to improve customer wait time by stocking more of the needed parts. As a result, a higher percentage of requisitions were filled than expected and customer wait time was positively impacted. The Air Force was able to achieve greater CWT performance in FY 2011 by implementing strategic contracts and corporate contracts with some of their key suppliers. These contracts allowed the Air Force to partner with suppliers to develop measures to drive down procurement lead times which improved customer wait time.

Strategic Objective 5.5.2U/2V: Increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts.

In FY 2011, the Department continued to exceed its goals with regard to improper military and civilian pay and the number of days its takes to adjudicate initial top secret and secret personnel security clearances. Pay accuracy is a very important incentive and morale booster for both military and civilian employees. Moreover, timeliness of adjudications is important for Intelligence Reform and Terrorism Prevention Act (IRTPA) 2004 compliance and workforce readiness. Of particular note, is the progress made in reducing the number of late Anti-Deficiency Act (ADA) investigations by over 50 percent (from 19 in FY 2010 to 9 in FY 2011).

*** Priority Goal Results: Improve the audit readiness of individual DoD components.***

The Department uses four primary performance indicators or measures to assess its progress with regard to becoming audit ready. All of the measures are focused on the accuracy and

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reliability of the Department's ledgers, accounting systems, and associated financial reports. The DoD's mission critical asset measure is designed to move the Department closer to achieving its long-standing goal of total asset visibility; more reliable and accurate logistics supply chain and inventory systems; more effective utilization of assets; better control over asset misuse, theft, or loss; and reducing unnecessary reordering. Delays in validation of the Air Force military equipment and Navy aircraft audit readiness assertions caused the Department to miss its goal of 20 percent in mission critical asset validation for FY 2011. While the Department did not achieve the mission critical asset goal for FY 2011, it improved its audit readiness posture by increasing the percentage of DoD's Statement of Budgetary Resources for Appropriations Received (from 19 percent in FY 2010 to 80 percent in FY 2011).

* Priority Goal Results: Reform the DoD personnel security clearance process.

In FY 2011, the DoD adjudicated the fastest 90 percent of initial top secret and secret personnel security clearance cases within nine days which is significantly less than the 20 day goal. However, the Department did not meet the FY 2011 goal for 50 percent of adjudicators to be certified, due to a moratorium on training. Adjudication quality is being emphasized through two means: adjudicator certification and standardization of documentation of adjudication decisions. These initiatives help ensure that adjudicators are documenting cases to the same standards and documenting reasons for their adjudications to a level that supports reciprocity of adjudications across the DoD and with other government agencies. Adjudicator certification supports reciprocity by ensuring a commonality of standards and competencies across adjudicators and will continued to be emphasized into FY 2012.

DoD High Risk Results:

The Government Accountability Office (GAO) determines high risk areas across the government, based on two broad criteria:

- Vulnerability to fraud, waste, abuse, or mismanagement; and

- Changes required to address major economy, efficiency, or effectiveness challenges.

Biennial reports have been completed since 1990, with the GAO's most recent update in February 2011, located at http://www.gao.gov/products/GAO-11-278. The February 2011 update eliminated one of eight DoD-specific high risk areas and narrowed the scope of another one, as discussed below.

DoD Personnel Security Clearance Reform – Eliminated

The Department's Personnel Security Clearance process had been on the GAO high risk list since 2005 based on timeliness issues resulting in extensive backlogs and delays in the clearance process. In 2007, the GAO added investigative and adjudicative quality as a concern. This area was removed in the GAO's February 2011 high risk update. Specifically, DoD: (1) significantly improved the timeliness of security clearances, (2) worked with members of the Performance Accountability Council to develop a strategic framework for clearance reform, (3) designed quality tools to evaluate completeness of clearance documentation, and (4) integrated security clearance reform efforts with the Office of Management and Budget, the Office of Personnel Management, and the Office of the Director of National Intelligence.

Defense Support Infrastructure – Scope Narrowed

The Defense Support Infrastructure issue has been on the GAO high risk list since 1997 based on the Department's need to reduce unneeded infrastructure to achieve cost savings. The GAO acknowledged DoD's progress in reducing excess infrastructure through the Base Realignment

and Closure process and current goals to demolish a total of 222 million square feet between FY 2011 – FY 2016. In the February 2011 update, the GAO cited DoD's real property inventory and improvements to the model used for budgeting sustainment as significant actions taken, which should arrest the rate of increase in the DoD's maintenance backlog. As a result, the GAO no longer considers funding facility sustainment to be a factor in the high risk designation. The GAO update narrows the focus of the high risk issue going forward to two areas: (1) reducing excess infrastructure and (2) establishing joint bases with common standards.

DoD Approach to Business Transformation

The Department's Approach to Business Transformation has been on the GAO high risk list since 2005 based on the need to transform and integrate DoD business operations to be more efficient, effective, and agile – and to do so in a timely and cost effective manner. Several root causes have been addressed through the establishment of the Office of the Deputy Chief Management Officer and promulgation of a Strategic Management Plan. Based on DoD's work on a remediation plan, this area's risk has been reduced in the following areas:

1. Demonstrated strong commitment and top leadership support to address risk. (Met)
2. Capacity to resolve the risk – people and money. (Met)
3. Corrective action plan that defines root causes, identifies effective solutions, and completes corrective measures near term, including solutions GAO recommended. (Partially met)
4. Program instituted to monitor and independently validate effectiveness and sustainability of corrective measures. (Met)
5. Ability to demonstrate progress in having implemented corrective measures. (Partially met)

DoD Business Systems Modernization

Defense Business Systems Modernization has been on the GAO high risk list since 1995. It is imperative that the DoD effectively choose, guide, and implement its information technology (IT) investment choices, given the scope of the Department's IT budget and the national debt. Although the Department uses a Capital Planning and Investment Control (CPIC) IT portfolio-driven process for managing IT investments, FY 2011 audits indicate that the DoD has not fully defined and established a family of business system modernization management controls. These controls are vital to effectively and efficiently managing an undertaking with the size, complexity, and significance of DoD business systems.

DoD Supply Chain Management

The Department's Supply Chain Management process has been on the GAO high risk list since 1990, based on weaknesses in management of supply inventories and the DoD responsiveness to warfighter requirements. In its February 2011 high risk update, the GAO acknowledged progress had been made in meeting two and partially meeting three criteria for removing the high risk designation. The Department successfully demonstrated top leadership commitment and long-term institutional support for improving supply chain management, and now has the capacity to resolve risks in the area of supply chain management. The three criteria not yet fully met pertain to (1) a corrective action plan, (2) a program for monitoring and independently validating effectiveness and sustainability of corrective measures, and (3) the ability to demonstrate improved performance from implemented corrective measures.

DoD Weapon Systems Acquisition

DoD Weapons Systems Acquisition has been on the GAO high risk list since 1990, based on a variety of reasons: (1) DoD establishes requirements at the far limit of technological boundaries, (2) DoD lacks critical skills in the acquisition workforce, (3) DoD relies on overly optimistic cost estimates, and (4) DoD has a continuing responsibility to procure the critical

capabilities our warfighters need in the years ahead. As a result, DoD is not receiving expected returns on its investments in weapon systems. Programs continue to take longer, cost more, and deliver fewer quantities and capabilities than originally planned. While the GAO recognized the positive benefits of recent acquisition reform legislation – i.e., the 2009 Weapons System Acquisition Reform Act (WSARA), the GAO notes that poor outcomes persist and that DOD must get better returns on its weapons systems investments to deliver more capability to the warfighter for less than it has in the past. Several remediation strategies to this high risk area have been identified in Better Buying Power initiatives that mandate affordability targets and competitive strategies for Acquisition Category (ACAT) 1 programs going through milestone decision reviews.

DoD Contract Management

DoD Contract Management has been on the GAO high risk list since 1992 based on the lack of well defined requirements, the use of ill-suited business arrangements, and the lack of an adequate number of trained acquisition and contract oversight personnel which contribute to unmet expectations and continue to place the DoD at risk of potentially paying more than necessary. In addition, the Department faces ongoing challenges determining which functions and activities should be outsourced and developing a total workforce strategy to address the appropriate mix of contractors, civilian, and military personnel. These same reasons were cited in the GAO's latest high risk update. Current remediation strategies include efforts to document the Department's contract workforce to achieve total force visibility, continuation of acquisition workforce certification training, and Better Buying Power initiatives to improve the overall rate of competition and to increase management focus on development of DoD service contracts.

DoD Financial Management

DoD Financial Management has been on the GAO high risk list since 1995 based on pervasive financial and related business management and system deficiencies that continue to adversely affect DoD's ability to control costs; ensure accountability; anticipate future costs and claims on the budget; measure performance; maintain funds control; prevent and detect waste, fraud, and abuse; and address pressing management issues. Although the Department does not have processes, controls, and systems to produce auditable financial statements, DoD effectively manages its budget with minimal violations of the Anti-Deficiency Act (ADA) and low levels of improper payments over the past fiscal year.

CONCLUSION

During FY 2011, the Department utilized taxpayer resources in the fight against terrorist organizations in Afghanistan and elsewhere, in the drawdown of forces in Iraq, in providing relief to the victims of natural disasters, and in support of friends and allies around the world. The men and women of the Department carried out this work in the midst of a challenging financial situation and possible shutdowns of the Federal government.

The Department used its resources to meet the needs of the warfighter and the ever-changing battlefield. Funding enabled the Department to maintain readiness to conduct missions abroad and a full spectrum of training, combat training center rotations, and recruiting and retention efforts. Modernization and recapitalization of equipment, focused on today's threats, greatly improved combat capabilities. These new capabilities included procurement and development of platforms, such as the fifth generation Joint Strike Fighter aircraft; the Littoral Combat Ship; unmanned aircraft systems, such as Global Hawk and Reaper; and new generation ground combat vehicles, such as the Stryker.

In FY 2011, 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 DoD focused on reshaping America's defense establishment by continuing to implement needed acquisition reforms, while maintaining the U.S. military's technological and conventional edge. Additionally, the business environment within the operational theater was strengthened to improve contract management and financial management accountability over resources.

The Department can be proud of its accomplishments over the past year. The DoD provided necessary capabilities to fight two wars, confront global terrorist threats, provide humanitarian assistance, and take care of its military families. The Department achieved a 90 percent success rate in achieving core warfighting (Strategic Goals 1, 2, and 3) results. However, less progress was made in the support establishment (Strategic Goals 4 and 5), where the Department achieved a 73 percent success rate in achieving infrastructure results. While the DoD made notable progress in its business environment, there is much more that has to be done to improve the operational efficiency of support functions across the Department.

7.6 FY 2012 DOD ANNUAL PERFORMANCE PLAN (UPDATED)

The Department's FY 2012 Performance Plan, included with the President's Budget, has been updated to reflect changes in DoD organizational priorities and strategic direction. Performance goals for FY 2012 (Exhibit B) reflect Organizational Assessment Guidance, issued by the Deputy Secretary of Defense/Chief Operating Official on November 7, 2010 and subsequent modifications approved during the DoD's most recent program budget review. Exhibit B details 72 DoD-wide performance goal priorities for current year management focus. Figure 7-19 provides a summary of performance goal changes between FY 2011 and FY 2012 by DoD Strategic Goal.

Figure 7-19. Summary of FY 2011 – FY 2012 Performance Goal Changes

DoD Strategic Goal	FY 2011				FY 2012	
	#	%	Additions	Deletions	#	%
Goal 1 –Prevail in Today's Wars.	9	12%	0	-7	2	3%
Goal 2 – Prevent and Deter Conflict.	11	14%	2	-2	11	15%
Goal 3 – Prepare to Defeat Adversaries and Suceed in a Wide Range of Contingencies.	9	12%	3	-3	9	13%
Goal 4 – Preserve and Enhance the All-Volunteer Force.	25	33%	4	-7	22	31%
Goal 5 – Reform the Business and Support Functions of the Defense Enterprise.	22	29%	10	-4	28	39%
TOTAL	**76**	**100%**	**19**	**-23**	**72**	**100%**

Compared to FY 2011, nineteen new goals were added for DoD management focus in FY 2012:

- Two goals to reflect implementation of the New START treaty with the Russian Federation;

- Two additional goals for improving DoD consequence management response;

- One goal for improving cyber readiness;

- One goal focused on Veterans Administration and DoD transition to joint data centers;

- One goal focused on certification of information assurance personnel;

- Two goals to improve transition assistance to wounded, ill, and injured Service members;

- One goal focused on demolition of excess or obsolete DoD facilities;

- One goal to streamline the number of DoD data centers;

- Two goals to expand personnel cryptographic login capability;

- One goal to improve the timeliness of information technology deployments;

- One goal to improve DoD compliance with Small Business contract awards;

- Two goals to contain acquisition costs at milestone decision reviews; and

- Two goals to reduce excess DoD inventory.

Twenty-three performance goals were eliminated from the FY 2011 inventory for FY 2012. Deletions are based, primarily, on achieving projected performance end states.

- Two goals were consolidated into one goal for Afghan National Security Forces;

- Three goals to improve contract and financial support to Overseas Contingency Operations achieved projected end states;

- Three goals pertaining to the Iraqi drawdown achieved acceptable end states;

- Two goals for increasing DoD special forces and balancing Marine Expeditionary Forces achieved projected end states;

- One goal for timely adjudication of munitions and dual-use license applications achieved its projected end state;

- Two goals on military satellite communication gaps achieved projected end states;

- Three healthcare goals were eliminated in favor of three higher priority healthcare goals;

- One goal to eliminate soldiers under stop loss achieved its projected end state;

- One goal to improve assistance to deployed Service members achieved its projected end state;

- Two goals were consolidated into one goal for acquisition workforce certification;

- One goal to improve security cooperation training achieved its projected end state;

- Three goals focused on improper pay and late Anti-Deficiency Act investigations achieved projected end states; and

- One goal to improve the timeliness of personnel security clearances achieved its projected end state.

FY 2012 Priority Goals (Updated)

As in FY 2011, priority goals are a subset of the Department's Annual Performance Plan. Agency-determined priority goals for FY 2012 have been revised to comply with guidance contained in the GPRAMA of 2010. The GPRAMA provides for three basic categories of priority goals to be included in Agencies' FY 2013 budget submissions:

- OMB-determined, long-term Federal Government Priority Goals that include:

  – Outcome-oriented goals covering a limited number of crosscutting policy areas;

  – Goals for management improvements needed across the Federal Government, including;

    - Financial management;

    - Human capital management;

    - Information technology management;

    - Procurement and acquisition management; and

    - Real property management.

- Agency-determined, short-term goals that reflect the Agency's highest priorities that can be achieved within a two-year period.

The OMB's guidance on "Delivering an Efficient, Effective, and Accountable Government", dated August 17, 2011, stipulates that most Agency Priority Goals (APGs) should focus on core agency missions. However, this same guidance provides additional criteria for selecting APGs that reflect Agency or Administration priorities or near-term improvements that advance progress toward longer-term Agency outcomes. Based on the GPRAMA and the OMB's implementing guidance, five Agency Priority Goals have been approved by the Secretary of Defense for the FY 2012 – FY 2013 timeframe. The first two APGs, focused on cyber defense and transition assistance to wounded, ill, and injured Service members, reflect core missions that are unique to the DoD.   However, the performance targets and results associated with cybersecurity are sensitive and will not be made available to the public. The third APG on energy reflects an Administration priority.   The fourth and fifth APGs reflect near-term improvement initiatives that will contribute to achieving longer-term Agency outcomes in two DoD's high risk areas – i.e., DoD Weapon Systems Acquisition and DoD Financial Management.

