

DoD Efficiency Decisions

August 9, 2010



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Director, CAPE

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Background

OSD

- Although the U.S. faces significant economic challenges and growing budget deficits, Defense base funding must have real growth to sustain force structure and needed modernization.
 - Fighting two wars.
 - Confronting ongoing terrorist threats around the globe.
 - Facing major powers investing heavily in their military.
- Sustaining current force structure and needed modernization requires 2-3% real growth,
- The current and planned base defense budget has steady, but modest growth of 1% per year.
- To make up the difference, and preclude reductions in needed military capability, the difference of 1-2% a year will be made up elsewhere in DoD
- Beginning in May, Secretary Gates began a hard, unsparing look at how DoD is staffed, organized, and operated.

The goal is not to reduce the DoD topline, but to significantly reduce excess overhead costs and apply savings to force structure and modernization.

The Four Tracks of the Initiative

OSD

- **Track 1: Services and Components**
 - Assigned goals to find overhead savings totaling \$100B over 5 years.
 - Services will use their savings reinvest in higher priority warfighting needs and modernization programs.
 - Authorized to consider consolidation or closure of excess bases and facilities.
- **Track 2: Outside organizations**
 - Seeking ideas, suggestions, and proposals from outside normal, official channels.
 - Think-tanks, industry, and Department external boards.
- **Track 3: Department-wide review to inform President's Budget -2012 decisions**
 - A series of assessments of how DoD is organized and operated.
 - USD(AT&L) initiative to improve efficiency & reduce costs in the contracting arena
- **Track 4: SecDef-led efforts**
 - Focus on areas where action can be started now and not wait for the normal budgeting and program process.
 - Reduce duplication, overhead, and excess Defense-enterprise and instill a culture of savings

SecDef will announce decisions from Track 4 on August 9

Fourth Track (SecDef-led) Focus

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- Contractors
- OSD, Defense Agency, and CoCom staff growth
- Senior Personnel
- Economies of Scale
- Reports & Studies
- Boards & Commissions
- Intelligence
- Organizations
- Culture of Savings

Goal: To instill a culture of savings and fiscal restraint within DoD

Contractors

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- **Goal:** To quickly reduce dependency on contractors for staff functions .
- **Background:**
 - PB-10 planned to reduce service support contractors by 33,000 by 2015 and in-source where necessary.
 - Secretary Gates is not satisfied with current efforts to reduce contractor services or achieve savings.
- **Action:**
 - Reduce funding for service support y contracts by 10% per year for three years.
 - No longer automatically replace departing contractors with full-time personnel.

OSD, Defense Agencies, and Combatant Command Staff Growth

OSD

- **Goal:** To re-baseline the OSD ,the Defense Agencies, and the Combatant Command staffs and reallocate leadership, personnel, and resources.
- **Immediate Actions:**
 - Freeze on the number of OSD, Defense Agency, and Combatant Command positions at FY10 levels for three years.
 - With regards to in-sourcing, other than changes planned for FY10; no more full-time OSD positions will be created to replace contractors.
 - Some exceptions can be made for critical areas such as the acquisition workforce.
- **Follow-on Actions (Complete November 2010):**
 - Conduct “clean-sheet” review of the OSD ,the Defense Agencies, and the Combatant Command staff.
 - Review will determine what our people should be doing, where, and at what level of rank in keeping with the Department’s most critical priorities.

Senior Personnel

OSD

- **Goal:** To re-baseline every General Officer/Flag Officer (GO/FO), SES, and PAS billet in DoD.
- **Immediate Actions:**
 - Freeze GO/FO, SES, and PAS billets at FY 2010 levels.
- **Follow-on Actions:**
 - Assess the number and location of SES, GO/FO, and PAS positions as well as the overhead and accoutrements that go with them; Expect results by November 1, 2010.
 - At a minimum, expect this effort to cut at least 50 GO/FO positions and 150 senior civilian executive positions over the next two years.
 - This is 50% of total growth in billets since 2000.

Economies of Scale

OSD

- **Goal:** To harness power of the largest department in government to identify the smartest, most cost-effective purchasing and operating strategies.
- **Actions:**
 - Consolidate IT assets to take advantage of DoD economies of scale, creating savings in acquisition, sustainment, and manpower costs.

Reports & Studies / Boards & Commissions

OSD

- **Goal:**
 - To reduce the number and cost of burdensome oversight reports.
 - To be more efficient and effective in using advisory studies, boards, and commissions.

- **Immediate Actions:**
 - Freeze the number of all DoD-required oversight reports.
 - Cut the funding allocated to advisory studies by 25%.
 - Track and publish the actual cost of preparation of each report and study prepared by DoD in the front of each document.

- **Follow-on Actions (by October 1, 2010):**
 - Conduct a comprehensive review of all oversight reports executed within DoD
 - Use results to reduce the volume generated internally.
 - Engage the Congress on ways to meet their needs while working together to reduce the number of reports.
 - Conduct a comprehensive review of all Boards and Commissions.
 - Eliminate those that are not needed and focusing the efforts of those that continue to be relevant.
 - Cut overall funding available for studies tasked by the remaining boards and commissions by 25% for FY 2011.

Intelligence Organizations & Personnel

OSD

- **Goal:** To consolidate and eliminate ineffective and duplicative intelligence organizations and personnel.

- **Immediate Actions:**
 - 10% reduction in funding for advisory and assist contracts that support intelligence functions
 - Freeze in the number SES positions within the defense intelligence community.

- **Follow-on Actions**
 - Conduct a zero-based review of DoD intelligence and intelligence-related organizations, missions, relationships, and contracts.
 - Recommendations are due by November 1, 2010.

Organizations

OSD

- **Goal:** To de-layer and make DoD more flexible, cost-effective, and efficient
- **Actions (within 6-12 months):**
 - **Close ASD for Network and Information Integration (NII) and J-6**
 - CIO function to DISA; combine J-6 and C2 functions from JFCOM and NII into new CIO/DISA organization
 - Other functions transferred to DISA, CYBERCOM, USD(Comptroller), and USD(AT&L)
 - **Close Business Transformation Agency (BTA)**
 - Transfer some functions to DCMO, USD(Policy), and USD(AT&L)
 - **Close Joint Forces Command (JFCOM)**
 - Deconstruct & keep unique pieces
 - Adjust global force manager and other key roles

Culture of Savings

OSD

- **Goal:** To institutionalize the Culture of Savings throughout DoD
- **Action:**
 - Every new initiative proposed will be accompanied by a cost estimate