9. PERFORMANCE IMPROVEMENT

9.1 INTRODUCTION

Purpose

This chapter satisfies 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 goals and results with congressional budget justifications. This chapter complements the appropriation-specific budget justification information that is submitted to Congress by providing:

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

- A limited number of Department-wide performance improvement priorities for senior-level management attention in the current and budget year.

The Department looks forward to working with the Administration and Congress to meet the challenge of creating more effective and efficient operations while delivering a high-value return for the American taxpayer's investment in the Defense Department.

DoD Mission and Organizational Structure

The mission of the Department of Defense (DoD) is to provide the military forces 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 over 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. Details on major operating components, Military Departments, and DoD geographic spread can be found on *www.defense.gov/osd*. The Department is also one of the Nation's largest employers, with approximately 1.4 million personnel on active duty, 782,000 civilians, and 835,000 men and women in the Selected Reserve of the National Guard and Reserve forces. In addition, more than 2 million military retirees and family members receive benefits.

DoD Performance Governance

Ultimate responsibility for performance improvement in the Defense Department rests with the Deputy Secretary of Defense as the Chief Management Officer (CMO) and Chief Operating Officer, pursuant to the GPRAMA of 2010. Principal Staff Assistants (PSAs) within the Office of the Secretary of Defense (OSD) are responsible for recommending performance goals and achieving results for their respective functional oversight areas.

OMB Circular A-11 characterizes a performance budget as a hierarchy of goals that aligns to an agency's strategic plan. The 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.

Title 5, United States Code, section 4312 and Office of Personnel Management (OPM) implementing instructions require performance evaluations for DoD's Senior Executive Service members and Senior Level/Scientific and Technical professionals to be based on both individual and organizational performance. The 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 uses 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.

DoD Strategic Plan

In Fiscal Year (FY) 2014, the Department's Annual Performance Plan (APP), which includes the goals, objectives, and performance measures that are updated annually to reflect changes to strategic direction or management priorities, was informed by several DoD strategic documents and activities to include the Quadrennial Defense Review (QDR), the Defense Strategic Guidance (DSG), and the results of the Strategic Choices and Management Review (SCMR).

Throughout FY 2014, the Department remained dedicated to obtaining, investing, and effectively using its financial resources to ensure the security of the United States and meet the needs of both the warfighter and the ever-changing battlefield. Taking care of the Department's people, reshaping and modernizing the force in the current fiscal environment, and supporting the troops in the field remain the highest priorities for the Department.

DoD Performance Plan and Report

The FY 2014 DoD Annual Performance Report (APR) (Section 8.2) provides a summary of the Department's prior year performance. The FY 2015 DoD Annual Performance Plan, which provides an update of the Department's strategic objectives and performance goals for the current and budget year, based on results of the APR, will be provided in separate/supplemental documentation.
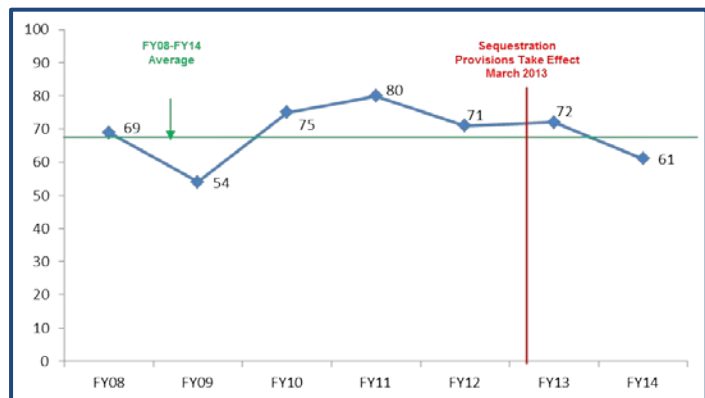
8.2 FY 2014 DOD ANNUAL PERFORMANCE REPORT

Executive Summary

In FY 2014, the Department continued to demonstrate resilience in the face of challenging fiscal constraints. The Budget Control Act of 2011 sought to reduce the annual Federal deficit by $1.2 trillion by the end of 2021 through budget cuts split equally between defense and domestic discretionary spending. Because military pay and benefits were excluded from the FY 2013 sequestration reductions, other budget areas in DoD absorbed larger percentage cuts to meet the Department's mandatory reduction.

Figure 9-1. Percentage of Performance Goals Met or Exceeded since FY 2008

For the FY 2014 APP, the Department used 69 enterprise-wide performance goals and measures to assess progress towards achieving the Department's strategic goals and objectives. Performance results are not yet available for 7 of the 69 performance goals. The Department met or exceeded the annual targets by DoD strategic goal area for 61 percent (42 of 69) of the performance goals and did not meet the targets for 29 percent (20 of 69). Of the 69 total performance goals, 11 are

associated with Agency Priority Goals (APGs). The Department met or exceeded targets for 55 percent (6 of 11) of these goals; performance results are not yet available for one goal.

Figure 9-1 shows the percent of performance measures that met or exceeded target performance in each year from FY 2008 to FY 2014. The Department's performance in FY 2014 was below historical averages dating back to 2008.

In FY 2014, the Department achieved success in some areas; other areas present opportunities for continued improvement. Figure 9-2 compares the Department's FY 2014 performance results in terms of warfighting and infrastructure goals. The DoD met or exceeded targets for 63 percent and 61 percent, respectively, of its warfighting and infrastructure goals. Performance results were not available for ten warfighting and seven infrastructure performance measures at the time of this report.

Figure 9-2. FY 2014 Performance Measure Results
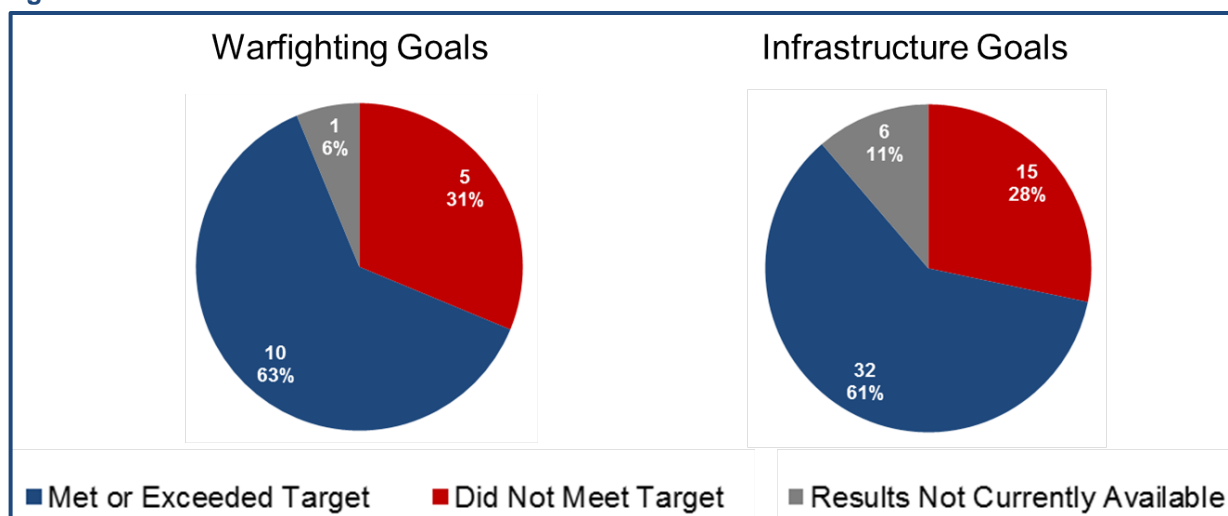
Summary of Results

Successes: The Department has been successful in meeting several of its most critical measures in FY 2014, including those related to mission readiness, providing high quality care to wounded warriors, and achieving audit readiness. The Department maintained its commitment to taking care of its people and made considerable improvements in timely and effective processes for its wounded warriors. In addition to these mission-critical goals, the Department has continued its efforts towards achieving audit readiness. Details of the Department's success can be found within the Strategic Objectives "Areas of Significant Improvement" narratives in this section.

Improvement Areas: The Department successfully achieved 61 percent of its annual performance goals in FY 2014, with 10 percent of the results not available at the time of the report. The Department did not meet 29 percent of the annual performance goals and acknowledges the need for improvement in training the human intelligence community, reducing Fund Balance with Treasury reconciliation errors, reducing data centers, and enhancing veterans' transition programs. Details of the Department's improvement opportunities can be found within the Strategic Objectives "Areas of Challenges" and "Mitigation Strategies" narratives in this section.