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

- *Agency Priority Goal 2: By September 30, 2013, the DoD will: 1) increase the use of Recovery Care Coordinators and ensure WII Service members have active recovery plans; 2) improve effectiveness of behavioral health programs and ensure all Service members complete quality post-deployment health screenings; and 3) accelerate the transition of WII Service members into veteran status by reducing the processing time required for disability evaluation boards.*

- *Agency Priority Goal 3: By September 30, 2013, the DoD will: (1) improve its facility energy performance by reducing average building energy intensity by 24 percent from the 2003 baseline of 116,134 British Thermal Units (BTUs) per gross square foot, and producing or procuring renewable energy equal to 13 percent of its annual electric energy usage; and (2) improve its operational energy performance by establishing an operational energy baseline with all available data on fuel use; developing a plan for remediating data gaps; funding and implementing a comprehensive data plan; establishing and executing operational energy performance targets based on this comprehensive data for each Military Service and relevant agency.*

- *Agency Priority Goal 4: By September 30, 2013, the DoD will improve its acquisition process by ensuring that: 100 percent of Acquisition Category (ACAT) 1 programs, going through Milestone A decision reviews, will present an affordability analysis; 100 percent of ACAT 1 programs, going through milestone decision reviews, will present a competitive strategy; the average cycle time for Major Defense Acquisition Programs (MDAPs) will not increase by more than 5 percent from the Acquisition Program Baseline; the annual number of MDAP breaches – significant or critical cost overruns, for reasons other than approved changes in quantity – will be zero; and the DoD will increase the amount of contract obligations, that are competitively awarded, to 60 percent in FY 2012 and 61 percent in FY 2013.*

- *Agency Priority Goal 5: By September 30, 2013, the DoD will improve its audit readiness on the Statement of Budgetary Resources for Appropriations Received from 80 to 100 percent.*

Agency-determined priority goals are included at Exhibit B as a subset of the Department's Annual Performance Plans for FY 2012 and FY 2013 and discussed in more detail in Section 7.7 (below) and on the OMB's public website at http://www.performance.gov/.

7.7 FY 2013 DOD ANNUAL PERFORMANCE PLAN

On January 5, 2012, the President and the Secretary of Defense released new strategic guidance for the Department of Defense. The FY 2013 Annual Performance Plan reflects the strategic priorities in that guidance for a 21st century defense that preserves American global leadership; maintains our military superiority; and keeps faith with our troops, military families and veterans.

Exhibit B details 79 DoD-wide performance goal priorities for management focus in FY 2013. Figure 7-20 provides a summary of performance goal changes between FY 2012 and FY 2013 by DoD Strategic Goal.

Figure 7-20. Summary of FY 2012 – FY 2013 Performance Goal Changes

DoD Strategic Goal	FY 2012		Additions	Deletions	FY 2013	
	#	%			#	%
Goal 1 –Prevail in Today's Wars.	2	3%	2	-1	3	4%
Goal 2 – Prevent and Deter Conflict.	11	15%	2	0	13	17%
Goal 3 – Prepare to Defeat Adversaries and Suceed in a Wide Range of Contingencies.	9	13%	3	0	12	15%
Goal 4 – Preserve and Enhance the All-Volunteer Force.	22	31%	2	-1	23	29%
Goal 5 – Reform the Business and Support Functions of the Defense Enterprise.	28	39%	0	0	28	35%
TOTAL	**72**	**100%**	**9**	**-2**	**79**	**100%**

Compared to FY 2011, nine new goals were added for DoD management focus in FY 2013:

- Two goals to reflect the Presidentially-directed drawdown of U.S. forces out of Afghanistan;

- Two goals to improve missile defense capabilities;

- Three goals to advance foreign security assistance;

- One goal to increase military spouse employment; and

- One goal to enhance Advanced Military Source Operations and interrogation skills.

Two performance goals were eliminated for FY 2013, based on achieving projected performance end states in FY 2012:

- Number of Afghan National Security Forces end strength; and

- Number of certified DoD security adjudicators.

FY 2013 Priority Goals

The FY 2013 Annual Performance Plan reflects the following FY 2012-2013 Agency Priority Goals (APGs):

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

- *Agency Priority Goal 2:* By September 30, 2013, the DoD will: 1) increase the use of Recovery Care Coordinators and ensure WII Service members have active recovery plans; 2) improve effectiveness of behavioral health programs and ensure all Service members complete quality post-deployment health screenings; and 3) accelerate the transition of WII Service members into veteran status by reducing the processing time required for disability evaluation boards.

- *Agency Priority Goal 3:* By September 30, 2013, the DoD will: (1) improve its facility energy performance by reducing average building energy intensity by 24 percent from the 2003 baseline of 116,134 British Thermal Units (BTUs) per gross square foot, and producing or procuring renewable energy equal to 13 percent of its annual electric energy usage; and (2) improve its operational energy performance by establishing an operational energy baseline with all available data on fuel use; developing a plan for remediating data gaps; funding and implementing a comprehensive data plan; establishing and executing operational energy performance targets based on this comprehensive data for each Military Service and relevant agency.

- *Agency Priority Goal 4:* By September 30, 2013, the DoD will improve its acquisition process by ensuring that: 100 percent of Acquisition Category (ACAT) 1 programs, going through Milestone A decision reviews, will present an affordability analysis; 100 percent of ACAT 1 programs, going through milestone decision reviews, will present a competitive strategy; the average cycle time for Major Defense Acquisition Programs (MDAPs) will not increase by more than 5 percent from the Acquisition Program Baseline; the annual number of MDAP breaches – significant or critical cost overruns, for reasons other than approved changes in quantity – will be zero; and the DOD will increase the amount of contract obligations, that are competitively awarded, to 60 percent in FY 2012 and 61 percent in FY 2013.

- *Agency Priority Goal 5:* By September 30, 2013, the DoD will improve its audit readiness on the Statement of Budgetary Resources for Appropriations Received from 80 to 100 percent.

APGs are included at Exhibit B as a subset of the Department's Annual Performance Plans for FY 2012 and FY 2013. Per the GPRA Modernization Act, 31 U.S.C. 1115(b)(10), requirement to address Federal Goals in the agency Strategic Plans and Annual Performance Plans, please refer to Performance.gov for information on Federal Priority Goals and the Agency's contributions to those goals, where applicable. The GPRA Modernization Act also includes new direction that Agency Performance Plans identify low-priority program activities based on an analysis of their contribution to the mission and goals of the agency and include an evidence-based justification for designating a program activity as low priority. The "Cuts, Consolidations, and Savings (TRS)" volume of the President's Budget identifies the low-priority program activities under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at http://www.whitehouse.gov/omb/budget.

The following sections provide a discussion of the Department's FY 2013 Annual Performance Plan and Agency Priority Goals (APGs) by DoD strategic goal area. Additional information on FY 2013 APGs may be found on the OMB's public website at http://www.performance.gov/.

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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.

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The FY 2013 OCO budget continues Operation ENDURING FREEDOM and includes funds to reset forces and equipment for Operation NEW DAWN. The budget implements the President's announcement, on June 22, 2011, to withdraw 33,000 troops from Afghanistan by the summer of 2012.   Consequently, the Department's FY 2013 Annual Performance Plan (Exhibit B) identifies three performance goals that are focused on maintaining Combatant Commander readiness for current operations and reducing the U.S. military presence in Afghanistan (*Strategic Objective 1.1-OCO*). Transition is on schedule for the Afghan National Security Force to assume primary responsibility for Afghanistan security by the end of FY 2014. Afghan and coalition troops have made significant progress reversing the insurgency in the south and will be paying more attention to the eastern provinces. This will be enabled by the growing capability and numbers of the Afghan army and police. Strategies and challenges are discussed below.

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. The insurgency's safe havens in Pakistan, as well as the limited capacity of the Afghan Government, remain the biggest risks to the process of turning security gains into a durable, stable Afghanistan. The insurgency remains resilient, benefitting from safe havens inside Pakistan, with a notable operational capacity, as reflected in isolated high-profile attacks and elevated violence levels in eastern Afghanistan. Nevertheless, sustained progress has provided increased security and stability for the Afghan population and enabled the beginning of transition of security responsibilities to Afghan forces. As the United States (U.S.) and coalition forces progress towards transition, the milestones will not represent defeat of the insurgency but rather a nexus where the insurgency is sufficiently degraded and the capacity and size of the ANSF is sufficiently improved so that the ANSF, with support from the U.S. and coalition, can defeat the Taliban insurgency. Key challenges also include criminal networks. The DoD is working closely with our Afghan partners to institutionalize mechanisms in the Afghan government that can quickly detect and react to corruption. 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.

Thanks to the extraordinary sacrifices of our men and women in uniform, we have responsibly ended the war in Iraq (***Strategic Objective 1.2-OCO***). Years of effort have helped enable the Iraqi government to take the lead in protecting its people and providing essential services. While U.S. forces will continue to play important roles in providing force protection and targeted counterterrorism operations, there are no performance goals included in the Department's Annual Performance Plans (Exhibit B) in FY 2012 and FY 2013 for this objective area.

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.

The Department's January 5, 2012 Strategic Guidance acknowledges that our Nation is at a moment of transition that entails defense spending reductions in order to put our fiscal house in order at home. As new generations across the Middle East and North Africa demand their universal rights, the Department will deepen partnerships with allies around the world to build their capacity to promote regional security, prosperity, and human dignity. Exhibit B identifies thirteen performance goals for the Department's "Prevent and Deter Conflict" mission areas that are focused on: (1) preserving military operational readiness, (2) continuing Joint Force restructuring, (3) maintaining a safe and effective nuclear deterrent, and (4) providing for full spectrum ISR. Planned strategies are discussed below.

The Department's Armed Forces will have a global presence that emphasizes the Asia-Pacific and Middle East, while still ensuring our ability to maintain our defense commitments to Europe and strengthening alliance and partnerships across all regions. Our defense efforts in the Middle East will be aimed at countering violent extremists and destabilizing threats, as well as upholding our commitments to allies and partner states. U.S. policy will emphasize gulf security to prevent Iran's development of a nuclear weapon capability and counter its destabilizing policies. The United States will do this while standing up to Israel's security and a comprehensive Middle East peace. The United States is also investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region. We will maintain peace on the Korean Peninsula by effectively working with allies and other regional states to deter and defend against provocation form North Korea which actively pursuing a nuclear weapons program.

Our FY 2013 Annual Performance Plan (Exhibit B) includes two performance goals focused on maintaining Combatant Command readiness for executing Theater Campaign Plan missions and for Contingency Plans. The plan also continues the Army's transformation to modular brigades and provides a realistic shipbuilding program that provides the global reach, persistent presence, and tactical effects expected of Navy forces (***Strategic Objective 2.1-1F1***). While other FY 2013 performance goals focus on reducing our nuclear inventory, we will continue to field nuclear forces that can confront potential adversaries and assure U.S. allies that they can count on American's security commitments (***Strategic Objective 2.2-1F2A***).

In September 2009, the President announced a revised ballistic missile defense (BMD) strategy (Strategic Objective 2.3-1F3). The Phased Adaptive Approach (PAA) is a more flexible, regionally-focused BMD strategy that will be implemented initially in defense of our European Allies, but could be transferable in the future to other regions. A major thrust of the PAA is the shift of resources towards increasing the procurement and delivery of proven BMD capabilities (namely, Standard Missile (SM)-3 interceptors and Army Navy/Transportable Radar Surveillance-Model 2 (AN/TPY-2) radars to the warfighter. The FY 2013 Annual Performance Plan highlights these investments in missile defense that are tailored to individual regions and defends against existing short-and medium-range ballistic missile threats. The FY 2013 budget also continues investments in other capabilities critical to future success, including counter weapons of mass destruction (WMD) and unmanned aircraft and ground-based collection systems. Beginning in FY 2013, the Department's goal for Combat Air Patrols/orbits (Strategic Objective 2.4-1X2) is normalized to exclude the effects of surge operations. Our FY 2013 goal for 45 non-surge CAPs provides increased Signals intelligence, queued Full Motion Video, and strike capability across all mission areas.

The Department will be shaping a Joint Force for the future that will be smaller and leaner, but will remain technologically advanced. As U.S. forces draw down in Afghanistan, our global counter terrorism efforts will become more widely distributed for counter terrorism and irregular warfare. U.S. forces will be capable of deterring aggression by an opportunistic adversary in one region even when forces are committed to a large-scale operation elsewhere U.S. forces will conduct a sustainable pace of presence operations abroad with thoughtful choices made regarding the location and frequency of operations. However, U.S. forces will no longer be sized to conduct large-scale, prolonged stability 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.

The Department's updated Strategic Guidance describes the projected security environment and the key military missions for which the Department of Defense will prepare. With the diffusion of destructive technology, extremists have the potential to pose catastrophic threats that could directly affect our security and prosperity. Our FY 2013 Annual Performance Plan (Exhibit B) includes four performance goals focused on improving consequence management response times to significant or catastrophic events (*Strategic Objective 3.1-1F2B*). Two additional performance goals are intended to counter WMD threats by destroying category 1 chemical weapons and by increasing the number of DoD labs equipped to work with dangerous pathogens (*Strategic Objective 3.2-1F2C*). Terrorist access to even simple nuclear devices poses the prospect of devastating consequences for the United States. Accordingly, the DoD will continue to enhance its capabilities to conduct effective operations to counter the proliferation of WMD.

Building partnership capacity in the world remains important for sharing the costs and responsibilities of global leadership (**Strategic Objective 3.3-1F2C**). Across the globe, we seek to be the security partner of choice, pursuing new partnerships with a growing number of nations whose interests and viewpoints are merging into a common vision of freedom, stability, and prosperity. Our FY 2013 Annual Performance Plan (Exhibit B) includes three goals focused on enhancing general purpose forces training in specialized security force assistance, increasing the number of civilian expeditionary advisors, and expanding the Defense Institution Reform Initiative (DIRI). The DIRI, like the Ministry of Defense Advisory Program, is a global security cooperation initiative to support the development and enhancement of partner defense ministries. Both programs are being expanded to other critical theaters based on their success in Afghanistan.

Our planning envisages forces that are able to fully deny a capable state's aggression across all domains – including cyberspace (**Strategic Objective 3.4-1X1**). Modern armed forces cannot conduct high-tempo, effective operations without reliable information and communication networks and assured access to cyberspace and space. Today, space systems and their supporting infrastructure face a range of threats that may degrade, disrupt, or destroy assets. State and non-state actors possess the capability and intent to conduct cyber espionage and, potentially, cyber attacks on the United States, with possible severe effects on both our military operations and our homeland. Accordingly, the DoD will continue to work with domestic and international allies and partners and invest in advanced capabilities to defend its networks, operational capability, and resiliency in cyberspace and space. For this reason, the DoD has established cybersecurity as an Agency Priority Goal over the FY 2012-2013 timeframe. However, the specific performance targets and results associated with this APG are considered sensitive and will not be made available to the public.

