

EFFICIENCIES INITIATIVES KEY POINTS

- The task here is not to reduce the Department's top-line but, rather it is to significantly reduce excess overhead costs and apply the savings to force structure and modernization.
- We embarked on a four-track approach to move the Department towards a more efficient, effective and cost-conscious way of doing business.
 1. Earlier this year, the military services were assigned the task of finding more than \$100 billion in overhead savings over the next five years. The services will be able to keep any of the savings they generate to invest in higher priority warfighting needs.
 2. We are seeking ideas, suggestions and proposals from outside experts such as think tanks and others.
 3. SECDEF directed a comprehensive assessment of every aspect of how this department is organized and operated to inform the FY12 budget request.
 4. To deal with a number of areas where we can take action now rather than wait for the normal budgeting and program cycle, SECDEF is announcing 8 initiatives and decisions.
 - These are designed to reduce duplication, overhead, and excess in the defense enterprise, and, over time, instill a culture of savings and restraint across DoD.
 - The initiatives vary in size and levels of savings achieved and represent an initial down payment on a comprehensive, department-wide efficiency and savings campaign that will be rolled out as part of the FY12 budget request.
- First, SECDEF directed a reduction of funding for support contractors by 10% a year for each of the next three years. The goal is to reduce the number of contractors that are performing functions that are inherently governmental.
- Second, to address the personnel growth in OSD, the defense agencies, and COCOM staffs, SECDEF has directed a freeze in the number of OSD, defense agencies and COCOM billets at the FY10 levels for next three years.
 - With regard to in-sourcing, no more full-time OSD positions will be created after FY10 to replace contractors except for critical needs.
 - These measures are part of a comprehensive re-baselining of OSD, defense agency and COCOM staffing and organization. Starting essentially from scratch, we will conduct a clean sheet review to determine what our people should be doing, where, and at what level of rank in light of this department's most urgent priorities by November 1st.
 - As a result of the re-baselining, a minimum reduction of 50% of total growth in billets since 2000. This reduction in civilian senior executive and general and flag officer billets shall be achieved over two years.
- Third, SECDEF directed a freeze at FY10 levels on the number of civilian senior executives, general and flag officer, and PAS positions. By November 1st, we will also assess the number and locations of senior positions as well as the overhead and accoutrements that go with them.

- Fourth, to achieve greater benefits in cost and efficiency through *economies of scale*, SECDEF directed the consolidation of our IT infrastructure facilities. This action will allow the increased use by the Department of common functions and improve our ability to defend defense networks against growing cyber threats.
- Fifth, to combat the enormous amounts of taskings for reports and studies both from Congress and from OSD, SECDEF directed starting now:
 - Freeze in the number of all DoD-required oversight reports;
 - Immediate cut in the dollars allocated to advisory studies by 25%;
 - Track and publish the actual cost of preparation of each reports and studies prepared by DoD in the front of each document; and
 - A comprehensive review of all oversight reports and use the results to reduce the volume generated internally while engaging the Congress on ways to meet their needs while working together to reduce the number of reports by October 1st.
- Sixth, all told, OSD funds 65 boards and commissions at an annual cost of \$75 million. Therefore, SECDEF directed a review of all outside boards and commissions, for the purpose of
 - Eliminating those no longer needed;
 - Focusing the efforts of those that continue to be relevant;
 - Cutting overall funding available for studies tasked by remaining boards and commissions by 25% in FY11.
- Seventh, SECDEF directed a zero-based review of all of the department's intelligence missions, organizations, relationships, and contracts with the goal to eliminate needless duplication to be completed by November 1st. In addition, SECDEF directed an immediate 10% reduction in funding for advisory and assistance contractors in this area and a freeze of the number of senior executive positions in defense intelligence organizations.
- Eighth, in addition to flattening and trimming structures, SECDEF over the next 6-12 months will eliminate 2 organizations and recommend the closure of another that perform duplicative functions and/or outlived their original purpose.
 - Elimination of the Assistant Secretary of Defense Networks Integration and Information, and J6 function, which deal with enterprise IT and hardware issues. Their essential missions will be performed by other organizations. A re-fashioned Defense Information Systems Agency will perform the department's CIO function.
 - Elimination of the Business Transformation Agency (BTA), which performs day-to-day oversight of individual acquisition programs, a function largely performed by a number of other organizations. BTA's essential responsibilities will be shifted to the DCMO.
 - Recommend the Closure of Joint Forces Command (JFCOM) which was established to infuse jointness into everything the military does, especially the training and providing of forces for operations. Overtime it has created an unneeded extra layer and step in the force management process. JFCOM's force management and sourcing functions will be assigned to the Joint Staff while the remaining responsibilities will be evaluated and those determined to be essential will be re-assigned to other entities.
 - As a result of closing or consolidating these three organizations, a number of civilian employees and contractors will no longer work in the Department.
- To see these initiatives through from announcement to action to measurable results over the next 90 to 120 days, SECDEF has appointed a task force chaired by his chief of staff.
 - This task force will develop action plans and oversee their implementation and eventual transition to the appropriate department leadership.