FY 2014 Agency Priority Goal (APG) Results

Pursuant to the GPRA Modernization Act of 2010, the Department established four APGs for FY 2014 – FY 2015 that were used to track the Department's progress toward achieving priorities throughout FY 2014. Each of the four APGs is provided in its entirety, as follows:

Figure 9-3. FY 2014 APG Summary of Performance

- **APG One:** By September 30, 2015, DoD will improve the career readiness of Service Members' transitioning to Veteran status by: 1) ensuring at least 85 percent of eligible Service Members complete new required transition activities prior to separation: pre-separation counseling, a Department of Labor (DoL) employment workshop, and Veterans Affairs' (VA) benefits briefings; 2) verifying that at least 85 percent of separating service members meet newly-established Career Readiness Standards prior to separation; 3) accelerating the transition of recovering Service Members into Veteran status by reducing disability evaluation processing time; and 4) supporting the seamless transition of recovering Service Members by sharing active recovery plans with the VA.

- **APG Two:** By September 30, 2015, DoD will improve its acquisition process by ensuring that the median cycle time for Major Defense Acquisition Programs (MDAPs) will not increase by more than 2 percent from the previous year; the average rate of acquisition cost growth for MDAPs will not exceed 3 percent from the previous year; the annual number of MDAP breaches--significant or critical cost overruns for reasons other than approved changes in quantity--will be zero; and DoD will increase the amount of contract obligations that are competitively awarded from 58 percent in FY 2014 to 59 percent in FY 2015.

- **APG Three:** By September 30, 2015, DoD will improve its facility energy performance by achieving 30 percent reduction in average facility energy intensity from the 2003 baseline of 117,334 British thermal units (BTU) per gross square foot, and producing or procuring renewable energy equal to 12 percent of its annual electric energy usage; and improve its operational energy performance by establishing operational energy metrics and performance targets based on the operational capability/operational energy relationship. The Department will revisit the scope of APG 3 in FY 2015.

- **APG Four:** By FY 2015, DoD will validate 82 percent of its mission critical assets for existence and completeness; validate audit readiness for 99 percent of the Funds Balance with Treasury (FBwT) for DoD components financed with General Funds; and validate audit readiness for all material Schedules of Budgetary Activity (SBA) for DoD components financed with General Funds.
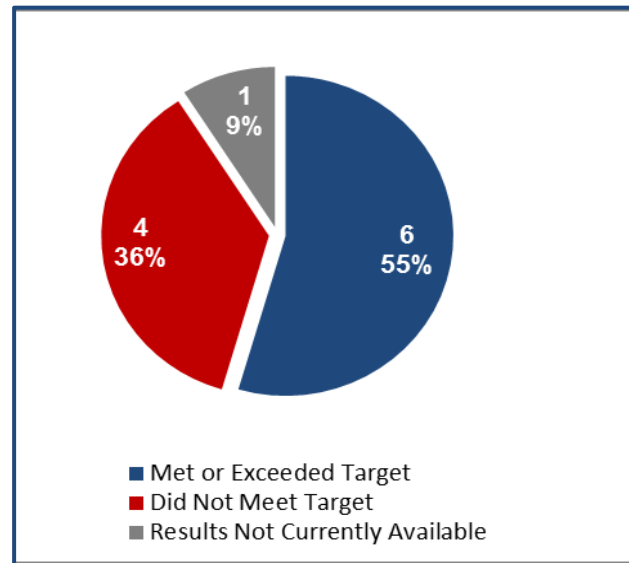
The Department uses 11 of its 69 performance measures to track progress towards achieving its priority goals. As shown in Figure 9-3, in FY 2014, the Department met or exceeded 55 percent (6 of 11) of its APG performance measures. The annual results and detailed narratives for ten APG performance measures may be found in the "Summary of DoD Performance by Strategic

Objective" section. The annual results were not available for one measure related to the Department's use of energy.

Figure 9-4. FY 2014 Performance Results by Agency Priority Goal

Figure 9-4 reflects FY 2014 performance results by APG. For FY 2014, the DoD met its Acquisition reform goals, while achieving less progress towards its Veterans transition goals. Annual results for the energy performance APG measure were not available at the time of publication.
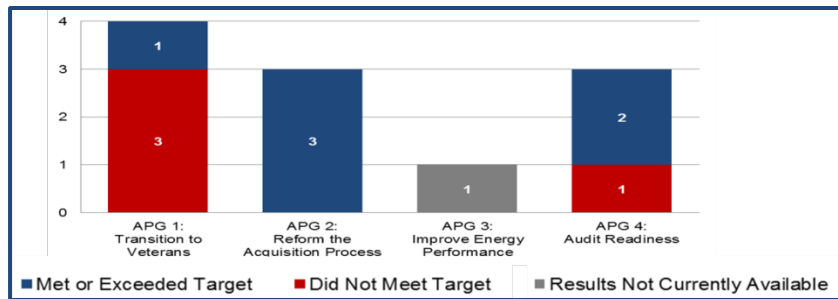
Please refer to *http://goals.performance.gov/agency/dod* for the Department's contributions to the APGs and its progress.

Cross-Agency Priority Goals

In addition to APGs, the GPRA Modernization Act also requires the identification of Cross-Agency Priority (CAP) Goals in areas where increased cross-agency coordination on outcome-focused areas is likely to improve progress. In accordance with the GPRA Modernization Act, interim CAP Goals were published concurrent with the President's Second Term Management Agenda (PMA) and are addressed in the agency Strategic Plan, the Annual Performance Plan (APP), and the Annual Performance Report (APR). Please refer to *www.Performance.gov* for the Defense Department's contributions to these goals.

The DoD, in partnership with OMB, currently leads the following CAP Goals:

- Cybersecurity
- Strategic Sourcing

In addition, the DoD contributes to the following CAP Goals:

- Climate Change – Federal Actions
- Insider Threat and Security Clearance
- Infrastructure Permitting and Modernization
- STEM Education
- Service Members and Veterans Mental Health
- Smarter IT Delivery
- Shared Services
- Benchmark and Improve Mission Support Operations
- Open Data
- Lab-to-Market
- People and Culture

High Risk Areas

To drive increased accountability and efficiencies in the Federal government, the Government Accountability Office (GAO) determines high risk areas across the Federal government based

on vulnerability to fraud, waste, abuse, or mismanagement; and changes required to address major economic, efficiency, or effectiveness challenges. The GAO has published biennial high-risk series updates since 1990 (see *http://www.gao.gov/highrisk/overview)*.   The Defense Department shares responsibility for the following cross-agency areas on the GAO high risk list:

- Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks;

- Managing Strategic Human Capital;

- Managing Federal Real Property;

- Mitigating Gaps in Weather Satellite Data;

- Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland;

- Protecting the Federal Government's Information Systems and the Nation's Cyber Critical Infrastructures;

- Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests; and

- Improving and Modernizing Federal Disability Programs.

The GAO also designates the following seven DoD-specific functional areas as high risk:

- DoD Support Infrastructure Management (since 1997 with scope reduced in 2011);

- DoD Supply Chain Management (since 1990);

- DoD Contract Management (since 1992);

- DoD Weapon Systems Acquisition (since 1990);

- DoD Approach to Business Transformation (since 2005);

- DoD Business Systems Modernization (since 1995); and

- DoD Financial Management (since 1995).

DoD Major Management Challenges

The Office of the Inspector General (IG) works to promote efficiency, effectiveness, and integrity in the programs and operations of the Department. The DoD IG identified the following areas as presenting the most serious management and performance challenges:

- Financial Management;

- Acquisition Processes and Contract Management;

- Joint Warfighting and Readiness;

- Cyber Security;

- Health Care;

- Equipping and Training Iraq and Afghan Security Forces; and

- The Nuclear Enterprise.

Detailed information regarding these challenges, the IG's assessment of the Department's progress, and the Department's management response can be found with the report at *http://comptroller.defense.gov*.

DoD Performance by Strategic Objective

The following section presents FY 2014 performance results by DoD strategic goal and strategic objective, highlighting areas of improvement from previous years, current challenges, and associated mitigation strategies.

STRATEGIC GOAL ONE: PREVENT AND DETER CONFLICT

Strategic Goal One accounts for 7 of the Department's 69 FY 2014 APP measures (10 percent). These performance measures focus on providing training and support to partner nations and ensuring that forces are properly trained to provide security support.

In FY 2014, 43 percent (3 of 7) of the measures were met or exceeded; 14 percent (1 of 7) were not met. Results for 3 performance measures were not available at the time of this report.