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

The DoD is facing an increasingly persistent and motivated cyber threat. DoD networks and systems, which adhere to DoD policies and standards and that are configured properly, will significantly reduce the attack space and minimize the advances that an adversary can make. This results in more secure networks and systems which reduce the risk to missions that depend on the Non-secure Internet Protocol Network (NIPRNet). Command Cyber Readiness Inspections (CCRIs) are designed to inspect for proper configuration, minimize vulnerabilities, and align with the DoD Security Technical Implementation Guides (STIGs). By ensuring compliance to policies through CCRIs, the DoD can better harden DoD networks and systems, which will improve the DoD's cyber defense posture.

Finally, in adjusting our strategy and attendant force size, the Department will make every effort to maintain an adequate industrial base and our investment in science and technology (**Strategic Objective 3.5-2D**). We will encourage innovation in concepts of operations. To that end, the Department will encourage a culture of change and be prudent with its "seed corn", balancing reductions necessitated by resource pressures with the imperative to sustain key streams of innovation that may provide significant long-term payoffs.

> **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.

As the Department prepares for a 21st century defense, we will keep faith with our troops, military families and veterans who have borne the burden of a decade of war and who make our military the best In the world. Though we must make hard fiscal choices, we will continue to prioritize efforts that focus on wounded warriors (**Strategic Objective 4.1-2M**). Consequently, this focus area has been established as an Agency Priority Goal over the FY 2012-2013 timeframe. Planned strategies are discussed below.

Agency Priority Goal 2: By September 30, 2013, the DoD will: 1) increase the use of Recovery Care Coordinators and ensure WII Service members have active recovery plans; 2) improve effectiveness of behavioral health programs and ensure all Service members complete quality post-deployment health screenings; and 3) accelerate the transition of WII Service members into veteran status by reducing the processing time required for disability evaluation boards.

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. 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. As our newest veterans rejoin civilian life, we continue to have a moral obligation – as a government and as a Nation – to give our veterans the care, benefits, and the job opportunities they deserve. Our FY 2013 Annual Performance Plan includes goals that will ensure we meet these obligations. More than 46,000 men and women have been wounded. As the Department reduces the size of the force, we will do so in a way that respects these sacrifices. This means, among other things, taking concrete steps to facilitate the transition of those who will leave the service. These include supporting programs to help veterans translate their military skills for the civilian workforce and aid their search for jobs.

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. During the past decade, the men and women who comprise the All-Volunteer Force have shown versatility, adaptability, and commitment, enduring the constant stress and strain of fighting two overlapping conflicts. They have endured prolonged and repeated deployments. As the Department reduces the size of the force, our FY 2013 Annual Performance Plan (Exhibit B) will continue management attention on meeting its military strength goals and the time Service members are deployed (or mobilized) in support of combat operations versus time at home (**Strategic Objective 4.2-2P**). In addition, we have a critical and enduring obligation to support military families during the stress of multiple deployments (**Strategic Objective 4.3-2R**). Consequently, the FY 2013 Annual Performance Plan maintains quality goals on military housing and DoD schools and reflects an aggressive goal for employing 100,000 military spouses by FY 2017 in response to the President's direction for a comprehensive Federal approach to supporting military families.

To ensure mission success, the DoD will manage the force in ways that protect its ability to regenerate capabilities and maintain intellectual capital. We are determined to maintain a ready and capable force, even as we reduce our overall capacity. We will resist the temptation to sacrifice readiness in order to retain force structure and will rebuild readiness in areas that, by necessity, were deemphasized over the past decade. The health and quality of the All-Volunteer Force will continue to require well-trained and properly-equipped men and women (**Strategic Objective 4.4-2T**). Our FY 2013 Annual Performance Plans places particular emphasis on training goals associated with language proficiency, advanced interrogation skills, DoD acquisition, and information assurance.

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

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. The 2010 QDR directed that the Department reform its institutions and processes to better support the needs of the warfighter. Similar direction is included in the Department's latest Strategic Guidance, released January 5, 2012. This guidance calls for finding further efficiencies in overhead, headquarters, business practices, and other support activities. Three Agency Priority Goals are identified under this Strategic goal for the FY 2012-2013 timeframe. APG 3 on energy reflects an Administration priority. APGs 4 and 5 reflect near-term improvement initiatives that will contribute to achieving longer-term Agency outcomes in two DoD's high risk areas – i.e., DoD Weapon Systems Acquisition and DoD Financial Management. While the DoD is steadily improving its energy performance, other funding priorities have often limited the Department's ability to adequately budget for energy efficiency improvements and renewable energy projects (**Strategic Objective 5.1-2A**). Planned strategies are discussed below.

Agency Priority Goal 3: By September 30, 2013, the DoD will: (1) improve its facility energy performance by reducing average building energy intensity by 24 percent from the 2003 baseline of 116,134 British Thermal Units (BTUs) per gross square foot, and producing or procuring renewable energy equal to 13 percent of its annual electric energy usage; and (2) improve its operational energy performance by establishing an operational energy baseline with all available data on fuel use; developing a plan for remediating data gaps; funding and implementing a comprehensive data plan; establishing and executing operational energy performance targets based on this comprehensive data for each Military Service and relevant agency.

Climate change and energy will play significant roles in the future security environment. The Department is developing policies and plans to manage the effects of climate change on its operating environment, missions, and facilities. The Department already performs environmental stewardship at hundreds of DoD installations throughout the United States and is working to meet resource efficiency and sustainability goals. We must continue incorporating geostrategic and operational energy considerations into force planning, requirements development, and acquisition processes.

DoD Weapon Systems Acquisition has been on the GAO's high risk list since 1990 (**Strategic Objective 5.3-2E)**. For too long, the processes by which the Department provides needed equipment and platforms have been under-emphasized. On November 3, 2010, the Under Secretary of Defense issued an "Implementation Directive for Better Buying Power – Obtaining Greater Efficiency and Productivity in Defense Spending." This directive requires the establishment of an affordability target (initially, average unit acquisition cost and average annual operating and support cost per unit), prior to Milestone B, that will be used to drive design trades and choices about affordable priorities. This directive also requires a competitive strategy for each Acquisition Category (ACAT) 1 program going through a milestone review. These initiatives reflect near-term improvements that will be instrumental in achieving longer-term acquisition outcomes concerning expected capabilities and life cycle cost, as reflected in the following APG.

*Agency Priority Goal 4: By September 30, 2013, the DoD will improve its acquisition process by ensuring that: 100 percent of Acquisition Category (ACAT) 1 programs, going through Milestone A decision reviews, will present an affordability analysis; 100 percent of ACAT 1 programs, going through milestone decision reviews, will present a competitive strategy; the average cycle time for Major Defense Acquisition Programs (MDAPs) will not increase by more than 5 percent from the Acquisition Program Baseline; the annual number of MDAP breaches – significant or critical cost overruns, for reasons other than approved changes in quantity – will be zero; and the DoD will increase the amount of contract obligations, that are competitively awarded, to 60 percent in FY 2012 and 61 percent in FY 2013.

The DoD has a continuing responsibility to procure the critical goods and services needed by the Armed Forces but will not have ever-increasing budgets to pay for them. As a result, the DoD must be more productive – in other words, do more without spending more. In the past, however, too many DoD acquisition programs began without adequate consideration of resource constraints or the potential productivity and cost savings that result from fostering greater competition among suppliers. Through its Better Buying Power initiative, the DoD has begun requiring program managers to present affordability and competitive strategies when programs are seeking approval to move to the next acquisition phase.

DoD Financial Management has been on the GAO's high risk list since 1995 (**Strategic Objective 5.5-2U).** Auditable statements are needed to facilitate decision-making, to comply with the law, and to reassure the public that we are good stewards of their funds. On October 13, 2011, the Secretary of Defense declared improving financial information and achieving audit readiness to be a Defense priority. Although the Department had presented a plan for audit ready financial statements by 2017, the Secretary asked that key elements of that plan be accelerated. The Department's FY 2013 Annual Performance Plan includes a total of four performance goals that advance audit readiness and include the following AGP which reflects a key element of the plan that is expected to be completed by the end of FY 2013.

*Agency Priority Goal 5: By September 30, 2013, the DoD will improve its audit readiness on the Statement of Budgetary Resources for Appropriations Received from 80 to 100 percent.

Achieving Appropriations Received audit readiness will address the accuracy and reliability of recorded appropriated funds and the reported annual President's Budget. Appropriations Received is a priority for DoD and for the Department's ability to achieve full audit readiness. Successful completion will improve the accuracy and reliability of funding information and allow better funds control for management. The Department has met the goal of 80 percent completion by the end of FY 2011 and is anticipating 100 percent completion by the end of FY 2013. Interim goals have been set, and DoD is on track to meet its established timeline.

While information assurance (*Strategic Objective 5.2-2C*) and DoD logistics (*Strategic Objective 5.4-2L*) are not Agency Priority Goals, they are both critical elements of the Department's FY 2013 Annual Performance Plan (Exhibit B). Performance goals focused on streamlining the number of DoD data centers and migrating to cryptographic logon will optimize network efficiency, generate overhead savings, and promote more secure information sharing. In the logistics area, the plan includes goals for reducing on-hand and on-order excess inventory and continuing management focus on customer wait time goals, as the Defense Logistics Agency leads the Strategic Network Optimization (SNO) effort to improve the distribution network and optimize inventory positioning.

CONCLUSION

The Department's updated Strategic Guidance and FY 2013 Annual Performance Plan have been shaped by America's enduring national security interests and a new fiscal environment. As we end today's wars and reshape our Armed Forces, the Joint Force will need to recalibrate its capabilities, make selective investments, and help build the capacity and competence of allied and partner forces for internal and external defense. A reduction in resources will require innovation and creative solutions to building partner capacity with a renewed emphasis on a globally networked approach to deterrence and warfare. It will also require thoughtful choices regarding the location and frequency of future operations.

Our growing national debt, if not addressed, will imperil our prosperity, hurt our credibility and influence around the world, and ultimately put our national security at risk. As the Nation takes steps to get its finances in order, defense spending will be part of the solution. Achieving savings based on sound national security policy will serve our Nation's interests and will also prove more enforceable and sustainable over the long term.

The Budget Control Act, signed last year, calls for the Defense Department to cut $487 billion over ten years. The Department must reduce the "cost of doing business." DoD performance results are expected to play a more relevant role as the Department takes steps to reduce its manpower costs and find further efficiencies in overhead, headquarters, business practices, and other support activities.

The FY 2013 Annual Performance Plan promotes a number of initiatives in the business arena to improve logistics responsiveness, increase competition, reduce acquisition costs and cycle time, and enhance financial management so that the Department is postured to provide our forces with the capabilities they need, when they need them. The Department will continue to enhance U.S. capabilities to fight today's wars and counter future threats by actively managing and continuously evaluating how our warfighting and infrastructure operations are delivering quality and timely performance results.

Exhibit A – FY 2011 DOD-wide Performance Results Summary by Strategic Goal and Strategic Objective

DoD STRATEGIC GOAL #1: PREVAIL IN TODAY'S WARS.		
DoD Strategic Objective 1.1.OCO: *Degrade the Taliban to levels manageable by the Afghan National Security Force (ANSF), while increasing the size and capability of the ANSF.* *Priority Objective: Provide effective business operations to overseas contingency operations.*		
Performance Measures	**Long-term Performance Goals**	**Annual Performance Goals**
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.	FY07 Actual: 46,000 FY08 Actual: 67,000 FY09 Actual: 92,000 FY10 Actual: 144,000 FY11: 171,600 **FY11 Actual: 170,781**
Contributing DoD Components: *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.	FY07 Actual: 76,000 FY08 Actual: 77,000 FY09 Actual: 92,000 FY10 Actual: 115,000 FY11: 134,000 **FY11 Actual: 136,122**
Contributing DoD Components: *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.	FY07 – 08 Actual: Not available FY09 Actual: 100% FY10 Actual: 100% FY11: 100% **FY11 Actual: 100%**
Contributing DoD Components: 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.	FY07 – 09 Actual: Not available FY10 Actual: 87% FY11: 85% **FY11 Actual: 87.8%**
Contributing DoD Components: *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.	FY07 – 08 Actual: Not available FY09 Actual: 10.2% FY10 Actual: 2.6% FY11: 2% **FY11 Actual: 0.9%**
Contributing DoD Components: *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.	FY07 – 09 Actual: Not available FY10 Actual: 44.7% FY11: 95% **FY11 Actual: 94%**
Contributing DoD Components: *Army, DFAS, USCENTCOM, and OUSD(AT&L)(JCC)*		

DoD Strategic Objective 1.2.OCO: *Execute a responsible drawdown of the U.S. military presence in Iraq.*		
Performance Measures	**Long-term Performance Goals**	**Annual Performance Goals**
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).	FY07 Actual: 169,033 FY08 Actual: 146,845 FY09 Actual: 129,241 FY10 Actual: 48,770 FY11: 50,000 **FY11 Actual: 39,000**
Contributing DoD Components: *USCENTCOM*		
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).	FY07 – 08 Actual: Not available FY09 Actual: 51,000 FY10 Actual: 16,500 FY11: 16,500 **FY11 Actual: 11,485**
Contributing DoD Components: *USCENTCOM*		
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.	FY07 – 08 Actual: Not available FY09 Actual: 413 FY10 Actual: 88 FY11: 95 **FY11 Actual: 17**
Contributing DoD Components: *USCENTCOM*		

DoD STRATEGIC GOAL #2: PREVENT AND DETER CONFLICT.

DoD Forces and Infrastructure Category 1F1: Expeditionary Forces

DoD Strategic Objective 2.1.1F1: *Extend a global posture to prevail across all domains by increasing capacity in general purpose forces and by enhancing stability operations and foreign security force competency.*		
Performance Measures	**Long-term Performance Goals**	**Annual Performance Goals**
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.	FY07 – 08 Actual: Not available FY09 Actual: 100% FY10 Actual: 100% FY11: 100% **FY11 Actual: 100%**
Contributing DoD Components: *USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM*		
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.	FY07 – 08 Actual: Not available FY09 Actual: 89% FY10 Actual: 82.1% FY11: 80% **FY11 Actual: 85%**
Contributing DoD Components: *USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, USTRANSCOM, and USJFCOM*		
2.1.3-1F1: Cumulative percent increase in DoD Special Forces and Navy Sea, Air, and Land (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.	FY07 Actual: 4% FY08 Actual: 18% FY09 Actual: 23% FY10 Actual: 27% FY11: 28% **FY11 Actual: 35%**
Contributing DoD Components: *Army and Navy*		

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.	FY07 Actual: 35 FY08 Actual: 38 FY09 Actual: 46 FY10 Actual: 56 FY11: 66 **FY11 Actual: 71**
Contributing DoD Components: *Army*		
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.	FY07 Actual: 144 FY08 Actual: 188 FY09 Actual: 196 FY10 Actual: 202 FY11: 225 **FY11 Actual: 225**
Contributing DoD Components: *Army*		
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.	FY07 Actual: 11% FY08 Actual: 47% FY09 Actual: 72% FY10 Actual: 84% FY11: 92% **FY11 Actual: 95%**
Contributing DoD Components: *Navy*		
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.	FY07 Actual: 279 FY08 Actual: 282 FY09 Actual: 285 FY10 Actual: 287 FY11: 284 **FY11 Actual: 284**
Contributing DoD Components: *Navy*		

DoD Forces and Infrastructure Category 1F2: Homeland Defense

DoD Strategic Objective 2.2.1F2A
Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners.

