THE SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1000

AUG 16 2010

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Department of Defense (DoD) Efficiency Initiatives

Earlier this year, I directed a four-track approach to move our defense enterprise toward a more efficient, effective, and cost-conscious way of doing business. The four tracks include shifting overhead costs to force structure and future modernization accounts, inviting outside experts to suggest ways the Department can be more efficient, conducting front end assessments to inform the Fiscal Year (FY) 2012 budget request, and reducing excess and duplication across the defense enterprise.

As a part of the fourth track, I am directing a series of initiatives designed to reduce duplication, overhead, and excess, and instill a culture of savings and restraint across the DoD. These initiatives include the following:

- Reduce by 10 percent per year for the period of FY 2011-2013 funding for service support contractors.

- Freeze the number of Office of the Secretary of Defense (OSD), defense agency, field activity, Joint Staff, and Combatant Command (COCOM) billets at the FY 2010 levels for the next three years. Additionally, no full-time OSD positions will be created after FY2010 to replace contractors except for critical needs.

OSD 09637-10

- By November 15, complete a zero based review of OSD, defense agency, field activity, and COCOM staffing and organization to determine what our people should be doing, where, and at what level of rank, in keeping with the Department's most urgent and critical priorities.

- Freeze the number of all DoD civilian senior executives, general and flag officers, and PAS positions at FY 2010 levels.

- By November 1, complete a comprehensive assessment of the numbers and locations of civilian senior executive, general and flag officer positions and accoutrements that go with them.

    - At a minimum, this assessment shall result in a reduction of at least 50 general and flag officer positions and 150 senior civilian executive positions across DoD over the next two years.

- Consolidate DoD's IT infrastructure where possible, to achieve greater economies of scale.

- Freeze the overall number of DoD-required oversight reports.

- Immediately reduce by 25 percent funding for advisory studies.

- Track and publish the actual cost of preparation of every report and study prepared by DoD on the front of each document.

- By October 1, complete a comprehensive review of all Department-required oversight reports with the aim of reducing the volume by eliminating non-essential requirements.

- Engage the Congress on ways to meet their needs while reducing the number of reports they require.

- Complete a review of all outside boards and commissions for the purpose of eliminating those no longer needed and focusing the efforts of those that continue to be relevant.

- Reduce by 25 percent funding for studies tasked by the remaining boards and commissions.

- By November 1st, complete a zero-based review of the DoD's intelligence missions, organizations, relationships, and contracts.

- Immediately reduce by ten percent funding for intelligence advisory and assistance contractors.

- Freeze the number of senior executive positions in defense intelligence organizations.

- Eliminate the Assistant Secretary of Defense Networks Integration and Information and the J6 organizations.

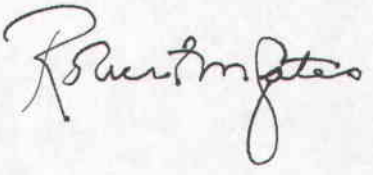
- Eliminate the Business Transformation Agency.

- Recommend the closure of Joint Forces Command.

- Require a cost estimate for all program and policy proposals within the DoD.

In the coming days, I will provide additional guidance on the above initiatives as appropriate.

To implement these initiatives, I am standing up a temporary Task Force (TF) chaired by Mr. Robert Rangel, The Special Assistant to the Secretary of Defense. The TF will include representation from appropriate DoD components and will be responsible for establishing milestones and reporting intervals, and ensuring proper implementation of these critical initiatives.

All DoD Components will fully support and cooperate with the TF in the execution of its mission. This includes being responsive to all requests for relevant information, detailed personnel, or other support so that the TF can deliver its final report to me within 120 days.

Lastly, I realize that the above initiatives will cause some turmoil within the Department, particularly where they result in a reduction of manpower or the elimination/shift of functions. I have asked Dr. Clifford Stanley, the Under Secretary of Defense for Personnel and Readiness, to work with affected organizations to ensure that employees affected by the elimination of these organizations are provided with appropriate assistance and support.