The FY 2014 strategic objectives and performance results for Strategic Goal One are presented in detail below by the following 3 strategic objectives:

■ *On Track*   ■ *Off Track*
N/A – Not Available

DoD STRATEGIC GOAL #1: PREVENT AND DETER CONFLICT			
DoD Forces and Infrastructure Category 1F1: Expeditionary Forces			
DoD Strategic Objective 1.2-1F1 *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 Goals	**Long Term Performance Goals**	**Prior Year Results**	**FY14 Results**
1.2.1-1F1: Average number of trained or deployed civilian expeditionary ministerial-level advisors (USD(P))	1.2.1-1F1: 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.	FY10 Actual: 17 FY11 Actual: 45 FY12 Actual: 60 FY13 Actual: N/A	FY14 Target: 100% FY14 Actual: N/A
Contributing DoD Components: *Army, Navy, Marine Corps, Air Force, DSCA, and OSD*			
1.2.2-1F1: Average number of countries with active Defense Institution Reform Initiative (DIRI) programs (USD(P))	1.2.2-1F1: By FY 2015, the DoD will expand its Defense Institution Reform Initiative (DIRI) program to include 30 countries.	FY11 Actual: 17 FY12 Actual: 22 FY13 Actual: 17	FY14 Target: 28 FY14 Actual: N/A
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*			
1.2.3-1F1: Percentage of general purpose force (GPF) deployed to support COCOM security force assistance requirements that have received focused SFA training. USD(P&R))	1.2.3-1F1: Annually, 95 percent of GPF units/teams deployed to support COCOM SFA requirements will have received focused SFA training.	FY12: N/A FY13 Actual: 79.3%	FY14 Target: 95% <mark>FY14 Actual</mark>: 91.2%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*			

DoD Forces and Infrastructure Category 1F3: Military Space Forces

DoD Strategic Objective 1.5-1F3:
Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
1.5.1-1F3: Cumulative number of large- surface DoD combatant ships that are Ballistic Missile Defense (BMD)-capable and ready for tasking ((USD(P))	1.5.1-1F3: By FY 2042, 85 large-surface DoD combatant ships will be BMD-capable and ready for tasking.	FY10 Actual: 20 FY11 Actual: 24 FY12 Actual: 25 FY13 Actual: 28	FY14 Target: 28 FY14 Actual: N/A
Contributing DoD Components: *Navy and MDA*			
1.5.2-1F3: Cumulative number of Standard Missile - Model 3 (SM-3) Interceptors (all variants) delivered (USD(AT&L))	1.5.2-1F3: By FY 2017, the DoD will have delivered 350 SM-3 Interceptors (all variants) to counter aerial threats.	FY10 Actual: 88 FY11 Actual: 108 FY12 Actual: 129 FY13 Actual: 128	FY14 Target: 176 FY14 Actual: 181
Contributing DoD Components: *MDA*			

DoD Forces and Infrastructure Category 1X2: Intelligence Operations

DoD Strategic Objective 1.6-1X2:
Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
1.6.1-1X2: Cumulative number of MQ-1(Predator) and MQ-9 (Reaper) intelligence, surveillance, and reconnaissance (ISR) orbits (USD(I))	1.6.1-1X2: By FY 2014, the DoD will achieve and maintain 65 MQ-1(Predator) and MQ-9 (Reaper)) orbits of ISR.	FY10 Actual: 45 FY11 Actual: 59 FY12 Actual: 57 FY13 Actual: 62	FY14 Target: 65 FY14 Actual: 65
Contributing DoD Components: *Air Force*			
1.6.2-1X2: Percent of known in-transit DoD contingents receiving Force Protection Detachment (FPD) support (USD(I))	1.6.2-1X2: By FY2016, DoD FPDs will provide Counterintelligence (CI) support to 100% of all known in-transit DoD contingents in DoD priority locations.	FY10-13 Actual: Non-applicable	FY14 Target: 80% FY14 Actual: 97.3%
Contributing DoD Components: *Army, Navy, and Air Force*			

Strategic Objective 1.6-1X2: Ensure sufficient Intelligence, Surveillance, and Reconnaissance (ISR) collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.

Areas of Significant Improvement: The Department has consistently met or exceeded the target for this performance goal for each of the past 4 fiscal years. In FY 2014, the Air Force met and continued to sustain its goal of 65 MQ-1/MQ-9 Unmanned Aircraft System (UAS) orbits. During the 4th quarter, the Air Force successfully transitioned one of their AFSOC MQ-1 Combat Air Patrols (CAPs) to an MQ-9 CAP. The Air Force has been on track to achieve its goal of replacing all of their MQ-1 Predator CAPs that are slated for retirement with the more capable MQ-9 Reaper. The Air Force now has a greater balance of MQ-9 CAPs than MQ-1 CAPs, ending the FY 2014 with 33 MQ-9 CAPs and 32 MQ-1 CAPs. The Air Force also achieved successes in shifting MQ-1/MQ-9 CAPs within CENTCOM to provide additional intelligence, surveillance, and reconnaissance (ISR) support for operations in northern Iraq.

The Department's Force Protection Detachment (FPD) program greatly exceeded its FY 2014 target, supporting 97.3 percent of all known in-transit DoD Contingents in DoD priority locations. In FY 2014, the DoD FPD program supported 261,508 DoD personnel via 32 FPD locations worldwide. Direct support was provided to major military exercises (i.e. Cobra Gold 2014, Saber Guardian 2014), international ship visits, foreign medical assistance missions, and Joint Combined Exchange Training deployments. Support was also provided to the U.S. President's visit to South Africa. In Honduras, FPD threat information resulted in the immediate cancellation of a military helicopter landing in a location where the Honduran military was engaged in armed conflict with local drug traffickers. In Georgia, U.S. military members were put at unnecessary risk, subjecting them to hostile surveillance and possible armed attack, by being forced to stage in a non-secure area for long periods of time. In response, FPD personnel worked with Georgian Military Police to change foreign base entry procedures for U.S. military members to eliminate long wait times for personnel entering foreign bases. An intelligence threat associated with a foreign ship visit in Curacao was also identified and mitigated through FPD personnel's liaison with foreign intelligence and security service personnel.

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

Strategic Goal Three accounts for 9 of the Department's 69 FY 2014 APP measures (13 percent). These measures focus on combating the proliferation of weapons of mass destruction, responsiveness of consequence management forces, and improving cyberspace and space operations.

In FY 2014, 67 percent (6 of 9) of the performance measures were met or exceeded; 22 percent (2 of 9) were not met. The result for one performance measure was not available for publication due to its sensitive nature.

The FY 2014 strategic objectives and performance results for Strategic Goal Three are presented in detail below by the following 4 strategic objectives:

■ *On Track*   ■ *Off Track*
N/A – Not Available

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 3.1-1F2A *Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners.*			
Performance Goals	**Long Term Performance Goals**	**Prior Year Results**	**FY14 Results**
3.1.1-1F2A: Number of formal DoD- led meetings with international partners to reaffirm U.S. commitments to extended deterrence (USD(P))	3.1.1-1F2A: Annually, the DoD will lead at least six formal meetings with international partners to reaffirm U.S. commitments to extended deterrence.	FY11 Actual: 11 FY12 Actual: 17 FY13 Actual: 12	FY14 Target: 6 FY14 Actual: N/A
Contributing DoD Components: *OSD*			
3.1.2-1F2A: Passing percentage rate for Defense Nuclear Surety Inspections (USD(P))	3.1.2-1F2A: The DoD will maintain a passing rate of 100 percent for all regular Defense Nuclear Surety Inspections.	FY10 Actual: 73% FY11 Actual: 85.7% FY12 Actual: 100% FY13 Actual: 91.7%	FY14 Target: 100% FY14 Actual: N/A
Contributing DoD Components: *Navy, Air Force, TJS, and DTRA*			

DoD Forces and Infrastructure Category 1F2: Homeland Defense

DoD Strategic Objective 3.2-1F2B
Improve the responsiveness and flexibility of consequence management response forces.