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.	FY07 – 10 Actual: Non-applicable FY11: 6 **FY11 Actual: 11**
Contributing DoD Components: *OSD*		
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.	FY07 Actual: 100% FY08 Actual: 71% FY09 Actual: 77% FY10 Actual: 73% FY11: 100% **FY11 Actual: 85.7%**
Contributing DoD Components: *Air Force, Navy, TJS, and DTRA*		

DoD Forces and Infrastructure Category 1F3: Military Space Forces

DoD Strategic Objective 2.3.1F3:
Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.

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.	FY07 Actual: 17 FY08 Actual: 17 FY09 Actual: 18 FY10 Actual: 20 FY11: 23 **FY11 Actual: 23**

Contributing DoD Components: *Navy and MDA*

DoD Forces and Infrastructure Category 1X2: Intelligence Operations

DoD Strategic Objective 2.4.1X2:
Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.

Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.4.1-1X2: Cumulative number of Predator (MQ-1) and Reaper (MQ-9) intelligence, surveillance, and reconnaissance (ISR) orbits (USD(I))	2.4.1-1X2: By FY 2013, the DoD will achieve and maintain 65 Predator (MQ-1) and Reaper (MQ-9) orbits of ISR.	FY07 Actual: 18 FY08 Actual: 29 FY09 Actual: 36 FY10 Actual: 45 FY11: 50 **FY11 Actual: 59**

Contributing DoD Components: *Air Force*

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

DoD Forces and Infrastructure Category 1F2: Homeland Defense

DoD Strategic Objective 3.1.1F2B
Improve the responsiveness and flexibility of consequence management response forces.

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.	FY07 – 10 Actual: Non-applicable FY11: 2 **FY11 Actual: 2**

Contributing DoD Components: 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. | FY07 – 10 Actual: Non-applicable
FY11: 2
FY11 Actual: 17 |

Contributing DoD Components: USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau

DoD Strategic Objective 3.2.1F2C *Enhance capacity to locate, secure, or neutralize weapons of mass destruction, key materials, and related facilities.*		
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.	FY07 Actual: 48.2% FY08 Actual: 49.6% FY09 Actual: 65.5% FY10 Actual: 79.8% FY11: 88.3% **FY11 Actual: 89.1%**
Contributing DoD Components: *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.	FY07: Actual: Not available FY08 Actual: 16 FY09 Actual: 19 FY10 Actual: 20 FY11: 37 **FY11 Actual: 37**
Contributing DoD Components: *DTRA*		

DoD Strategic Objective 3.3.1F2C *Enhance U.S. capabilities to train, advise, and assist foreign security forces and their sustaining institutions to operate with or in lieu of U.S. forces.*		
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.	FY07 Actual: 99.5% FY08 Actual: 100% FY09 Actual: 99.5% FY10 Actual: 99% FY11: 100% **FY11 Actual: 100%**
Contributing DoD Components: *DTSA*		

Forces and Infrastructure Category 1X1: Operational Command & Control Systems

DoD Strategic Objective 3.4.1X1 *Expand capacity to succeed against adversary states armed with anti-access capabilities and/or nuclear weapons and improve capabilities to conduct effective operations in cyberspace and space.*		
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).	FY07 – 08 Actual: 0 FY09 Actual: 0 FY10 Actual: 0 FY11: 0 **FY11 Actual: 0**
Contributing DoD Components: *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).	FY07 – 08 Actual: 0 FY09 Actual: 0 FY10 Actual: 0 FY11: 0 **FY11 Actual: 0**
Contributing DoD Components: *Navy*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
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.	FY07 – 10 Actual: Not available FY11: 12% **FY11 Actual: 12%**

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

DoD Forces and Infrastructure Category 2D: Science and Technology

DoD Strategic Objective 3.5.2D:
Maintain a strong technical foundation within the Department's Science and Technology (S&T) program.

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.	FY07 Actual: Not available FY08 Actual: 43.1% FY09 Actual: 52.65% FY10 Actual: 61.5% FY11: 30% **FY11 Actual: 83%**

Contributing DoD Components: *Army, Navy, AF, DLA, DARPA, CBDP, and OSD*

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.
*Priority 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.	FY07 Actual: -0.8% FY08 Actual: 1.1% FY09 Actual: 6.7% FY10 Actual: -1% FY11: </= 0% **FY11 Actual: 1.4%**

Contributing DoD Components: *DHP, TMA, Army, Navy, and Air Force*

Performance Measures	Long-term Performance Goals	Annual Performance Goals
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.	FY07 Actual: Non-applicable FY08 Actual: 4% FY09 Actual: 27% FY10 Actual: 44% FY11: 100% **FY11 Actual: 100%**

Contributing DoD Components: *Army, Navy, and Air Force*

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*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).	FY07 – 10 Actual: Non-applicable FY11: 3 **FY11 Actual: 6**

Contributing DoD Components: *Army, Navy, and Air Force*

Performance Measures	Long-term Performance Goals	Annual Performance Goals
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.	FY07 Actual: Not available FY08 Actual: 67% FY09 Actual: 69% FY10 Actual: 74% FY11: 80% **FY11 Actual: 78%**
Contributing DoD Components: *Army, Navy, MC, and Air Force*		
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.	FY07 Actual: 76% FY08 Actual: 77% FY09 Actual: 84% FY10 Actual: Not available FY11: 68% **FY11 Actual: 86%**
Contributing DoD Components: *Army, Navy, MC, and Air Force*		
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.	FY07 Actual: 76% FY08 Actual: 77% FY09 Actual: 84% FY10 Actual: Not available FY11: 68% **FY11 Actual: 86%**
Contributing DoD Components: *Army, Navy, MC, and Air Force*		

DoD Forces and Infrastructure Category 2P: Central Personnel Administration

DoD Strategic Objective 4.2.2P:
Ensure the Department has the right workforce size and mix, manage the deployment tempo with greater predictability, and ensure the long-term viability of the Reserve Component.
*Priority Objective: Streamline the hiring process.

Performance Measures	Long-term Performance Goals	Annual Performance Goals
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:	FY07 Actual: 0.9% FY08 Actual: 2.1% FY09: 0 – 3% FY09 Actual: 0.9% FY10 Actual: 0.4% FY11: 0 – 3% **FY11 Actual: -0.5%**
Contributing DoD Components: *Army, Navy, and AF*		
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.	FY07 Actual: -1.7% FY08 Actual: 0% FY09: +/-3% FY09 Actual: 1% FY10 Actual: 0.6% FY11: +/-3% **FY11 Actual: 0.2%**
Contributing DoD Components: *Army, Navy, and AF*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
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.	FY07 Actual: 11,875 FY08 Actual: 13,217 FY09 Actual: 9,753 FY10 Actual: 3,198 FY11: 0 **FY11 Actual: 0**
Contributing DoD Components: *Army, Navy, and AF*		
*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.	FY07 – 08 Actual: Not available FY09 Actual: 155 FY10 Actual: 116 FY11: 101 **FY11 Actual: 104**
Contributing DoD Components: *All*		
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 11 Actual: 85.7%**
Contributing DoD Components: *Army*		
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.	FY07 – 10 Actual: Not available FY11: 95% **FY11 Actual: 95.6%**
Contributing DoD Components*: Navy*		
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.	FY07 – 10 Actual: Not available FY11: 94% **FY11 Actual: 94%**
Contributing DoD Components: *MC*		
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.	FY07 – 10 Actual: Not available FY11: 95% **FY11 Actual: 97.3%**
Contributing DoD Components: *AF*		
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.	FY07 – 09 Actual: Not available FY10 Actual: 64.8% FY11: 60% **FY11 Actual: 71.8%**
Contributing DoD Components: *Army, Navy, MC, and AF*		

DoD Forces and Infrastructure Category 2R: Central Personnel Benefits

DoD Strategic Objective 4.3.2R:
Better prepare and support families during the stress of multiple deployments.

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.3.1-2R: Percent of worldwide government-owned Family Housing inventory at good or 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 or fair (Q1-Q2) condition.	FY07 – 10 Actual: Not available FY11: 81% **FY11 Actual: 80%**
Contributing DoD Components*: Army, Navy, and AF*		
4.3.2-2R: Percent of the inventory for government-owned permanent party unaccompanied housing in United States at good or 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 unaccompanied housing in United States at good or fair (Q1-Q2) condition.	FY07 – 10 Actual: Not available FY11: 89% **FY11 Actual: 85%**
Contributing DoD Components: *Army, Navy, and AF*		
4.3.3-2R: Percent of the inventory for government-owned permanent party unaccompanied housing at foreign locations at good or 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 unaccompanied housing at foreign locations at good or fair (Q1-Q2) condition.	FY07 – 10 Actual: Not available FY11: 75% **FY11 Actual: 82%**
Contributing DoD Components: *Army, Navy, and AF*		
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.	FY07 Actual: Not available FY08 Actual: 58 FY09 Actual: 60 FY10 Actual: 61 FY11: 65 **FY11 Actual: 66**
Contributing DoD Components: *Army, Navy, MC, and AF*		
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.	FY07 – 08 Actual: Not available FY09 Actual: 2.8 FY10 Actual: 2.8 FY11: 2.8 **FY11 Actual: 2.8**
Contributing DoD Components: *Army, Navy, MC, and AF*		

DoD Forces and Infrastructure Category 2T: Central Training

DoD Strategic Objective 4.4.2T:
Train the Total Defense Workforce with the right competencies.

*Priority Objective: Reform the DoD acquisition process.

*Priority Objective: Enhance the security cooperation workforce.

*Priority Objective: Reform the DoD personnel security clearance process.

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.	FY07 Actual: 51.46% FY08 Actual: 55.10% FY09 Actual: 55.2% FY10 Actual: 52% FY11: > 52% **FY11 Actual: 55.1%**
Contributing DoD Components: *All*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*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.	FY07 Actual: 61.71% FY08 Actual: 69.89% FY09 Actual: 70.5% FY10 Actual: 67.4% FY11: > 67.4% **FY11 Actual: 70.2%**
Contributing DoD Components: *All*		
*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.	FY07 – 08 Actual: Not available FY09 Actual: 67% FY10 Actual: 82% FY11: =/>95% **FY11 Actual: 98.3%**
Contributing DoD Components: *Army, Navy, Air Force, DLA, DSCA, OSD, TJS, USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USSTRATCOM, USTRANSCOM, and USJFCOM*		
*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.	FY07 – 10 Actual: Not available FY11: 50% **FY11 Actual: 23%**
Contributing DoD Components: *Army, Navy, AF, DSS, DIA, NSA, and NGA*		
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.	FY07 – 10 Actual: Non-applicable FY11: 2,900 **FY11 Actual: 3,076**
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		

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

DoD Forces and Infrastructure Category 2A: Force Installations

DoD Strategic Objective 5.1.2A:
Increase use of renewable energy and reduce energy demand at DoD installations.
Priority Objective: Increase energy efficiencies.

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.	FY07 Actual: 90% FY08 Actual: 94% FY09 Actual: 81% FY10 Actual: 86% FY11: 90% **FY11 Actual: 83%** [1/]
Contributing DoD Components: *Army, Navy, AF, TMA, and DoDEA*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*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 British Thermal Units (BTUs) per gross square foot.	FY07 Actual: 10.1% FY08 Actual: 10.7% FY09 Actual: 9.7% FY10 Actual: 11.5% FY11: 18% FY11 Actual: Not available
Contributing DoD Components: *Army, Navy, AF, DCMA, DeCA, DFAS, DIA, DLA, MDA, NGA, NSA, TMA, and WHS*		
*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.	FY07 Actual: 11.9% FY08 Actual: 9.8% FY09 Actual: 9.7% FY10 Actual: 10.4% FY11: 11% FY11 Actual: Not available
Contributing DoD Components: *Army, Navy, AF, DCMA, DeCA, DFAS, DIA, DLA, MDA, NGA, NSA, TMA, and WHS*		

DoD Forces and Infrastructure Category 2C: Communications & Information Infrastructure

DoD Strategic Objective 5.2.2C:
Protect critical DoD infrastructure and partner with other critical infrastructure owners in government and the private sector to increase mission assurance.

Performance Measures	Long-term Performance Goals	Annual Performance Goals
5.2.1-2C: Percent of applicable information technology (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 information technology (IT) and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant.	FY07 Actual: 90% FY08 Actual: 95% FY09 Actual: 97% FY10 Actual: 90% FY11: =/>90% **FY11 Actual 92%**
Contributing DoD Components: *All*		

DoD Forces and Infrastructure Category 2E: Acquisition Infrastructure

DoD Strategic Objective 5.3.2E:
Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items.
Priority Objective: Reform the DoD acquisition process.

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.	FY07 Actual: 10 FY08 Actual: 5 FY09 Actual: 2 FY10 Actual: 8 FY11: </= 5 **FY11 Actual: 8**
Contributing DoD Components: *Army, Navy, AF, and MDA*		
*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.	FY07 Actual: 63% FY08 Actual: 64% FY09 Actual: 63% FY10 Actual: 62.5% FY11: 65% **FY11 Actual: 58.5%**
Contributing DoD Components: *All*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*5.3.3-2E: Average percent increase from the Acquisition 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 Acquisition Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after	FY07 – 09 Actual: Not available FY10 Actual: 4.4% FY11: </=5% **FY11 Actual: 4.5%**
Contributing DoD Components: *Army, Navy, AF, and MDA*		
*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.	FY07 – 10 Actual: Non-applicable FY11: 60% **FY11 Actual: 60%**
Contributing DoD Components: *Army, Navy, AF, and MDA*		
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.	FY07 Actual: Not available FY08 Actual: 1 FY09 Actual: 1 FY10 Actual: 1 FY11: </= 1 **FY11 Actual: 2**
Contributing DoD Components: Army, Navy, Marine Corps, Air Force, BTA, DISA, DLA, and TMA		
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.	FY07 Actual: Not available FY08 Actual: 2 FY09 Actual: 6 FY10 Actual 2 FY11: </= 3 **FY11 Actual: 1**
Contributing DoD Components: Army, Navy, Marine Corps, Air Force, BTA, DISA, DLA, and TMA		

DoD Forces and Infrastructure Category 2L: Logistics

DoD Strategic Objective 5.4.2L:
Provide more effective and efficient logistical support to forces abroad.