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
3.2.1-1F2B: Cumulative number of Homeland Response Forces (HRFs) trained, equipped, evaluated, and validated at a reduced response time of 6-12 hours (USD(P))	3.2.1-1F2B: 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.	FY11 Actual: 2 FY12 Actual: 10 FY13 Actual: 10	FY14 Target: 10 FY14 Actual: N/A
Contributing DoD Components: *USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau*			
3.2.2-1F2B: 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))	3.2.2-1F2B: 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.	FY11 Actual: 17 FY12 Actual: 17 FY13 Actual: 17	FY14 Target: 17 FY14 Actual: N/A
Contributing DoD Components: *USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau*			
3.2.3-1FB: Number of Defense CBRN Response Forces (DCRFs) trained, equipped, evaluated, and certified at a response time of 24-48 hours (USD(P))	3.2.3-1FB: The DoD will have and maintain one DCRF trained, equipped, evaluated, and certified at a response time of 24 – 48 hours.	FY12 Actual: 1 FY13 Actual: 1	FY14 Target: 1 FY14 Actual: N/A
Contributing DoD Components: *USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau*			
3.2.4-1F2B: Number of Command and Control (C2) CBRN Response Elements (C2CREs) trained, equipped and evaluated, as well as certified or validated as applicable at a response time of 96 hours (USD(P))	3.2.4-1F2B: 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.	FY12 Actual: 2 FY13 Actual: 2	FY14 Target: 2 FY14 Actual: N/A
Contributing DoD Components: *USPACOM, USNORTHCOM, Army, Air Force, and National Guard Bureau*			

Forces and Infrastructure Category 1X1B: 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 Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
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.	FY10 Actual: N/A FY11 Actual: 12% FY12 Actual: 32% FY13 Actual: 44%	FY14 Target: 56% **FY14 Actual**: 52%
Contributing DoD Components: *Army, Navy, Air Force, NSA, and DISA*			

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
3.4.2-1X1: Percent of inspected DoD NIPRNet sites that attain a passing score (xx percent or better) on a Command Cyber Readiness Inspection (CCRI) (DoD CIO)	3.4.2-1X1: By FY 2015, xx percent of inspected DoD NIPRNet sites will attain a passing score on a Command Cyber Readiness Inspection.	FY12 Actual: Sensitive FY13 Actual: Sensitive	FY14 Target: Sensitive FY14 Actual: Sensitive
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 Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
3.5.1-2D: Percent of completing demonstration programs transitioning each year (USD(AT&L))	3.5.1-2D: Beginning in FY 2014, the DoD will transition 40 percent of completing demonstration programs per year.	FY10 Actual: 61.5% FY11 Actual: 83% FY12 Actual: 83% FY13 Actual: 77%	FY14 Target: 40% FY14 Actual: 82%
Contributing DoD Components: *Army, Navy, Air Force, DLA, DARPA, CBDP, and OSD*			

Strategic Objective 3.4-1X: 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

Areas of Significant Improvement: In FY 2014, DoD exceeded its performance measures relating to Command Cyber Readiness Inspections (CCRIs). Due to hardware manufacturing delays, the Department was just short of its goal for the cryptographic modernization performance measure for Strategic Objective 3.4-1X1, reaching 52 percent. Actions have been taken to remedy the problem. The program expects to still achieve its goal of 100 percent implementation on the 25 most critical networks by 2016. The DoD faces an advanced and persistent cyber threat. Ensuring that the Department's systems and networks adhere to policies and standards and proper configuration significantly reduces the "attack surface," limits the attacks that an adversary could make, and reduces the overall risk to the Department's mission. The CCRIs help ensure compliance with policies and standards, thereby hardening the Department's systems and networks and improving its cyber defense posture. Due to the sensitive nature of Federal cyber security efforts, progress updates on this goal are not published.

Areas of Challenges: The cyber threat continues to grow and is becoming increasingly complex, requiring constant vigilance and capability advancement for the Department to stay ahead of the threat.

Mitigation Strategies: The Department's plan to grow and enhance the cyber workforce and continue investing in advanced cyber technologies will serve as principal methods for DoD to mitigate cyber threats.

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

Areas of Significant Improvement: In FY 2014, 82 percent of demonstration programs transitioned, exceeding the goal of 40 percent. This achievement supports the Department's ability to sustain and maintain U.S. defense superiority.

Areas of Challenges: Constrained and uncertain budgets present challenges across DoD; it will take a concerted effort to ensure that the Department maintains a strong investment in the Department's science and technology portfolio.

Mitigation Strategies: The Department's strategic guidance places an emphasis on a robust science and technology portfolio to ensure the U.S. military maintains its technological edge. Steadfast adherence to this Department imperative will be the best mitigation to the challenges posed by the current environment of constrained resources.

STRATEGIC GOAL FOUR: PRESERVE AND ENHANCE THE ALL-VOLUNTEER FORCE

Strategic Goal Four accounts for 21 of the Department's 69 FY 2014 APP measures (30 percent). These performance measures focus on providing support to wounded warriors, improving support for military families, right-sizing the force, and ensuring the total Defense workforce is trained with the right competencies.

In FY 2014, 67 percent (14 of 21) of the measures were met or exceeded; 24 percent (5 of 21) were not met. Results for 2 performance measures were not available at the time of this report.

The FY 2014 performance results for Strategic Goal Four are presented in detail below by the following four strategic objectives:

■ *On Track*   ■ *Off Track*
N/A – Not Available

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			
Performance Goals	**Long Term Performance Goals**	**Prior Year Results**	**FY14 Results**
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 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.	FY10 Actual: -1% FY11 Actual: 1.4% FY12 Actual: -6.4% FY13 Actual: -2.6%	FY14 Target: </= 0 FY14 Actual: -1.50
Contributing DoD Components: *Army, Navy, Air Force, and Marine Corps*			

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
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.	FY10 Actual: 74% FY11 Actual: 78% FY12 Actual: 84% FY13 Actual: 85%	FY14 Target: 83 FY14 Actual: 86
Contributing DoD Components: *Army, Navy, Air Force, and Marine Corps*			
*4.1.3-2M: Percent of Service members who meet DoD Core IDES Process Time and Satisfaction goals (USD(P&R))	4.1.3-2M: By end of FY 2014, 80 percent of Service members meet DoD Core IDES Process Time and Satisfaction goals.	FY10-13 Actual: Non-applicable	FY14 Target: 80% FY14 Actual: 79%
Contributing DoD Components: *Army, Navy, Air Force, and Marine Corps*			
*4.1.4-2M: 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 and shared with the VA to aid in successful transition. (USD(P&R))	4.1.4-2M: For FY 2014, continue to maintain 100 percent of wounded, ill and injured Service members enrolled in a Service recovery coordination program and have an established and active recovery care plan administered by a DoD trained Recovery Care Coordinator and shared with the VA to aid in successful transition.	FY12 Actual: 68% FY13 Actual: 100%	FY14 Target: 100% FY14 Actual: 100%
Contributing DoD Components: *Army, Navy, Air Force, and Marine Corps*			
*4.1.5-2M: 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))	4.1.5-2M: For FY2014, 100 percent of WII Service members will be assigned to a DoD trained Recovery Care Coordinator (RCC) at a ratio not to exceed 1 RCC per 40 WII Service members.	FY12 Actual: 70% FY13 Actual: 100%	FY14 Target: 100% FY14 Actual: 100%
Contributing DoD Components: *Army, Navy, Air Force, and Marine Corps*			

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 Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
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 3 percent from the SECDEF/NDAA- prescribed end strength for that fiscal year.	FY10 Actual: 0.4% FY11 Actual: -0.5% FY12 Actual: -1.6% FY13 Actual: -1.4%	FY14 Target: +/-3% FY14 Actual: -0.83%
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 3 percent from the SECDEF/NDAA- prescribed end strength for that fiscal year.	FY10 Actual: 0.6% FY11 Actual: 0.2% FY12 Actual: -0.8% FY13 Actual: -0.86%	FY14 Target: +/-3% FY14 Actual: -1.10%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*			

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
4.2.5-2P: Percentage of purchases from the private sector, under which services are performed for or on behalf of DoD, that include the requirement to report direct labor hours and associated costs via the Army-based Enterprise-wide Contractor Manpower Reporting Application (ECMRA). (USD(P&R))	4.2.5-2P: By FY 2018, 95 percent of each DoD Component's purchases for services will include language requiring the reporting of direct labor hours and associated costs in ECMRA to prepare the Inventory of Contracts for Services submission, subsequent review, and informing the Programing, Planning, Budgeting process and Total Force shaping decisions.	FY10 - FY13 Actual: N/A	FY14 Target: 30% ==FY14 Actual==: 30%
Contributing DoD Components: *Army, Navy, Marine Corps, Air Force, Defense Agencies, Field Activities, and COCOMs*			
4.2.7-2P: Percent of Reserve Component (RC) Service members involuntarily mobilized in the evaluation period that have dwell ratios greater than or equal to 1:5 (USD(P&R))	4.2.4-2P: Ensure a minimum of 80 percent of the RC Service members undergoing involuntary mobilization will have a dwell ratio of 1:5 or greater.	FY10 Actual: N/A FY11 Actual: 71.8% FY12 Actual: 72.7% FY13 Actual: 84%	FY14 Target: 80% ==FY14 Actual==: 87%
Contributing DoD Components: *Army, Navy, Marine Corps, 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: Beginning in FY 2013, the Department will improve and maintain the time for all external (direct hire authority, expedited hire authority, and delegated examining) civilian hiring actions to 80 days or less.	FY10 Actual: 116 FY11 Actual: 104 FY12 Actual: 83 FY13 Actual: 94	FY14 Target: 80 ==FY14 Actual==: 89
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*			