Performance Measures	Long-term Performance Goals	Annual Performance Goals
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.	FY07 Actual: 73.24% FY08 Actual: 73.66% FY09 Actual: 79.92% FY10 Actual: 84.8% FY11: 84.95% **FY11 Actual: 86.2%**
Contributing DoD Components: *DLA*		
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.	FY07 Actual: 19 FY08 Actual: 17.4 FY09 Actual: 16.6 FY10 Actual: 16.6 FY11: 15.9 **FY11 Actual: 14.1**
Contributing DoD Components: *Army*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
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.	FY07 Actual: 9.1 FY08 Actual: 10.3 FY09 Actual: 12.6 FY10 Actual: 12.7 FY11: 12.5 **FY11 Actual: 11.4**
Contributing DoD Components: *Navy*		
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.	FY07 Actual: 5.5 FY08 Actual: 5.7 FY09 Actual: 6.3 FY10 Actual: 7.6 FY11: 5 **FY11 Actual: 5**
Contributing DoD Components: *Air Force*		

DoD Forces and Infrastructure Category 2U/2V: Department Headquarters and other Infrastructure

DoD Strategic Objective 5.5.2U/2V:
Improve financial management and increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts.
*Priority Objective: Increase the audit readiness of individual DoD components.
*Priority Objective: Reform the DoD personnel security clearance process.

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*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.	FY07 Actual: 14% FY08 Actual: 14% FY09 Actual: 19% FY10 Actual: 19% FY11: 80% **FY11 Actual: 80%**
Contributing DoD Components: *All*		
*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.	FY07 Actual: 5% FY08 Actual: 5% FY09 Actual: 7% FY10 Actual: 9% FY11: 9% **FY11 Actual: 9%**
Contributing DoD Components: *All*		
*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.	FY07 Actual: 10% FY08 Actual: 10% FY09 Actual: 13% FY10 Actual: 14% FY11: 14% **FY11 Actual: 14%**
Contributing DoD Components: *All*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*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.	FY07 – 09 Actual: Not available FY10: 4% FY11: 20% **FY11 Actual: 4%**
Contributing DoD Components: *All*		
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.	FY07 Actual: 0.57% FY08 Actual: 0.60% FY09 Actual: 0.48% FY10 Actual: 0.61% FY11: </=1.25% **FY11 Actual: 0.51%**
Contributing DoD Components: *Army, Navy, and AF*		
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.	FY07 Actual: 0.25% FY08 Actual: 0.26% FY09 Actual: 0.32% FY10 Actual: 0.24% FY11: </=0.26% **FY11 Actual: 0.16%**
Contributing DoD Components: *All*		
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.	FY07 – 09 Actual: Non-applicable FY10 Actual: 19 FY11: 10 **FY11 Actual: 9**
Contributing DoD Components: *All*		
*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.	FY07 Actual: 39 FY08 Actual: 30 FY09 Actual: 25 FY10 Actual: 10 FY11: 20 **FY11 Actual: 9**
Contributing DoD Components: Army, Navy, AF, DSS, DIA, NSA, and NGA		

*Reflects FY 2010 – FY 2011 priority goal.

[1/] Reflects result for Operations and Maintenance (O&M) funds only; as most facilities sustainment funding is O&M, the residual amount in other accounts is not expected to result in the goal being achieved.

Exhibit B – FY 2012 – FY 2013 DOD-wide Performance Goals by Strategic Goal and Strategic Objective

DoD STRATEGIC GOAL #1: PREVAIL IN TODAY'S WARS.		
DoD Strategic Objective 1.1-OCO: *Degrade the Taliban to levels manageable by the Afghan National Security Force (ANSF), while increasing the size and capability of the ANSF.*		
Performance Measures	**Long-term Performance Goals**	**Annual Performance Goals**
1.1.1-OCO: Percent of DoD Combatant Commanders' (CoComs) Current Operations which they report ready to execute (USD(P&R))	1.1.1-OCO: For each fiscal year, DoD Combatant Commanders (CoComs) will be ready to execute 100 percent of Current Operations.	FY07 – 08 Actual: Not available FY09 Actual: 100% FY10 Actual: 100% FY11 Actual: 100% FY12: 100% FY13: 100%
Contributing DoD Components: *USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, and USTRANSCOM*		
1.1.2-OCO: Average annual military strength in Afghanistan (USD(P))	1.1.2-OCO: For FY 2013, the DoD will maintain an average annual military strength in Afghanistan of not more than 68,000.	FY07 Actual: 24,641 FY08 Actual: 32,259 FY09 Actual: 52,440 FY10 Actual: 88,516 FY11 Actual: 98,158 FY12: 89,840 FY13: 68,000
Contributing DoD Components: *USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, and USTRANSCOM*		
1.1.3-OCO: Average annual military strength providing theater support (USD(P)	1.1.3-OCO: For FY 2013, the DoD will maintain an average annual military strength of not more than 49,200 for theater support.	FY07 – 12 Actual: Not available[1/] FY13: 49,200
Contributing DoD Components: *USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, and USTRANSCOM*		
1.1.4-OCO: Cumulative number of Afghan National Security Force (ANSF) end strength (USD(P)	1.1.4-OCO: By FY 2012, the DoD will improve combat effectiveness by increasing the Afghan National Security Forces to 352,000.	FY07 Actual: 122,000 FY08 Actual: 144,000 FY09 Actual: 184,000 FY10 Actual: 259,000 FY11 Actual: 305,600 *FY12: 352,000 FY13: Deleted; achieved end state
Contributing DoD Components: *USCENTCOM*		
DoD Strategic Objective 1.2-OCO: *Execute a responsible drawdown of the U.S. military presence in Iraq.*		
Performance Measures	**Long-term Performance Goals**	**Annual Performance Goals**
Objective satisfied in FY 2012.		
Contributing DoD Components: *USCENTCOM*		

DoD STRATEGIC GOAL #2: PREVENT AND DETER CONFLICT.		
DoD Forces and Infrastructure Category 1F1: Expeditionary Forces		
DoD Strategic Objective 2.1-1F1: *Extend a global posture to prevail across all domains by increasing capacity in general purpose forces and by enhancing stability operations and foreign security force competency.*		
Performance Measures	**Long-term Performance Goals**	**Annual Performance Goals**
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.	FY07 – 08 Actual: Not available FY09 Actual: 100% FY10 Actual: 100% FY11 Actual: 100% FY12: 100% FY13: 100%
Contributing DoD Components: *USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, and USTRANSCOM*		
2.1.2-1F1: Percent of the DoD Combatant Commanders' (CoComs) Contingency Plans which they report ready to execute (USD(P&R))	2.1.2-1F1: For each fiscal year, DoD Combatant Commanders (CoComs) will be ready to execute at least 80 percent of their Contingency Plans.	FY07 – 08 Actual: Not available FY09 Actual: 89% FY10 Actual: 82.1% FY11 Actual: 80% FY12: 80% FY13: 80%
Contributing DoD Components: *USAFRICOM, USEUCOM, USCENTCOM, USPACOM, USSOUTHCOM, USNORTHCOM, USSTRATCOM, USSOCOM, and USTRANSCOM*		
2.1.3-1F1: Cumulative number of Army Brigade Combat Teams (BCTs) converted to a modular design and available to meet military operational demands (USD(P&R))	2.1.3-1F1: By FY 2017, the DoD will have a maximum of 65 modular Army Brigade Combat Teams (BCTs).	FY07 Actual: 35 FY08 Actual: 38 FY09 Actual: 46 FY10 Actual: 56 FY11 Actual: 66 FY12: 69 FY13: 70
Contributing DoD Components: *Army*		
2.1.4-1F1: Cumulative number of Army Multi-functional and Functional Support (MFF) brigades converted to a modular design and available to meet military operational demands (USD(P&R))	2.1.4-1F1: By FY 2013, the DoD will convert 229 Army Multi-functional and Functional Support (MFF) brigades to a modular design.	FY07 Actual: 144 FY08 Actual: 188 FY09 Actual: 196 FY10 Actual: 202 FY11 Actual: 225 FY12: 227 FY13: 229
Contributing DoD Components: *Army*		
2.1.5-1F1: Cumulative number of ships in the fleet (USD(P&R))	2.1.5-1F1: By FY 2020, the DoD will increase the number of ships in the fleet to 292 for security operations.	FY07 Actual: 279 FY08 Actual: 282 FY09 Actual: 285 FY10 Actual: 287 FY11 Actual: 284 FY12: 289 FY13: 283
Contributing DoD Components: *Navy*		

DoD Forces and Infrastructure Category 1F2: Homeland Defense

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

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.	FY07 – 10 Actual: Non-applicable FY11 Actual: 11 FY12: 6 FY13: 6
Contributing DoD Components: *OSD*		
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.	FY07 Actual: 100% FY08 Actual: 71% FY09 Actual: 77% FY10 Actual: 73% FY11 Actual: 85.7% FY12: 100% FY13: 100%
Contributing DoD Components: *Navy, Air Force, TJS, and DTRA*		
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: By FY 2018, the DoD will maintain not more than 1,550 operationally deployed nuclear warheads.	FY07 – 11 Actual: Non-applicable FY12: 100% FY13: 100%
Contributing DoD Components: *Navy, Air Force, and USSTRATCOM*		
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: By FY 2018, the DoD will maintain not more than 700 operationally deployed Strategic Delivery Vehicles (SDVs).	FY07 – 11 Actual: Non-applicable FY12: 100% FY13: 100%
Contributing DoD Components: *Navy, Air Force, and USSTRATCOM*		

DoD Forces and Infrastructure Category 1F3: Military Space Forces

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

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 2017, the DoD will have 33 Aegis ships that are BMD-capable.	FY07 Actual: 17 FY08 Actual: 17 FY09 Actual: 18 FY10 Actual: 20 FY11 Actual: 24 FY12: 29 FY13: 32
Contributing DoD Components: *Navy and MDA*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.3.2-1F3: Cumulative number of Standard Missile - Model 3 (SM-3) Interceptors (all variants) delivered (USD(AT&L))	2.3.2-1F3: By FY 2017, the DoD will have delivered 394 SM-3 Interceptors (all variants) to counter aerial threats.	FY07 Actual: 24 FY08 Actual: 42 FY09 Actual: 63 FY10 Actual: 88 FY11 Actual: 108 FY12: 129 FY13: 138

Contributing DoD Components: *MDA*

Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.3.3-1F3: Cumulative number of Army- Navy/Transportable Radar Surveillance – Model 2 (AN/TPY-2) delivered (USD(AT&L))	2.3.3-1F3: By FY 2017, the DoD will have delivered 12 AN/TPY-2 Radars to detect aerial threats.	FY07 Actual: 3 FY08 Actual: 5 FY09 Actual: 6 FY10 Actual: 7 FY11 Actual: 7 FY12: 7 FY13: 8

Contributing DoD Components: *MDA*

DoD Forces and Infrastructure Category 1X2: Intelligence Operations

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

Performance Measures	Long-term Performance Goals	Annual Performance Goals
2.4.1-1X2: Cumulative number of Predator (MQ-1) and Reaper (MQ-9) intelligence, surveillance, and reconnaissance (ISR) orbits (USD(I))	2.4.1-1X2: By FY 2017, the DoD will achieve and maintain 65 Predator (MQ-1) and Reaper (MQ-9) ISR orbits.	FY07 Actual: 18 FY08 Actual: 29 FY09 Actual: 36 FY10 Actual: 45 FY11 Actual: 59 FY12: 56 FY13: 45 [2/]

Contributing DoD Components: *Air Force*

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

DoD Forces and Infrastructure Category 1F2: Homeland Defense

DoD Strategic Objective 3.1-1F2B
Improve the responsiveness and flexibility of consequence management response forces.

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 and maintain ten National Guard HRFs trained, equipped, evaluated, and validated at a reduced response time of 6-12 hours to a very significant or catastrophic event.	FY07 – 10 Actual: Non-applicable FY11 Actual: 2 FY12: 10 FY13: 10

Contributing DoD Components: *USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau*

Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.1.2-1F2B: Cumulative number of Chemical, Biological, Radiological, Nuclear and High-Yield Explosives Enhanced Response Force Packages (CERFPs) trained, equipped, evaluated, and validated at a response time of 6-12 hours (USD(P))	3.1.2-1F2B: By FY 2012, the DoD will have and maintain 17 National Guard CERFPs trained, equipped, evaluated, and validated at a response time of 6-12 hours in order to backfill existing CERFPs that will convert to HRFs.	FY07 – 10 Actual: Non-applicable FY11 Actual: 17 FY12: 17 FY13: 17
Contributing DoD Components: *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 and maintain one DCRF trained, equipped, evaluated, and certified at a response time of 24 – 48 hours.	FY07 – 11 Actual: Non-applicable FY12: 1 FY13: 1
Contributing DoD Components: *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 and maintain two C2CREs trained, equipped and evaluated as well as certified or validated as applicable at a response time of 96 hours.	FY07 – 11 Actual: Non-applicable FY12: 2 FY13: 2
Contributing DoD Components: *USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau*		

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

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.	FY07 Actual: 48.2% FY08 Actual: 49.6% FY09 Actual: 65.5% FY10 Actual: 79.8% FY11 Actual: 89.1% FY12: 89.8% FY13: 89.8%
Contributing DoD Components: *Army*		
3.2.2-1F2C: Cumulative number of labs working with dangerous pathogens at risk for exploitation (USD(AT&L))	3.2.2-1F2C: By FY 2017, the DoD will have secured 66 labs working with dangerous pathogens that are considered at risk for exploitation.	FY07: Actual: Not available FY08 Actual: 16 FY09 Actual: 19 FY10 Actual: 20 FY11 Actual: 37 FY12: 39 FY13: 45
Contributing DoD Components: *DTRA*		

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

Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.3.1-1F2C: Percentage of general purpose force (GPF) deployed to support CoCom security force assistance requirements that have received focused SFA training. USD(P&R))	3.3.1-1F2C: Beginning in FY 2013, 95 percent of GPF units/teams deployed to support CoCom SFA requirements will have received focused SFA training.	FY07 – 11 Actual: Non-applicable FY12: Not available FY13: 95%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.3.2-1F2C: Average number of trained or deployed civilian expeditionary ministerial-level advisors (USD(P)	3.3.2-1F2C: By FY 2014, the DoD will maintain an annual average of 100 civilian expeditionary advisors to provide ministerial-level training and advice to partner nations.	FY07 – 09 Actual: Non-applicable FY10 Actual: 17 FY11 Actual: 45 FY12: 60 FY13: 75
Contributing DoD Components: *Army, Navy, Marine Corps, Air Force, DSCA, and OSD*		
3.3.3-1F2C: Average number of countries with active Defense Institution Reform Initiative (DIRI) programs (USD(P)	3.3.3-1F2C: By FY 2015, the DoD will expand its Defense Institution Reform Initiative (DIRI) program to include 30 countries.	FY07 – 10 Actual: Non-applicable FY 11 Actual: 17 FY12: 22 FY13: 26
Contributing DoD Components: *Army, Navy, Marine Corps, Air Force, DSCA, and OSD*		

Forces and Infrastructure Category 1X1: Operational Command & Control Systems

DoD Strategic Objective 3.4-1X1

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

Agency Priority Goal 1: By September 30, 2013, the DoD will attain a passing score on a comprehensive cybersecurity inspection that assesses compliance with technical, operational, and physical security standards, on an overwhelming majority of inspected military cyberspace organizations resulting in improved hardening and cyber defense. (DoD CIO) [2/]

Performance Measures	Long-term Performance Goals	Annual Performance Goals
3.4.1-1X1: Percent of DoD's nuclear command, control, and communications (NC3) cryptographic modernization plan completed (DoD CIO)	3.4.1-1X1: By FY 2016, the DoD will have completed 100 percent of its NC3 cryptographic modernization action plan for the most critical 25 networks.	FY07 – 10 Actual: Not available FY11 Actual: 12% FY12: 32% FY13: 44%
Contributing DoD Components: *Army, Navy, Air Force, NSA, and DISA*		
*3.4.2-1X1: Percent of inspected DoD military cyberspace organizations that attain a passing grade (score of xx percent or better) on a Command Cyber Readiness Inspection (CCRI) [3/] (DoD CIO)	3.4.2-1X1: By FY 2013, xx percent of inspected DoD military cyberspace organizations will attain a passing grade (score of xx percent or better) on a Command Cyber Readiness Inspection. [3/]	FY07 – 11 Actual: Non-applicable[2/] *FY12: xx% [3/] *FY13: xx% [3/]
Contributing DoD Components: *All*		

DoD Forces and Infrastructure Category 2D: Science and Technology

DoD Strategic Objective 3.5-2D:

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

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.	FY07 Actual: Not available FY08 Actual: 43.1% FY09 Actual: 52.6% FY10 Actual: 61.5% FY11 Actual: 83% FY12: 30% FY13: 30%
Contributing DoD Components: *Army, Navy, Air Force, DLA, DARPA, CBDP, and OSD*		

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.

Agency Priority Goal 2: By September 30, 2013, the DoD will: 1) increase the use of Recovery Care Coordinators and ensure WII Service members have active recovery plans; 2) improve effectiveness of behavioral health programs and ensure all Service members complete quality post-deployment health screenings; and 3) accelerate the transition of WII Service members into veteran status by reducing the processing time required for disability evaluation boards. (USD(P&R))

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.	FY07 Actual: -0.8% FY08 Actual: 1.1% FY09 Actual: 6.7% FY10 Actual: -1% FY11 Actual: 1.4% FY12: </=0% FY13: </= 0%
Contributing DoD Components: *Army, Navy, Air Force, and Marine Corps*		
4.1.2-2M: Percentage of Armed Forces who meet Individual Medical Readiness (IMR) requirements (USD(P&R))	4.1.2-2M: By FY 2015, 85 percent of the Armed Forces will have an IMR that indicates readiness for deployment.	FY07 Actual: Not available FY08 Actual: 67% FY09 Actual: 69% FY10 Actual: 74% FY11 Actual: 78% FY12: 82% FY13: 82%
Contributing DoD Components: *Army, Navy, Air Force, and Marine Corps*		
4.1.3-2M: Percent of Service members who are processed through the Integrated Disability Evaluation System (IDES) within 295 days (Active) or 305 days (Reserve) (USD(P&R))	4.1.3-2M: By FY 2014, 80 percent of Service Members will be processed through the IDES within 295 days (Active) or 305 days (Reserve) components.	FY07 Actual: Non-applicable FY08 Actual: 4% [4/] FY09 Actual: 27% [4/] FY10 Actual: 44% [4/] FY11 Actual: 100% [4/] FY12: 60% FY13: 70%
Contributing DoD Components: *Army, Navy, Air Force, and Marine Corps*		
4.1.4-2M: Percent of Veterans Affairs (VA) and DoD core medical facilities that have transitioned to joint data centers (DCMO)	4.1.4-2M: By FY 2017, 100 percent of Veterans Affairs (VA) and DoD core medical facilities will have transitioned to joint data centers.	FY07 – 11 Actual: Non-applicable FY12: 11% FY13: 17%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		
*4.1.5-2M: Percent of wounded, ill and injured (WII) Service members who are enrolled in a Service recovery coordination program and have an established and active recovery plan administered by a DoD trained Recovery Care Coordinator (USD(P&R))	4.1.5-2M: By FY 2012, 100 percent of wounded, ill, and injured (WII), who are enrolled in a Service recovery coordination program, will have an established and active recovery plan administered by a DoD trained Recovery Care Coordinator.	FY07 – 11 Actual: Non-applicable *FY12: 100% *FY13: 100%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*4.1.6-2M: Percent of wounded, ill and injured (WII) Service members who are assigned to a DoD trained Recovery Care Coordinator (RCC) within 30 days of being enrolled in a Wounded Warrior Program (USD(P&R))	4.1.6-2M: By FY 2012, 100 percent of wounded, ill, and injured (WII) Service members will be assigned to a DoD trained Recovery Care Coordinator within 30 days of being enrolled in a Wounded Warrior Program.	FY07 – 11 Actual: Non-applicable *FY12: 100% *FY13: 100%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		

DoD Forces and Infrastructure Category 2P: Central Personnel Administration

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

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2.1-2P: Percent variance in Active component end strength (USD(P&R))	4.2.1-2P: For each fiscal year, the DoD Active component end strength will not vary by more than three percent from the SECDEF/NDAA-prescribed end strength for that fiscal year.	FY07 Actual: 0.9% FY08 Actual: 2.1% FY09: 0 – 3% FY09 Actual: 0.9% FY10 Actual: 0.4% FY11 Actual: -0.5% FY12: +/-3% FY13: +/-3%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		
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.	FY07 Actual: -1.7% FY08 Actual: 0% FY09: +/-3% FY09 Actual: 1% FY10 Actual: 0.6% FY11 Actual: 0.2% FY12: +/-3% FY13: +/-3%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		
4.2.3-2P: Percentage of the Department's active duty Army who meet the planning objectives for time deployed in support of combat operations versus time at home USD(P&R))	4.2.3-2P: By FY 2015, 95 percent of active duty Army personnel will meet the deployment to dwell objective of 1:2.	FY07 – 10 Actual: Not available FY11 Actual: 85.7% FY12: 80% FY13: 80%
Contributing DoD Components: *Army*		
4.2.4-2P: Percentage of the Department's active duty Navy who meet the planning objectives for time deployed in support of combat operations versus time at home USD(P&R))	4.2.4-2P: By FY 2011, 95 percent of active duty Navy personnel will meet the deployment to dwell objective of 1:2.	FY07 – 10 Actual: Not available FY11 Actual: 95.6% FY12: 95% FY13: 95%
Contributing DoD Components*: Navy*		
4.2.5-2P: Percentage of the Department's active duty Marines who meet the planning objectives for time deployed in support of combat operations versus time at home USD(P&R))	4.2.5-2P: By FY 2015, 95 percent of active duty Marine personnel will meet the deployment to dwell objective of 1:2.	FY07 – 10 Actual: Not available FY11 Actual: 94% FY12: 95% FY13: 95%
Contributing DoD Components: *Marine Corps*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.2.6-2P: Percentage of the Department's active duty Air Force who meet the planning objectives for time deployed in support of combat operations versus time at home USD(P&R))	4.2.6-2P: By FY 2011, 95 percent of active duty Air Force personnel will meet the deployment to dwell objective of 1:2.	FY07 – 10 Actual: Not available FY11 Actual: 97.3% FY12: 95% FY13: 95%
Contributing DoD Components: *Air Force*		
4.2.7-2P: Percent of Reserve Component (RC) Service members mobilized in the evaluation period that have dwell ratios greater than or equal to 1:5 (USD(P&R))	4.2.7-2P: By FY 2013, 80 percent of the RC Service members undergoing mobilization will have a dwell ratio of 1:5 or greater.	FY07 – 10 Actual: Not available FY11 Actual: 71.8% FY12: 71% FY13: 80%
Contributing DoD Components: *Army, Navy, and Air Force*		
4.2.8-2P: Number of days for all external civilian hiring actions (end-to-end timeline) (USD(P&R))	4.2.8-2P: By FY 2012, the Department will improve and maintain its timeline for all external (direct hire authority, expedited hire authority, and delegated examining) civilian hiring actions to 80 days or less.	FY07 – 08 Actual: Not available FY09 Actual: 155 FY10 Actual: 116 FY11 Actual: 104 FY12: 80 FY13: 80
Contributing DoD Components: *All*		

DoD Forces and Infrastructure Category 2R: Central Personnel Benefits

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

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.3.1-2R: Percent of worldwide government-owned Family Housing inventory at good or fair (Q1-Q2) condition (USD(AT&L))	4.3.1-2R: Beginning in FY 2012, the DoD (except Navy) will maintain at least 90 percent of worldwide government-owned Family Housing inventory at good or fair (Q1-Q2) condition.	FY07 – 10 Actual: Not available FY11 Actual: 80% FY12: 81% FY13: 82%
Contributing DoD Components*: Army, Navy, Marine Corps, and Air Force*		
4.3.2-2R: Percent of the worldwide inventory for government-owned permanent party unaccompanied housing at good or fair (Q1-Q2) condition (USD(AT&L))	4.3.2-2R: By FY 2017 the DoD (except Navy) will maintain at least 90 percent of the worldwide government- owned permanent party unaccompanied housing at good or fair (Q1-Q2) condition.	FY07 – 10 Actual: Not available FY11 Actual: 85% FY12: 85% FY13: 87%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		
4.3.3-2R: Cumulative percent of Department of Defense Education Activity (DoDEA) schools that meet good or fair (Q1 or Q2) standards (USD(P&R))	4.3.3-2R: By FY 2018, 100 percent of DoDEA schools will meet the OSD acceptable standard of good or fair (Q1 or Q2) standards.	FY07 – 11 Actual: Not available FY12: 35% FY13: 36%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		
4.3.4-2R: Cumulative number of military spouses who have obtained employment through the Military Spouse Employment Partnership (MSEP) (USD(P&R))	4.3.4-2R: By FY 2017, a cumulative of 100,000 military spouses will have obtained employment through the Military Spouse Employment Partnership (MSEP).	FY07 – 11 Actual: Non-applicable FY12: Not available FY13: 20,000
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		

DoD Forces and Infrastructure Category 2T: Central Training

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

Performance Measures	Long-term Performance Goals	Annual Performance Goals
4.4.1-2T: Percent of acquisition positions filled with personnel meeting Levels II and III certification requirements (USD(AT&L))	4.4.1-2T: Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Levels II and III certification requirements from the previous fiscal year.	FY07 – 11 Actual: Not available FY12: 59.9% FY13: 60%
Contributing DoD Components: *All*		
4.4.2-2T: Percentage of Defense Language Institute (DLI) Foreign Language Center students who achieve a 2/2/1+ Defense Language Proficiency Test (DLPT) score in reading, listening, and speaking modalities (USD(P&R))	4.4.2-2T: Beginning in FY 2012, 80 percent of DLI Foreign Language Center students will achieve a 2/2/1+ score on the DLPT in the reading, listening, and speaking modalities, as measured by the Interagency Language Roundtable performance scale.	FY07 – 11 Actual: Not available FY12: 80% FY13: 80%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		
4.4.3-2T: Percent of Military Departmental information assurance positions and contract requirements filled with personnel meeting certification requirements (DoD CIO)	4.4.3-2T: By FY 2016, 95 percent of Military Departmental information assurance positions and contract requirements will be filled with personnel meeting certification requirements.	FY07 – 11 Actual: Not available FY12: 70% FY13: 75%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*		
4.4.4-2T: Percent satisfied of DoD annually-validated requirements for advanced Military Source Operations (MSO) and interrogation skills training (USD(I))	4.4.4-2T: By FY 2015, the DoD will satisfy 100 percent of its annually-validated requirements for advanced Military Source Operations (MSO) and interrogation skills training.	FY07 – 12 Actual: Not available FY13: 90%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force, and DIA*		
4.4.5-2T: Percent of eligible DoD adjudicators that are certified (USD(I))	4.4.2-2T: Beginning in FY 2012, 90 percent of eligible (i.e., those with 24 months experience) DoD adjudicators will be certified.	FY10-09 Actual: Not available FY11 Actual: 23% FY12: 90% FY13: Deleted; achieved end state
Contributing DoD Components: *Army, Navy, Air Force, DSS, DIA, NSA, and NGA*		

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

DoD Forces and Infrastructure Category 2A: Force Installations

DoD Strategic Objective 5.1-2A:

Increase use of renewable energy and reduce energy demand at DoD installations.

*Agency Priority Goal 3: By September 30, 2013, the DoD will: (1) improve its facility energy performance by reducing average building energy intensity by 24 percent from the 2003 baseline of 116,134 British Thermal Units (BTUs) per gross square foot, and producing or procuring renewable energy equal to 13 percent of its annual electric energy usage; and (2) improve its operational energy performance by establishing an operational energy baseline with all available data on fuel use; developing a plan for remediating data gaps; funding and implementing a comprehensive data plan; establishing and executing operational energy performance targets based on this comprehensive data for each Military Service and relevant agency. (USD(AT&L))

Performance Measures	Long-term Performance Goals	Annual Performance Goals
5.1.1-2A: Average facilities sustainment rate (USD(AT&L))	5.1.1-2A: Beginning in FY 2013, the DoD will fund facilities sustainment at a minimum of 90 percent of the Facilities Sustainment Model (FSM) requirement, with the exception of the Navy and Air Force which will fund sustainment at a minimum of 80 percent of their FSM requirement.	FY07 Actual: 90% FY08 Actual: 94% FY09 Actual: 81% FY10 Actual: 88% FY11 Actual: 83% [5/] FY12: 85% FY13: 86%
Contributing DoD Components: *Army, Navy, Air Force, DLA, TMA, and DoDEA*		
*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 British Thermal Units (BTUs) per gross square foot.	FY07 Actual: 10.1% FY08 Actual: 10.7% FY09 Actual: 9.7% FY10 Actual: 10.5% FY11 Actual: Not available *FY12: 21% *FY13: 24%
Contributing DoD Components: *Army, Navy, Air Force, DCMA, DeCA, DFAS, DIA, DLA, MDA, NGA, NSA, TMA, and WHS*		
*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.	FY07 Actual: 11.9% FY08 Actual: 9.8% FY09 Actual: 9.7% FY10 Actual: 10% FY11 Actual: Not available *FY12: 12% *FY13: 13%
Contributing DoD Components: *Army, Navy, Air Force, DCMA, DeCA, DFAS, DIA, DLA, MDA, NGA, NSA, TMA, and WHS*		
5.1.4-2A: Million square feet (MSF) of excess or obsolete facilities eliminated (USD(AT&L))	5.1.4-2A: Between FY 2008 and FY 2013, the DoD will demolish a minimum of 62 million square feet (MSF) of excess or obsolete facilities.	FY07 Actual: Non-applicable FY08 Actual: 13.4 FY09 Actual: 27.2 FY10 Actual: 34.3 FY11 Actual: 41.6 FY12: 57 FY13: 62
Contributing DoD Components: *Army, Navy, Air Force, TMA, DoDEA, and DLA*		

DoD Forces and Infrastructure Category 2C: Communications & Information Infrastructure