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 Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
4.3.1-2R: Percent of worldwide government-owned Family Housing at good or fair (Q1-Q2) condition (USD(AT&L))	4.3.1-2R: The DoD will maintain at least 90 percent of worldwide government-owned Family Housing inventory at good or fair (Q1-Q2) condition.	FY10 Actual: N/A FY11 Actual: 80% FY12 Actual: 81.5% FY13 Actual: 79%	FY14 Target: 84% FY14 Actual: N/A
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: The DoD will maintain at least 90 percent of the worldwide government- owned permanent party unaccompanied housing at good or fair (Q1-Q2) condition.	FY10 Actual: N/A FY11 Actual: 85% FY12 Actual: 85% FY13 Actual: 86%	FY14 Target: 87% FY14 Actual: N/A
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 the close of FY 2018, 100 percent of DoDEA schools will meet the OSD acceptable standards of good or fair (Q1 or Q2) standards.	FY11 Actual: N/A FY12 Actual: 38% FY13 Actual: 42%	FY14 Target: 45% ==FY14 Actual==: 47%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*			

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
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 total of 100,000 military spouses will have obtained employment through the Military Spouse Employment Partnership (MSEP).	FY10-F12 Actual: N/A FY13 Actual: 27,552	FY14 Target: 40,000 FY14 Actual: 65,000
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 Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
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: The DoD will increase the percent of positions filled with personnel meeting Levels II and III certification requirements from the previous fiscal year.	FY10 Actual: N/A FY12 Actual: 70.1% FY13 Actual: 76.3%	FY14 Target: 77.3% FY14 Actual: 80.6%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*			
4.4.2-2T: Percentage of students entering the Defense Language Institute Foreign Language Center (DLIFLC) basic course that achieve the 2/2/1+ Defense Language Proficiency Test (DLPT) standard in reading, listening, and speaking modalities as measured on the Interagency Language Roundtable performance scale. (USD(P&R))	4.4.2-2T: By FY 2017, 66 percent of students entering the Defense Language Institute Foreign Language Center basic course will achieve a 2/2/1+ score on the DLPT in the reading, listening, and speaking modalities.	FY10-13 Actual: N/A	FY14 Target: 62% FY14 Actual: 71%
Contributing DoD Components: *Army, Navy, Marine Corps, Air Force, and DIA*			
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.	FY10-11 Actual: N/A FY12 Actual: 78% FY13 Actual: 80%	FY14 Target: 85% FY14 Actual: 82%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*			
4.4.4-2T: Percent of student enrollments to funded training seats at the HUMINT Training Joint Center of Excellence (HT-JCOE) for Military Source Operations (MSO), interrogation, and HUMINT-enabling training activities (USD(I))	4.4.4-2T: By FY 2016, 100 percent of Military Source Operations (MSO), interrogation, and HUMINIT-enabling activities training seats at the HUMINT Training Joint Center of Excellence (HT-JCOE) will be filled with validated enrollees.	FY13 Actual: 69%	FY14 Target: 90% FY14 Actual: 62%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force, and DIA*			

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
4.4.5-2T: Percentage of Defense Intelligence Enterprise government authorized positions filled by individuals possessing the required language and proficiency (USD(I))	4.4.5-2T: By FY 2016, greater than or equal to 70 percent of filled Defense Intelligence Enterprise government authorized positions will be will be filled by individuals possessing the required language and proficiency.	FY13 Actual: 47%	FY14 Target: 52% FY14 Actual: 49.4%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force, DIA, NSA and NGA*			
4.4.6-2TE: Number of companies participating in DoD's Defense Industrial Base (DIB) Cyber Security and Information Assurance (CS/IA) programs (DoD CIO)	4.4.6-2T: DoD will have companies participating in DIB CS/IA programs.	FY14: TBD	FY14 Target: 100 FY14 Actual: 108
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force, and DIA*			
4.4.7-2T: Percent of 2210 series personnel identified with cyberspace workforce codes (DoD CIO)	4.4.7-2T: By FY 2015, DoD will achieve 95 percent of its goal of personnel identified with cyberspace workforce codes.	FY10 – FY13: Not applicable	FY14 Target: 10% FY14 Actual: 90%
Contributing DoD Components: *Army, Navy, Marine Corps, and Air Force*			

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

Areas of Significant Improvement: The Department increased oversight for program management and the experience of Wounded, Ill, or Injured (WII) service members related to the goals of enrollment in a Service recovery coordination program and use of active recovery plans administered by a DoD trained Recovery Care Coordinator (RCCs). At the end of FY 2014, all Services reported 100 percent enrollment with an active recovery plan. Beginning in the second quarter of FY 2014, quality assurance staff began performing site assistance visits to Service and USSOCOM installations with RCCs. The visits provided a closer look into the daily operational aspects of the Wounded Warrior Program (WWP) and allowed identification of areas for improvement and areas of strength to guide further development and direction of DoD and Component policy and allow for a benchmark to measure progress.

Areas of Challenges: The Integrated Disability Evaluation System (IDES) did not meet its overall goal in FY 2014. Completion times for DoD-specific activities (Referral stage, Medical Evaluation Board stage, Informal Physical Evaluation Board stage, and Transition phase) averaged 96 days against a goal of 105 days, with 77 percent of cases meeting the goal. The percent of service members meeting DoD Core IDES process time leveled slightly in the fourth quarter and resulted in an end of fiscal year percentage of 79 percent, which did not meet the 80 percent goal. Timeliness within the Transition phase remains the lowest of the four DoD-specific areas; the Military Departments reported an average of 50 days against a 45-day goal. This was primarily due to the Marine Corps reporting only 3 percent of service members meeting the Transition phase timeliness goal in Q4 FY14. Analyses showed that the Department would have exceeded the annual goal if it had more accurate accounting of time allocated for voluntary activities such as the use of accrued leave.

Mitigation Strategies: The Office of Warrior Care Policy (WCP) will reemphasize to the Military Departments the requirement to enter the date Service members complete required unit/installation out-processing actions to improve the accuracy of reporting Transition phase timeliness. Effective January 10, 2015, the USMC will electronically capture the start of

Marines' transition leave and enter this date to more accurately report the time spent in the Transition Phase. By March 2015, WCP will additionally include the percentage of cases meeting each DoD-specific required process activity in its monthly IDES Performance Report sent to DoD senior leaders.

> **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.**

Areas of Significant Improvement: Acknowledging that people are its greatest asset, the Department is committed to ensuring it has the right workforce mix by managing the deployment tempo with greater predictability and ensuring the long-term viability of the Reserve Component. In FY 2014, the Department met its annual targets for seven of the performance measures for this strategic objective. The percentage of Active Duty and Reserve Component Service members across all Services who meet the planning objectives for time deployed in support of combat operations versus time at home exceeded targets for FY 2014 and has shown improvement since the end of FY 2013. Additionally, the Department in aggregate has maintained Active Duty and Reserve Component end strength within 1.5 percent of the end strength prescribed by the National Defense Authorization Act and the Secretary of Defense, far exceeding the 3 percent end strength variance prescribed in statute for FY 2014.

Areas of Challenges: In FY 2014, the Department continued to struggle with meeting its 80 day target for external civilian hiring. The length of time for civilian hiring increased over the first 3 fiscal quarters, but the number fell from 98 days to 89 days in the 4th quarter. The Department will continue to work diligently to achieve its goal of 80 days.

Challenges with achieving the target may be attributed to Component hiring freezes, workforce furloughs, and concerns over future funding cuts. The Department is also concerned that longer wait times for hiring and diminished recruiting capabilities could potentially cause qualified candidates to lose interest in DoD. Mission critical occupations are being recruited in very limited instances but require lengthy approvals or waivers. There may also be delays associated with the Veterans Employment Opportunities Act (VEOA) eligibility verification process for transitioning military Service members. Average Time-To-Hire for VEOA appointments is approximately 145 percent higher than other types of appointments. To date, veteran hires represent approximately 40 percent of external hires for the DoD. Both of these factors warrant ongoing investigation and monitoring.

Mitigation Strategies: The Department must continue to aggressively recruit and retain service members of the requisite quality. Strategies and deployment schedules must be closely monitored and adjusted to meet both operational requirements and support our personnel during mobilization and deployments. The Department is also re-writing the existing Deploy 2 Dwell (D2D) ratio policy to apply more broadly than the policy applied to Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF).