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

Performance Measures	Long-term Performance Goals	Annual Performance Goals
5.2.1-2C: Percent of applicable Information Technology (IT) and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant (DoD CIO)	5.2.1-2C: By FY 2015, 99 percent of applicable Information Technology (IT) and National Security Systems (NSS) will be Certification and Accreditation (C&A)-compliant.	FY07 Actual: 90% FY08 Actual: 95% FY09 Actual: 97% FY10 Actual: 90% FY11 Actual: 92% FY12: 90% FY13: 95%
Contributing DoD Components: *All*		
5.2.2-2C: Cumulative percent reduction in the number of DoD data centers (DoD CIO)	5.2.2-2C: By FY 2015, the DoD will reduce its number of data centers by 45 percent (from 772 in FY 2010 to 428 in FY 2015) in order to increase data center storage utilization/ capacity.	FY07 – 10 Actual: Non-applicable FY11 Actual: 7% FY12: 19% FY13: 31%
Contributing DoD Components: *All*		
5.2.3-2C: Cumulative percentage of DoD Non-secure Internet Protocol Router Network (NIPRNet) accounts with Public Key Infrastructure (PKI) cryptographic logon capability (DoD CIO)	5.2.3-2C: By FY 2014, 95 percent of DoD NPRNet accounts will have PKI cryptographic logon capability.	FY07 Actual: Not available FY08 Actual: 57% FY09 Actual: 87% FY10 Actual: 88% FY11 Actual: 88% FY12: 88% FY13: 93%
Contributing DoD Components: *All*		
5.2.4-2C: Cumulative percentage of DoD Secure Internet Protocol Router Network (SIPRNet) accounts with Public Key Infrastructure (PKI) cryptographic logon capability (DoD CIO)	5.2.4-2C: By FY 2014, 95 percent of DoD SIPRNet accounts will have PKI cryptographic logon capability.	FY07 – 11 Actual: Not available FY12: 50% FY13: 75%
Contributing DoD Components: *All*		

DoD Forces and Infrastructure Category 2E: Acquisition Infrastructure

DoD Strategic Objective 5.3-2E:

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

*Agency Priority Goal 4: By September 30, 2013, the DoD will improve its acquisition process by ensuring that: 100 percent of Acquisition Category (ACAT) 1 programs, going through Milestone A decision reviews, will present an affordability analysis; 100 percent of ACAT 1 programs, going through milestone decision reviews, will present a competitive strategy; the average cycle time for Major Defense Acquisition Programs (MDAPs) will not increase by more than 5 percent from the Acquisition Program Baseline; the annual number of MDAP breaches – significant or critical cost overruns, for reasons other than approved changes in quantity – will be zero; and the DOD will increase the amount of contract obligations, that are competitively awarded, to 60 percent in FY 2012 and 61 percent in FY 2013. (USD(AT&L))

Performance Measures	Long-term Performance Goals	Annual Performance Goals
*5.3.1-2E: Percentage of contract obligations that are competitively awarded (USD(AT&L))	5.3.1-2E: Beginning in FY 2012, the DoD will increase, by one percent annually, the amount of contract obligations that are competitively awarded.	FY07 Actual: 63% FY08 Actual: 64% FY09 Actual: 63% FY10 Actual: 62.5% FY11 Actual: 58.5% *FY12: 60% *FY13: 61%
Contributing DoD Components: *All*		
*5.3.2-2E: Average percent increase from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after (USD(AT&L))	5.3.2-2E: Beginning in FY 2011, the DoD will not increase by more than five percent from the Approved Program Baseline (APB) cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after.	FY07 – 09 Actual: Not available FY10 Actual: 4.4% FY11 Actual: 4.5% *FY12: </=5% *FY13: </=5%
Contributing DoD Components: *Army, Navy, and Air Force*		
5.3.3-2E: Percent of enterprise-level Information Technology (IT) software and hardware deployed as business services within 18 months of the capability business cases approval (DCMO)	5.3.3-2E: 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.	FY07 – 11 Actual: Non-applicable FY12: 70% FY13: 80%
Contributing DoD Components: *Army, Navy, Air Force, DeCA, DCMA, DFAS, DISA, DLA, TMA, WHS, OSD, TJS, and USTRANSCOM*		
5.3.4-2E: Number of Major Automated Information System (MAIS) "significant" breaches (equal to or greater than 15 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages greater than six months)) (DCMO)	5.3.4-2E: Beginning in FY 2011, the DoD will ensure that the number of MAIS "significant" breaches (equal to or greater than 15 percent of the APB total cost or with schedule slippages greater than six months) will not exceed one.	FY07 Actual: Not available FY08 Actual: 1 FY09 Actual: 1 FY10 Actual: 1 FY11 Actual: 2 FY12: </=1 FY13: </=1
Contributing DoD Components: *Army, Navy, Air Force, Marine Corps, DISA, DLA, and TMA*		
5.3.5-2E: Number of Major Automated Information System (MAIS) "critical" breaches (equal to or greater than 25 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages of one year or more)) (DCMO)	5.3.5-2E: By FY 2012, the DoD will ensure that the number of MAIS "critical" breaches (equal to or greater than 25 percent of the APB total cost or with schedule slippages greater than one year) will not exceed two.	FY07 Actual: Not available FY08 Actual: 2 FY09 Actual: 6 FY10 Actual 2 FY11 Actual: 1 FY12: </=2 FY13: </=2
Contributing DoD Components: *Army, Navy, Air Force, Marine Corps, DISA, DLA, and TMA*		

Performance Measures	Long-term Performance Goals	Annual Performance Goals
5.3.6-2E: Average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 (USD(AT&L))	5.3.6-2E: Beginning in FY 2012, the DoD will ensure that average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 does not exceed three percent.	FY07 – 11 Actual: Not available FY12: </=3% FY13: </=3%
Contributing DoD Components: *Army, Navy, and Air Force*		
*5.3.7-2E: Number of Major Defense Acquisition Program (MDAP) breaches (equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost)) for reasons other than approved changes in quantity (USD(AT&L))	5.3.7-2E: Beginning in FY 2012, the DoD will not have any MDAP breaches (significant cost overruns) for reasons other than approved changes in quantity.	FY07 – 10 Actual: Not available FY11 Actual: 4 *FY12: 0 *FY13: 0
Contributing DoD Components: *Army, Navy, and Air Force*		
5.3.8-2E: Percentage of Small Business contract obligation goals met annually (USD(AT&L))	5.3.8-2E: Beginning in FY 2012, the DoD will meet or exceed 100 percent of its contract obligation goals for the following five Small Business categories: Overall Small Business (23%), Disadvantaged (5%), Women-owned (5%), Service-disabled, Veteran-owned (3%), and Historically under-utilized (3%).	FY07 – 11 Actual: Not available FY12: 100% FY13: 100%
Contributing DoD Components: *All*		
5.3.9-2E: Cumulative percent of Major Defense Acquisition Programs certified, as required by the Weapon Systems Acquisition Reform Act of 2009 (USD(AT&L))	5.3.9-2E: By FY 2012, 100 percent of Major Defense Acquisition Programs will be certified, as required by the Weapon Systems Acquisition Reform Act of 2009.	FY07-10 Actual: Non-applicable FY11 Actual: 60% FY12: 100% FY13: Deleted; achieved end state
Contributing DoD Components: *Army, Navy, and Air Force*		
*5.3.10-2E: Percentage of Acquisition Category (ACAT) I programs, going through a Milestone A decision review, that present an affordability analysis (USD(AT&L))	5.3.10-2E: By FY 2012, 100 percent of Acquisition Category (ACAT) I programs, going through a Milestone A decision review, will present an affordability analysis.	FY07 – 11 Actual: Non-applicable *FY12: 100% *FY13: 100%
Contributing DoD Components: *Army, Navy, and Air Force*		
*5.3.11-2E: Percentage of Acquisition Category (ACAT) I programs, going through milestone decision reviews, that present a competitive strategy (USD(AT&L))	5.3.11-2E: By FY 2012, 100 percent of Acquisition Category (ACAT) I programs, going through milestone decision reviews, will present a competitive strategy.	FY07 – 11 Actual: Non-applicable *FY12: 100% *FY13: 100%
Contributing DoD Components: *Army, Navy, and Air Force*		

DoD Forces and Infrastructure Category 2L: Logistics

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

Performance Measures	Long-term Performance Goals	Annual Performance Goals
5.4.1-2L: Perfect Order Fulfillment percentage for Defense Logistics Agency (DLA)-stocked items (USD(AT&L))	5.4.1-2L: By FY 2012, the DoD will increase and maintain Perfect Order Fulfillment (POF) percentage for DLA-stocked items at or above 85.1 percent.	FY07 Actual: 73.2% FY08 Actual: 73.7% FY09 Actual: 79.9% FY10 Actual: 84.8% FY11 Actual: 86.2% FY12: 85.1% FY13: 85.1%
Contributing DoD Components: *DLA*		
5.4.2-2L: Army Customer Wait Time (USD(AT&L))	5.4.2-2L: By FY 2013, the DoD will maintain the Army's average customer wait time at or below 15 days.	FY07 Actual: 19 FY08 Actual: 17.4 FY09 Actual: 16.6 FY10 Actual: 16.6 FY11 Actual: 14.1 FY12: 15.5 FY13: 15
Contributing DoD Components: *Army*		
5.4.3-2L: Navy Customer Wait Time (USD(AT&L))	5.4.3-2L: By FY 2012, the DoD will maintain the Navy's average customer wait time at or below 15 days.	FY07 Actual: 9.1 FY08 Actual: 10.3 FY09 Actual: 12.6 FY10 Actual: 12.7 FY11 Actual: 11.4 FY12: 15 FY13: 15
Contributing DoD Components: *Navy*		
5.4.4-2L: Air Force Customer Wait Time (USD(AT&L))	5.4.4-2L: By FY 2012, the DoD will maintain the Air Force's average customer wait time at or below 7.5 days.	FY07 Actual: 5.5 FY08 Actual: 5.7 FY09 Actual: 6.3 FY10 Actual: 7.6 FY11 Actual: 5 FY12: 7.5 FY13: 7.5
Contributing DoD Components: *Air Force*		
5.4.5-2L: Percentage of excess on-hand secondary item inventory (USD(AT&L))	5.4.5-2L: By FY 2012, the DoD will reduce and maintain the percentage of excess on-hand secondary inventory to 10 percent of total on-hand secondary inventory.	FY07 Actual: Not available FY08 Actual: 14.1% FY09 Actual: 11.3% FY10 Actual: 10.7% FY11 Actual: 10.9% FY12: 10% FY13: 10%
Contributing DoD Components: *Army, Navy, Air Force, and DLA*		
5.4.6-2L: Percentage of excess on-order secondary item inventory (USD(AT&L))	5.4.6-2L: By FY 2016, the DoD will reduce and maintain the percentage of secondary item excess on-order inventory to four percent of total on order secondary item inventory.	FY07 Actual: Not available FY08 Actual: 6.9% FY09 Actual: 8.5% FY10 Actual: 5.5% FY11 Actual: 7.0% FY12: 6.6% FY13: 6.3%
Contributing DoD Components: *Army, Navy, Air Force, and DLA*		

DoD Forces and Infrastructure Category 2U/2V: Department Headquarters and other Infrastructure		

DoD Strategic Objective 5.5-2U/2V:
Improve financial management and increase efficiencies in headquarters and administrative functions, support activities, and other overhead accounts.
Agency Priority Goal 5: By September 30, 2013, the DoD will improve its audit readiness on the Statement of Budgetary Resources for Appropriations Received from 80 to 100 percent.

Performance Measures	Long-term Performance Goals	Annual Performance Goals
5.5.1-2U: Percent of DoD's Funds Balance with Treasury validated as audit-ready (USD(C/CFO))	5.5.1-2U: By FY 2014, 100 percent of DoD's Funds Balance with Treasury will be validated as audit-ready.	FY07 Actual: 5% FY08 Actual: 5% FY09 Actual: 7% FY10 Actual: 9% FY11 Actual: 9% FY12: 9% FY13: 30%
Contributing DoD Components: *All*		
5.5.2-2U: Percent of DoD's general fund Statement of Budgetary Resources for material Components validated as audit-ready (USD(C/CFO))	5.5.2-2U: By FY 2014, 100 percent of DoD's general fund Statement of Budgetary Resources for material Components will be validated as audit-ready.	FY07 Actual: 10% FY08 Actual: 10% FY09 Actual: 13% FY10 Actual: 14% FY11 Actual: 14% FY12: 14% FY13: 20%
Contributing DoD Components: *All*		
5.5.3-2U: Percent of DoD mission-critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) validated for existence and completeness (USD(C/CFO))	5.5.3-2U: By FY 2017, 100 percent of DoD mission-critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) will be validated as audit-ready for existence and completeness.	FY07 – 09 Actual: Not available FY10 Actual: 4% FY11 Actual: 4% FY12: 40% FY13: 42%
Contributing DoD Components: *All*		
*5.5.4-2U: Percent of DoD's Statement of Budgetary Resources for Appropriations Received validated as audit ready (USD(C/CFO))	5.5.4-2U: By FY 2013, the DoD will improve its audit readiness on the Statement of Budgetary Resources for Appropriations Received to 100 percent.	FY07 Actual: 14% FY08 Actual: 14% FY09 Actual: 19% FY10 Actual: 19% FY11 Actual: 80% *FY12: 83% *FY13: 100%
Contributing DoD Components: *All*		

1/ Prior year data reflects a combination for both Iraq and Afghanistan.

2/ Beginning in FY 2013, this goal was normalized to exclude the effects of surge operations.

3/ Goals and results are considered sensitive and will not be made available to the public; evaluation criteria was changed, effective FY 2012.

4/ Reflects a fourth quarter only result and not an annual average result.

5/ Reflects result for Operations and Maintenance (O&M) funds only; as most facilities sustainment funding is O&M, the residual amount in other accounts is not expected to result in the goal being achieved.

*Reflects FY 2012 – FY 2013 Agency Priority Goal.