Training, outreach, and collaboration are the key focus areas for continued success with expeditious and efficient civilian hiring. The DoD is committed to successful delivery of enhancements to key systems, increased reliability, and ease-of-use for job seekers and system administrators. Efforts are also underway to identify and obtain appropriate hiring authorities and to remove barriers to efficient hiring of quality candidates.

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

Areas of Significant Improvement: Because quality housing is an important contributor to the morale and readiness of the force, the Department established goals that require Military Services to maintain at least 90 percent of worldwide government-owned family housing (FH) and permanent party unaccompanied housing (UH) in adequate condition, i.e., a facility condition index (FCI) of at least 80 percent. Although the overall DoD UH performance of 87 percent adequate condition at the end of FY 2014 did not meet the 90 percent target, the Air Force and the Army achieved 97 percent and 92 percent, respectively. The DoD FH performance of 66 percent also missed the 90 percent target, but the Marine Corps achieved 94 percent.

Regarding school standards, the Department is committed to supporting military families and is working to ensure that 100 percent of DoD schools meet the OSD acceptable standard of good or fair facility condition. Since embarking on these improvements, the Department has met or exceeded its targets and is on track to meet the target established for FY 2015. The original goal was for all facilities to reach the acceptable condition by the close of FY 2018, but the Department's fiscal challenges and basing uncertainty now necessitate extending this goal to the end of FY 2021.

To further support military families, more than 200 partner companies hired 65,000 military spouses through the Military Spouse Employment Partnership (MSEP) in FY 2014. The program has also recently added the Spouse Ambassador Network, a group of 11 military support organizations who help connect MSEP partners with military spouses in the communities where they live.

Areas of Challenges: For housing, reduced sustainment and recapitalization budgets pose the greatest challenge to FH and UH condition adequacy goals. Now that almost all of the FH in the U.S. has been privatized, 97 percent of the remaining government-owned FH is in foreign locations. Force drawdowns and possible restationing actions are causing uncertainty about the enduring nature of some DoD installations in foreign countries. This uncertainty makes the military services understandably reluctant to budget for more than the minimum required to keep the units operational. During FY 2014, the DoD FH performance decreased from 79 percent to 66 percent adequate condition, largely due to smaller budgets and more accurate condition assessments. The Air Force reported the largest decrease, from 92 percent to 65 percent with the Army posting the next largest performance decrease, from 77 percent to 66 percent. Even with austere funding challenges, the Marine Corps was able to raise its performance from 87 percent to 94 percent. The DoD UH performance during FY 2014 increased slightly from 86 percent to 87 percent adequate condition. The Army and Marine Corps were able to make small increases to their UH performance, and the Air Force UH performance decreased slightly from 98 percent to 97 percent, but the Navy is experiencing the most significant challenges with achieving the DoD UH performance goal. While its FY 2013 to FY 2014 performance increased from 50 percent to 53 percent, the Navy's performance is projected to decrease to 51 percent by the end of the FY 2019 due to insufficient sustainment, restoration and modernization funding.

Regarding school standards, military installation consolidations, end-state force structures, and a Department of Defense Education Activity (DoDEA) reorganization have provided challenges to correctly sizing schools for projected student populations. The flexibility to compensate for

uncertainty by right-sizing later school projects in the same community, present when the reconstruction program was first initiated, is in many cases no longer present.

Mitigation Strategies: The Department's European Installation Consolidation (EIC) initiative study is now complete. This will help resolve much of the consternation about the enduring nature of housing requirements in Europe, but the implementation of the EIC initiative recommendations will take years. As such, the pace for improvement will be gradual and may not be significantly changed until after FY 2020. For example, the Army has been maintaining over 4,000 FH units that it was unsure it needed in Europe until decisions were made whether to return certain assets to host nations. With the EIC decision finalized, the Army will be able to return these housing units within the next 2 years, vastly improving Army's performance against the DoD FH goal. Likewise, now that a Guam master plan has been delivered to the Congress and implementation can begin, the Navy has a more solid path to improve housing conditions on Guam; the lack of a master plan delayed Navy's progress towards meeting the Department's housing performance goals. While the Navy is taking risk in facilities sustainment, it is mitigating the declining quality of its UH inventory by focusing repairs on the housing in worst condition and continuing to invest in new UH, e.g., the Marine Corps' FY 2015 investment in new berthing facilities at Naval Weapons Station, Yorktown, VA. Finally, the Under Secretary of Defense for Acquisition, Technology, and Logistics issued two new policies that will aid the Services in making better investment decisions regarding their FH and UH inventories. The first policy is an improved, standardized system for assessing building condition adequacy, and the second is a sustainment and recapitalization policy that sets budget and programming targets for the Component inventories and requires "get well plans" for facilities in failing condition (i.e., an FCI below 60 percent). While it will take several years for the data to improve and plans to be developed, these new processes will help senior DoD leadership make sound strategic investment decisions in managing the Department's built environment.

Regarding schools, the DoDEA currently has 38 projects in design, 22 under construction, and 18 schools completed to address school quality concerns; DoDEA is also extending the Military Construction recapitalization program to FY 2019 due to execution challenges, budgetary pressures, and end-state uncertainty. The DoDEA continues to coordinate school projects with Military Services and Geographic Commands, which allows defensible school projects to be programmed in the near term and other schools to be programmed when locations and populations have stabilized. School replacements programed for FY 2019 are expected to be completed in FY 2021.

> **Strategic Objective 4.4-2T: Train the right competencies for the Total Defense Workforce.**

Areas of Significant Improvement: A priority for the Department is ensuring the continuous improvement and increased professionalism of the acquisition workforce as part of its Better Buying Power initiative. In addition to increasing requirements for key leadership positions, implementing qualification boards and developing other qualification tools, the Department has continued emphasis on position certification requirements. The Department has consistently achieved an increasing performance target for the percent of acquisition positions filled with Level II/III-certified personnel since FY 2011. The Department exceeded its FY 2014 target for DoD acquisition professionals, significantly improving its certification levels since 2009 from 61 percent to 80.6 percent at the conclusion of FY 2014. Results reflect leadership's continuous improvement emphasis. Key contributing factors include senior leadership emphasis on increased qualifications, professionalism and sustaining recent workforce improvements.

As part of DoD's pledge to train the Total Defense Workforce, the Defense Language Institute Foreign Language Center (DLIFLC) surpassed by 9 percent its 4th quarter FY 2014 target of

62 percent of students entering basic course language instruction who achieve a 2/2/1+ score on the Defense Language Proficiency Test (DLPT) in the reading, listening, and speaking modalities, as measured by the Interagency Language Roundtable performance scale. In fact, the 71 percent throughput graduation rate achieved exceeds the FY 2017 goal by 5 percent. The Services' commitment to reduce waivers of Defense Language Aptitude Battery minimum entrance scores as well as ongoing efforts to improve quality of instruction and testing have had positive impacts on decreasing attrition and improving proficiency. The Defense Language Steering Committee (DLSC), chaired by the Defense Senior Language Authority, continues to address Defense Language Program governance process improvement initiatives.

In FY 2014, the Department increased its fill rate of cybersecurity certified personnel to 83 percent, just short of the 85 percent goal. Budget cuts have driven further reduction in funding for travel and training costs required for civilian and military personnel to get and maintain certifications.

While the Department did not meet its FY 2014 target for authorized positions filled by individuals possessing the required language and proficiency, Defense Intelligence Components continued to incrementally improve overall language capability. To achieve this improvement, Components documented new language needs, identified and tested more individuals in critical languages, used a greater number of incentive payments for improving language proficiency, integrated Human Language Technology into operations, and improved the recruitment and training of language professionals by focusing on specific mission needs.

Areas of Challenges: The acquisition workforce faces significant succession challenges due to extensive losses of experienced personnel from large year groups of retirement eligibles and losses across the career lifecycle of critical functions. The high year group levels of retirement eligibles have recently peaked and are projected to stay high through 2020. The Department must continue succession initiatives that include leadership readiness and qualification initiatives, and sufficient hiring and retention of entry-level personnel to strategically ensure a qualified and ready future workforce. Budget limitations, personnel turnover, and restructuring of the force structure will continue to make training the DoD workforce and obtaining cybersecurity certifications challenging.

Limitations based on sequestration, the government shutdown, and an overall overstated training requirement due to the uncertainty of continued operations in Afghanistan impacted achieving the desired Human Intelligence (HUMINT) performance targets for FY 2014. The 1st quarter target was not achievable because of sequestration and the October 2013 government shutdown. The shutdown and government civilian furloughs caused course cancellations and termination of several courses, already in session, without completion of training. In the 2nd quarter, students could not return to training due to limited travel funding, based on the impact of sequestration, which exacerbated throughput declines. During 3rd quarter, the target was not achieved partially due to transitioning a classroom course to a distributed learning environment, which continued into 4th quarter.