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8. RESOURCE EXHIBITS

Table 8-1. DoD Base Budget by Appropriation Title

$ in Thousands *Base Budget*	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	141,818,404	135,111,799	-6,706,605
Operation and Maintenance	197,213,485	208,759,219	11,545,734
Procurement	104,527,376	98,823,354	-5,704,022
RDT&E	71,375,712	69,407,767	-1,967,945
Military Construction	11,366,701	9,571,929	-1,794,772
Family Housing	1,682,946	1,650,781	-32,165
Revolving and Management Funds	2,640,085	2,124,320	-515,765
Total	**530,624,709**	**525,449,169**	**-5,175,540**

Note: Reflects Discretionary Budget Authority   *Numbers may not add due to rounding*

Table 8-2. DoD Base Budget by Military Department

$ in Thousands *Base Budget*	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Army	133,941,005	134,587,875	646,870
Navy	156,816,336	155,901,960	-914,376
Air Force	144,869,575	140,064,240	-4,805,335
Defense-Wide	94,997,793	94,895,094	-102,699
Total	**530,624,709**	**525,449,169**	**-5,175,540**

Note: Reflects Discretionary Budget Authority   *Numbers may not add due to rounding*

Table 8-3. OCO Funding by Appropriation Title

$ in Thousands **OCO Budget**	**FY 2012 Enacted**	**FY 2013 Request**	**Delta '12-'13**
Military Personnel	11,293,469	14,060,094	2,766,625
Operation and Maintenance	86,775,842	63,986,203	-22,789,639
Procurement	16,052,195	9,687,241	-6,364,954
RDT&E	526,358	245,516	-280,842
Military Construction			0
Family Housing			0
Revolving and Management Funds	435,013	503,364	68,351
Total	**115,082,877**	**88,482,418**	**-26,600,459**

Numbers may not add due to rounding

Table 8-4. OCO Funding by Military Department

$ in Thousands **OCO Budget**	**FY 2012 Enacted**	**FY 2013 Request**	**Delta '12-'13**
Army	67,445,544	50,052,150	-17,393,394
Navy	15,693,315	14,230,117	-1,463,198
Air Force	16,796,526	14,272,783	-2,523,743
Defense-Wide	15,147,492	9,927,368	-5,220,124
Total	**115,082,877**	**88,482,418**	**-26,600,459**

Numbers may not add due to rounding

Table 8-5. Total DoD Budget by Appropriation Title

$ in Thousands **Total Budget**	**FY 2012 Enacted**	**FY 2013 Request**	**Delta '12-'13**
Military Personnel	153,111,873	149,171,893	-3,939,980
Operation and Maintenance	283,989,327	272,745,422	-11,243,905
Procurement	120,579,571	108,510,595	-12,068,976
RDT&E	71,902,070	69,653,283	-2,248,787
Military Construction	11,366,701	9,571,929	-1,794,772
Family Housing	1,682,946	1,650,781	-32,165
Revolving and Management Funds	3,075,098	2,627,684	-447,414
Total	**645,707,586**	**613,931,587**	**-31,775,999**

Note: Reflects Discretionary Budget Authority   *Numbers may not add due to rounding*

Table 8-6. Total DoD Budget by Military Department

$ in Thousands **Total Budget**	**FY 2012 Enacted**	**FY 2013 Request**	**Delta '12-'13**
Army	201,386,549	184,640,025	-16,746,524
Navy	172,509,651	170,132,077	-2,377,574
Air Force	161,666,101	154,337,023	-7,329,078
Defense-Wide	110,145,285	104,822,462	-5,322,823
Total	**645,707,586**	**613,931,587**	**-31,775,999**

Note: Reflects Discretionary Budget Authority   *Numbers may not add due to rounding*

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

Department of the Army $ in Thousands	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	60,141,575	56,415,243	-3,726,332
Operation and Maintenance	40,895,581	47,215,133	6,319,552
Procurement	19,571,678	18,253,275	-1,318,403
RDT&E	8,385,090	8,929,415	544,325
Military Construction	4,175,532	3,180,080	-995,452
Family Housing	670,355	534,692	-135,663
Revolving and Management Funds	101,194	60,037	-41,157
Total Department of the Army	**133,941,005**	**134,587,875**	**646,870**

Numbers may not add due to rounding

Department of the Navy $ in Thousands	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	46,321,931	44,215,299	-2,106,632
Operation and Maintenance	45,549,003	49,419,967	3,870,964
Procurement	43,481,596	42,378,591	-1,103,005
RDT&E	17,673,888	16,882,877	-791,011
Military Construction	2,256,008	1,916,678	-339,330
Family Housing	468,835	480,412	11,577
Revolving and Management Funds	1,065,075	608,136	-456,939
Total Department of the Navy	**156,816,336**	**155,901,960**	**-914,376**

Numbers may not add due to rounding

Department of the Air Force $ in Thousands	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	35,354,898	34,481,257	-873,641
Operation and Maintenance	44,876,904	45,146,560	269,656
Procurement	36,400,921	33,814,887	-2,586,034
RDT&E	26,222,107	25,428,046	-794,061
Military Construction	1,459,808	566,385	-893,423
Family Housing	489,565	581,653	92,088
Revolving and Management Funds	65,372	45,452	-19,920
Total Department of the Air Force	**144,869,575**	**140,064,240**	**-4,805,335**

Numbers may not add due to rounding

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

Defense-Wide *$ in Thousands*	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	0	0	0
Operation and Maintenance	65,891,997	66,977,559	1,085,562
Procurement	5,073,181	4,376,601	-696,580
RDT&E	19,094,627	18,167,429	-927,198
Military Construction	3,475,353	3,908,786	433,433
Family Housing	54,191	54,024	-167
Revolving and Management Funds	1,408,444	1,410,695	2,251
Total Defense-Wide	**94,997,793**	**94,895,094**	**-102,699**

Numbers may not add due to rounding

Grand Total Base Budget	**530,624,709**	**525,449,169**	**-5,175,540**

Note: Reflects Discretionary Budget Authority

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

Department of the Army $ in Thousands	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	7,826,623	10,112,022	2,285,399
Operation and Maintenance	54,436,168	35,277,593	-19,158,575
Procurement	5,264,764	4,600,075	-664,689
RDT&E	18,513	19,860	1,347
Military Construction	-154,524	0	154,524
Family Housing	0	0	0
Revolving and Management Funds	54,000	42,600	-11,400
Total Department of the Army	**67,445,544**	**50,052,150**	**-17,393,394**

Numbers may not add due to rounding

Department of the Navy $ in Thousands	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	1,973,800	2,625,468	651,668
Operation and Maintenance	11,166,702	10,028,136	-1,138,566
Procurement	2,309,226	1,516,394	-792,832
RDT&E	53,884	60,119	6,235
Military Construction	189,703	0	-189,703
Family Housing	0	0	0
Revolving and Management Funds	0	0	0
Total Department of the Navy	**15,693,315**	**14,230,117**	**-1,463,198**

Numbers may not add due to rounding

Department of the Air Force $ in Thousands	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	1,493,046	1,322,604	-170,442
Operation and Maintenance	10,594,792	9,382,206	-1,212,586
Procurement	4,472,267	3,274,423	-1,197,844
RDT&E	259,600	53,150	-206,450
Military Construction	-35,179	0	35,179
Family Housing	0	0	0
Revolving and Management Funds	12,000	240,400	228,400
Total Department of the Air Force	**16,796,526**	**14,272,783**	**-2,523,743**

Numbers may not add due to rounding

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

Defense-Wide $ in Thousands	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	0	0	0
Operation and Maintenance	10,578,180	9,298,268	-1,279,912
Procurement	4,005,938	296,349	-3,709,589
RDT&E	194,361	112,387	-81,974
Military Construction	0	0	0
Family Housing	0	0	0
Revolving and Management Funds	369,013	220,364	-148,649
Total Defense-Wide	**15,147,492**	**9,927,368**	**-5,220,124**

Numbers may not add due to rounding

Grand Total OCO Budget	**115,082,877**	**88,482,418**	**-26,600,459**

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

Department of the Army	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
$ in Thousands			
Military Personnel	67,968,198	66,527,265	-1,440,933
Operation and Maintenance	95,331,749	82,492,726	-12,839,023
Procurement	24,836,442	22,853,350	-1,983,092
RDT&E	8,403,603	8,949,275	545,672
Military Construction	4,021,008	3,180,080	-840,928
Family Housing	670,355	534,692	-135,663
Revolving and Management Funds	155,194	102,637	-52,557
Total Department of the Army	**201,386,549**	**184,640,025**	**-16,746,524**

Numbers may not add due to rounding

Department of the Navy	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
$ in Thousands			
Military Personnel	48,295,731	46,840,767	-1,454,964
Operation and Maintenance	56,715,705	59,448,103	2,732,398
Procurement	45,790,822	43,894,985	-1,895,837
RDT&E	17,727,772	16,942,996	-784,776
Military Construction	2,445,711	1,916,678	-529,033
Family Housing	468,835	480,412	11,577
Revolving and Management Funds	1,065,075	608,136	-456,939
Total Department of the Navy	**172,509,651**	**170,132,077**	**-2,377,574**

Numbers may not add due to rounding

Department of the Air Force	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
$ in Thousands			
Military Personnel	36,847,944	35,803,861	-1,044,083
Operation and Maintenance	55,471,696	54,528,766	-942,930
Procurement	40,873,188	37,089,310	-3,783,878
RDT&E	26,481,707	25,481,196	-1,000,511
Military Construction	1,424,629	566,385	-858,244
Family Housing	489,565	581,653	92,088
Revolving and Management Funds	77,372	285,852	208,480
Total Department of the Air Force	**161,666,101**	**154,337,023**	**-7,329,078**

Numbers may not add due to rounding

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

Defense-Wide *$ in Thousands*	FY 2012 Enacted	FY 2013 Request	Delta '12-'13
Military Personnel	0	0	0
Operation and Maintenance	76,470,177	76,275,827	-194,350
Procurement	9,079,119	4,672,950	-4,406,169
RDT&E	19,288,988	18,279,816	-1,009,172
Military Construction	3,475,353	3,908,786	433,433
Family Housing	54,191	54,024	-167
Revolving and Management Funds	1,777,457	1,631,059	-146,398
Total Defense-Wide	**110,145,285**	**104,822,462**	**-5,322,823**

Numbers may not add due to rounding

Grand Total Base and OCO Budget	**645,707,586**	**613,931,587**	**-31,775,999**

Note: Reflects Discretionary Budget Authority

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

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

OPERATION IRAQI FREEDOM (OIF) U.S. CASUALTY STATUS * FATALITIES AS OF: January 30, 2012, 10 a.m. EST				
	Total Deaths	KIA	Non-Hostile	WIA
OIF U. S. Military Casualties	4,409	3,479	930	31,922
OIF U.S. DoD Civilian Casualties	13	9	4	
Totals	**4,422**	**3,488**	**934**	31,922

OPERATION NEW DAWN (OND) U.S. CASUALTY STATUS ** FATALITIES AS OF: January 30, 2012, 10 a.m. EST				
	Total Deaths	KIA	Non-Hostile	WIA
OND U. S. Military Casualties	66	38	28	301
OND U.S. DoD Civilian Casualties	0	0	0	
Totals	**66**	**38**	**28**	301

OPERATION ENDURING FREEDOM (OEF) U.S. CASUALTY STATUS FATALITIES AS OF: January 30 2012, 10 a.m. EST				
OEF U.S. Military Casualties	Total Deaths	KIA	Non-Hostile	WIA
Afghanistan Only***	1,771	1,476	295	15,282
Other Locations****	102	12	90	
OEF U.S. DoD Civilian Casualties	3	1	2	
Worldwide Total	**1,876**	**1,489**	**387**	15,282

* 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 between September 1, 2010, and December 31, 2011, 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. Personnel injured in OND who die after 31 December 2011 will be included in OND statistics.

*** 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.

Acronym List

Acronym	Definition
AEHF	Advanced Extremely High Frequency
AHE	Advanced Hawkeye
ANA	Afghan National Army
ANSF	Afghan National Security Forces
AOR	area of responsibility
AROC	Afghanistan Resources Oversight Council
ASFF	Afghanistan Security Forces Fund
ASuW	anti-surface warfare
ASW	anti-submarine warfare
BAH	basic allowance for housing
BAS	basic allowance for subsistence
BBP	better buying power
BCT	Brigade Combat Team
BMDS	Ballistic Missile Defense System
BRAC	base realignment and closure
CALS	Common Analytical Laboratory System
CBDP	Chemical and Biological Defense Program
CBR	chemical, biological, and radiological
CBRN	chemical, biological, radiological, and nuclear
CCO	contingency contracting officer
CENTCOM	US Central Command
CERFP	CBRN Enhanced Response Forces
CERP	Commander's Emergency Response Program
CMO	Chief Management Officer
CNS/ATM	Communication, Navigation Surveillance Air Traffic Management
COIN	counterinsurgency
COLA	cost of living allowance
CONOPS	concept of operations
CONUS	contiguous United States
COR	contracting officer representative
COWC	Commission on Wartime Contracting (COWC)
CST	Civil Support Teams
CY	calendar year
CYBERCOM	U.S. Cyber Command
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DeCA	Defense Commisary Agency
DMSP	Defense Meteorological Satellite Program
DoD	Department of Defense
DoDEA	Department of Defense Education Activity
DoS	Department of State
DWSS	Defense Weather Satellite System
ECI	Employment Cost Index
EPAA	European Phased Adaptive Approach
ERP	Enterprise Resource Planning
ESGR	Employer Support of the Guard and Reserve
EXORD	execute order
FAA	Federal Aviation Administration

Acronym	Definition
FIAR	Financial Improvement and Audit Readiness
FIP	financial improvement plan
FMTV	family of medium tactical vehicles
FPIF	Fixed-Price Incentive Firm
FTE	full-time equivalent
FY	fiscal year
GBI	ground-based interceptor
GCV	ground combat vehicle
GH30	Global Hawk Block 30
GMD	global missile defense
GPS	global positioning system
HMMWV	high mobility multi-wheeled vehicle
HMO	Health Maintenance Organization
HRF	Homeland Response Forces
HSPD	Homeland Security Presidential Directive
ICBM	intercontinental ballistic missile
IED	improvised explosive device
IFV	infantry fighting vehicle
ISAF	International Security Assistance Force
ISF	Iraqi Security Forces
ISR	intelligence, surveillance, and reconnaissance
JAGM	Joint Air-to-Ground Missile
JBAIDS	Joint Biological Agent Identification and Diagnostic System
JHSV	Joint High Speed Vessels
JLENS	Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System
JLTV	Joint Light Tactical Vehicle
JSF	Joint Strike Fighter
JTSCC	Joint Theater Support Contracting Command
LCS	Littoral Combat Ship
MCMs	medical countermeasures
MDA	Missile Defense Agency
MHS	Miltary Health System
MilCon	military construction
MIP	Military Intelligence Program
MMA	multi-mission maritime aircraft
MRAP	Mine Resistant Ambush Protected
MRMUAS	medium-range maritime unmanned aerial system
MTF	Military Treatment Facility
MyCAA	My Career Advancement Account
NATO	Northern Atlantic Treaty Organization
NDAA	National Defense Authorization Act
NDCS	National Drug Control Strategy
NGDS	Next Generation Diagnostic System
NGO	Non-Governmental Organization
NHE	National Health Expenditures
NPOESS	National Polar-Orbiting Operational Environmental Satellite System
NTA	non-traditional agent
OCO	Overseas Contingency Operations
OEF	Operation ENDURING FREEDOM
OIG	Office of the General Inspector

Acronym	Definition
OPTEMPO	operational tempo
OSC-I	Office of Security Cooperation - Iraq
PAA	Phased Adaptive Approach
PRT	Provincial Reconstruction Team
R&D	Research & Development
RC	Reserve Component
RC-E	Regional Command-East
S&T	science and technology
SBIRS	Space Based Infrared System
SBR	Statement of Budgetary Resources
SCP	Service Cost Position
SSIP	Superior Supplier Incentive Program
STOVL	Short Take-Off and Vertical Landing
T&E	Test and Evaluation
TFBSO	Task Force for Business Stability Operations
TFCC	tactical fire control/communications
TFL	TRICARE for Life
THAAD	Terminal High-Altitude Area Defense
UAS	unmanned aerial system
UNAMA	United Nations Mission in Afghanistan
USAID	U.S. Agency for International Development
USSOCOM	United States Special Operations Command
WMD	weapons of mass destruction
YRRP	Yellow Ribbon Reintegration Program

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