Although the Department increased the number of positions filled by individuals possessing the required language and proficiency in FY 2014, the measure fell 2 percentage points short (49.4 percent) of the established target of 52 percent. Three factors contributed to the results: 1) the Navy and the Army, which account for 55.3 percent of the Department's language-required billets, used the higher standard of Level 3 in listening and reading (L3/R3) for considering members fully qualified in the national missions vice the previous standard of L2/R2; 2) the requirement for language-required positions increased from 10,980 in FY 2012 to 11,961 in FY 2014, outpacing the Department's ability to develop and produce a language-qualified member, which takes 2 to 3 years; and 3) sequestration budget cuts and future

reduction in funding levels impede efforts to develop and maintain language professionals at the highest levels of proficiency to meet the challenges posed by our adversaries.

Mitigation Strategies: The Department has used the Defense Acquisition Workforce Development Fund to increase early and mid-career workforce year groups and to increase training capacity and improve certification training. As part of improving professionalism and qualification of the total acquisition workforce under the Better Buying Power Initiatives, DoD is establishing higher standards for key leaders and establishing stronger qualification requirements for all acquisition career fields. The Department is implementing workforce qualification boards to motivate and create an expanded pool of pre-screened acquisition professionals deemed ready for complex key acquisition leadership positions. In addition to its certification program, the DoD is building tools to assess demonstrated qualifications in the workplace. The Department is also working to create and sustain the strong technical workforce necessary to deliver technological superiority into the future.

The Department continues to focus on achieving certifications and retaining cybersecurity certified personnel. To gain efficiencies and make use of unfilled training slots, the HUMINT Training Joint Center of Excellence (HT-JCOE) cross-trained its instructors, certifying them in additional HUMINT disciplines so they could teach more than a single course. To gain additional efficiencies, HT-JCOE transitioned courseware to a distributed learning environment beginning with the Joint Source Validation Course (JSVC), which is the course with the highest annual throughput or demand signal. When the course is fully transitioned to an on-line platform in early FY 2015, it will be scalable to meet any demand signal. The HT-JCOE was also able to identify a downward trend in enrollments and adjust its future year instructor requirement to match anticipated student throughput needs.

This year, the Department established a Senior Subcommittee to address and deliver a total force solution set for manpower models and manning process gaps that will maximize language professional training investments. The subcommittee began its work focusing their efforts on the Crypto-Language Analyst occupation and career path to develop a way ahead to effectively and efficiently meet the Director, National Security Agency/Central Security Service established minimum professional language proficiency skill level of Interagency Language Roundtable L3/R3. The effort supports the Under Secretary of Defense for Intelligence priority to develop and retain highly-skilled foreign language capabilities to meet the intelligence needs to face emerging threats to our national interests.

STRATEGIC GOAL FIVE: REFORM AND FIND FURTHER EFFICIENCIES IN THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE

Strategic Goal Five accounts for 32 of the Department's 69 FY 2014 APP measures (46 percent). These performance measures focus on reducing energy demand, protecting infrastructure, improving the acquisition process and cybersecurity, and increasing efficiencies in support functions.

In FY 2014, 53 percent (17 of 32) of the measures were met or exceeded; 28 percent (9 of 32) were not met. Results for six performance measures were not available at the time of this report because, variously: (1) the measure is sensitive in nature; (2) result collection is still in progress; or (3) the measure is under refinement. The FY 2014 strategic objectives and performance results for Strategic Goal Five are presented in detail below by the following six strategic objectives:

■ *On Track*   ■ *Off Track*
N/A – Not Available

DoD STRATEGIC GOAL #5: REFORM AND FIND FURTHER EFFICIENCIES IN THE BUSINESS AND SUPPORT FUNCTIONS OF THE DEFENSE ENTERPRISE			
DoD Forces and Infrastructure Category 2A: Force Installations			
DoD Strategic Objective 5.1-2A: *Reduce energy demand and increase use of renewable energy at DoD installations. * = Agency Priority Goal*			
Performance Goals	**Long Term Performance Goals**	**Prior Year Results**	**FY14 Results**
5.1.1-2A: Average facilities sustainment rate (USD (AT&L))	5.1.1-2A: In FY 2014, the DoD will fund facilities sustainment at a minimum of 80 percent of the Facilities Sustainment Model (FSM) requirement.	FY10 Actual: 88% FY11 Actual: 83% FY12 Actual: 85% FY13 Actual: 86%	FY14 Target: 80% FY14 Actual: N/A
Contributing DoD Components: *Army, Navy, Air Force, USMC, DCMA, DeCA, DFAS, DIA, DLA, MDA, NRO, NGA, NSA, and WHS*			
*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 117,334 BTUs per gross square foot	FY10 Actual: 10.5% FY11 Actual: 13.3% FY12 Actual: 17.7% FY13 Actual: 17.2%	FY14 Target: 27% FY14 Actual: N/A
Contributing DoD Components: *Army, Navy, Air Force, USMC, DCMA, DeCA, DFAS, DIA, DLA, MDA, NRO, NGA, NSA, 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 Goals	**Long Term Performance Goals**	**Prior Year Results**	**FY14 Results**
5.2.1-2C: Percent of applicable information technology (IT) and National Security Systems (NSS) that hold a current certification and accreditation (i.e., a current authorization to operate (ATO), interim authorization to operate (IATO), or interim authorization to test (IATT)) as required in	5.2.1-2C: By FY 2015, 96 percent of applicable IT and NSS hold a current certification and accreditation (i.e., a current ATO, IATO, or IATT).	FY10 Actual: 90% FY11 Actual: 92% FY12 Actual: 91.1% FY13 Actual: 95%	FY14 Target: 95% FY14 Actual: 95%

DoDI 8510.01. (DoD CIO)			
Contributing DoD Components: *All*			

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
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.	FY11 Actual: 7% FY12 Actual: 15% FY13 Actual: 90.6%	FY14 Target: 37% FY14 Actual: 17.3%
Contributing DoD Components: *All*			
5.2.3-2C: Cumulative percent reduction in the number of DoD data centers (DoD CIO)	5.2.2-2C: By FY 2015, the DoD will migrate Service business systems to DISA Core Data Centers.	FY13 Actual: Non-applicable	FY14 Actual: 17.3%
Contributing DoD Components: *All*			
5.2.4-2C: Cumulative percentage of DoD Non-secure Internet Protocol Router Network (NIPRNet) accounts with Public Key Infrastructure (PKI) cryptographic logon capability (DoD CIO)	5.2.4-2C: By FY 2015, the DoD will have PKI-Enabled 95 percent of its Private Web Servers.	FY10 Actual: 88% FY11 Actual: 88% FY12 Actual: 95% FY13 Actual: 94%	FY14 Target: 90% FY14 Actual: 88%
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.	FY10-11 Actual: N/A FY12 Actual: 16.5% FY13 Actual: N/A	FY14 Target: 95% FY14 Actual: 94%
Contributing DoD Components: *All*			
5.2.5-2C: Percent of inspected DoD NIPRNet sites attaining a passing score on a comprehensive cyber security inspection that assesses compliance with technical, operational and physical security standards (DoD CIO)	5.2.5-2C: By FY 2014, NIPRNet sites will improve hardening and cyber defense with a passing score of 70 percent or better.	FY10–13 Actual: N/A	FY14 Target: Sensitive FY14 Actual: Sensitive
Contributing DoD Components: *All*			
5.2.6-2C: Percentage of public facing services migrated into Organizational and/or DI5.6.1SA-provided DMZ. (DoD CIO)	5.2.6-2C: Under development.	FY10 – FY13: Not applicable	FY14 Target: 40% FY14 Actual: 40%
Contributing DoD Components: *All*			
5.2.7-2C: Percentage of crypto modernization of the current and planned radio inventory across the service components (DoD CIO)	5.2.7-2C: By 2024, DoD will attain 100 percent crypto modernized radio inventory COMSEC Modernization Rate.	FY10 – FY13: Not applicable	FY14 Target: 20.83% FY14 Actual: 36%
Contributing DoD Components: *All*			

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
5.2.8-2C: Percent of DoD users on email systems that adhere to Enterprise Directory Service standards (DoD CIO)	5.2.8-2C: DoD will build Agile and Secure Information Capabilities by Identifying security posture of commercial mobile networking (DCIO C4IIC)	FY10 – FY13: Not applicable	FY14 Target: TBD FY14 Actual: N/A

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

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
*5.3.1-2E: Percentage of contract obligations that are competitively awarded (USD(AT&L))	5.3.1-2E: The DoD will continue to increase, by 1 percent annually, the amount of contract obligations that are competitively awarded.	FY10 Actual: 61.7% FY11 Actual: 58.5% FY12 Actual: 57.5% FY13 Actual: 56.9%	FY14 Target: 58% FY14 Actual: 58.6%

Contributing DoD Components: *All*

*5.3.2-2E: Median percentage cycle time deviation from the previous year for active Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after (USD(AT&L))	5.3.2-2E: Beginning in FY 2014, the median percentage deviation will not increase by more than 2 percent from the previous year for active Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after.	FY10 Actual: 4.4% FY11 Actual: 4.5% FY12 Actual: 6.6% FY13 Actual: 5.37%	FY14 Target: </=2% FY14 Actual: 0%

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

*5.3.4-2E: Number of Major Defense Acquisition Program (MDAP) breaches (equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost)) for reasons other than approved changes in quantity (USD(AT&L))	5.3.4-2E: The DoD will not have any MDAP breaches (significant cost overruns) for reasons other than approved changes in quantity.	FY10 Actual: Not available FY11 Actual: 4 FY12 Actual: 1 FY13 Actual: 0	FY14 Target: 0 FY14 Actual: 1

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

5.3.5-2E: Percentage of Small Business prime contract obligation goal met annually (USD(AT&L))	5.3.5-2E: Beginning in FY 2012, the DoD will meet 100 percent of its Small Business prime contract obligation goal.	FY10-12 Actual: Not available FY13 Actual: 93%	FY14 Target: 100% FY14 Actual: 100%

Contributing DoD Components: *All*

5.3.6-2E: Number of Major Automated Information System (MAIS) "significant" breaches (>/=15 percent of Acquisition Program Baseline (APB) total cost or with schedule slippages greater than 6months)) (ODCMO)	5.3.6-2E: The DoD will ensure that the number of both Defense Business Systems (DBS) MAIS and non-DBS 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.	FY10 Actual: 1 FY11 Actual: 2 FY12 Actual: 3 FY13 Actual: 0	FY14 Target: </=1 FY14 Actual: 0

Contributing DoD Components: *Army, Navy, Air Force, Marine Corps, DISA, DLA, and TMA*

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
5.3.7-2E: Number of Defense 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 1 year or more)) (ODCMO)	5.3.7-2E: The DoD will ensure that both Defense Business System (DBS) MAIS and non-DBS MAIS "critical" breaches (equal to or greater than 25 percent of the APB total cost or with schedule slippages greater than 1 year) will not occur.	FY10 Actual: 2 FY11 Actual: 1 FY12 Actual: 3 FY13 Actual: 0	FY14 Target: 0 FY14 Actual: 0
Contributing DoD Components: *Army, Navy, Air Force, Marine Corps, DISA, DLA, and TMA*			
5.3.8-2E4: Number of Defense business systems reduced by fiscal year as a function of total number of business systems within the portfolio (ODCMO)	5.3.8-2E: By FY 2015, set reduction targets by fiscal year will be based upon portfolio reviews.	FY10 – FY13: N/A	FY14 Target: 3% FY14 Actual: 5.8%
Contributing DoD Components: *Army, Navy, Air Force, Marine Corps, DISA, DLA, and TMA*			
5.3.9-2E4: Total adjudicated cost savings and cost avoidance by fiscal year provided by business process reengineering/continuous process improvement (ODCMO)	5.3.9-2E: By FY 2015 in categories of Better Buying Practices, BPR/CPI cost avoidance and cost savings.	FY10 – FY13: N/A	FY14: N/A
Contributing DoD Components: *Army, Navy, Air Force, Marine Corps, DISA, DLA, and TMA*			
5.3.10-2E: Total number of enterprise business systems transitioned to DISA CONUS CDCs by fiscal year as a function of the total number of systems (ODCMO)	5.3.10-2E: By FY 2015, systems will be transitioned to DISA CONUS CDCs.	FY10 – FY13: N/A	FY14 Actual: 17.3%
Contributing DoD Components: *Army, Navy, Air Force, Marine Corps, 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 Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
5.4.1-2L: Army Customer Wait Time (USD(AT&L))	5.4.1-2L: The DoD will maintain the Army's average customer wait time at or below 15 days.	FY10 Actual: 16.6 FY11 Actual: 14.1 FY12 Actual: 13.7 FY13 Actual: 13.8	FY14 Target: 15 FY14 Actual: 14.9
Contributing DoD Components: *Army*			
5.4.2-2L: Navy Customer Wait Time (USD(AT&L))	5.4.2-2L: The DoD will maintain the Navy's average customer wait time at or below 15 days.	FY10 Actual: 12.7 FY11 Actual: 11.4 FY12 Actual: 12.6 FY13 Actual: 15.5	FY14 Target: 15 FY14 Actual: 15.7
Contributing DoD Components: *Navy*			
5.4.3-2L: Air Force Customer Wait Time (USD(AT&L))	5.4.3-2L: The DoD will maintain the Air Force's average customer wait time at or below 7.5 days.	FY10 Actual: 7.6 FY11 Actual: 5 FY12 Actual: 5.5 FY13 Actual: 5.6	FY14 Target: 7.5 FY14 Actual: 5.7
Contributing DoD Components: *Air Force*			

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
5.4.4-2L: Percentage of excess on- hand secondary item inventory (USD(AT&L))	5.4.4-2L: By FY 2016, the DoD will reduce and maintain the percentage of excess on-hand secondary inventory to 8 percent of total on-hand secondary inventory.	FY10 Actual: 10.7% FY11 Actual: 9.2% FY12 Actual: 9.9% FY13 Actual: 7.2%	FY14 Target: 10% FY14 Actual: 6.1%
Contributing DoD Components: *Army, Navy, Air Force, and DLA*			
5.4.6-2L: Percentage of excess on- order secondary item inventory (USD(AT&L))	5.4.5-2L: By FY 2016, the DoD will reduce and maintain the percentage of secondary item excess on-order inventory to 4 percent of total on-order secondary item inventory.	FY10 Actual: 5.5% FY11 Actual: 4.8% FY12 Actual: 5.8% FY13 Actual: 7.6%	FY14 Target: 6% FY14 Actual: 5.6%
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

Performance Goals	Long Term Performance Goals	Prior Year Results	FY14 Results
*5.5.1-2U: Percent of DoD's General Funds, Fund Balance with Treasury, validated as audit-ready (USD(C/CFO))	5.5.1-2U: By FY 2017, 99 percent of DoD's General Funds, FBwT will be validated as audit ready.	FY10 Actual: 9% FY11 Actual: 9% FY12 Actual: 9% FY13 Actual: 9%	FY14 Target: 99% FY14 Actual: 31%
Contributing DoD Components: *All*			
*5.5.2-2U: Percent of DoD's General Funds Statement of Budgetary Activity for material Components validated as audit-ready (USD(C/CFO))	5.5.2-2U: By FY 2015, 100 percent of DoD's General Fund, SBA for material Components will be validated as audit ready.	FY10 Actual: 14% FY11 Actual: 14% FY12 Actual: 14% FY13 Actual: 19%	FY14 Target: 82% FY14 Actual: 90%
Contributing DoD Components: *All*			
*5.5.3-2U1: Percent of DoD mission-critical assets (Real Property, Military and General Equipment, Operating Materials and Supplies, and Inventory) validated as audit-ready for existence and completeness (USD(C/CFO))	5.5.3-2U: By FY 2015, 81 percent of DoD's mission critical assets will be validated as audit-ready for existence and completeness.	FY10 Actual: 4% FY11 Actual: 4% FY12 Actual: 41% FY13 Actual: 50%	FY14 Target: 65% FY14 Actual: 65%
Contributing DoD Components: *All*			
5.5.3-2U: Percentage of Defense Travel non-compliant vouchers corrected/reconciled (USD(P&R))	5.5.3-2U: Each quarter, DoD will correct 60 percent of the errors identified by the Compliance Tool as 180-270 days old.	FY10 - FY13 Actual: N/A	FY14 Target: 60% FY14 Actual: 67%
Contributing DoD Components: *TBD*			
5.5.4-2U: Percentage of Defense Travel dollars recovered (USD(P&R))	5.5.4-2U: Each quarter, DoD will correct 40 percent of the errors identified by the Compliance Tool as 180-270 days old.	FY10 - FY13 Actual: N/A	FY14 Target: 40% FY14 Actual: 67%
Contributing DoD Components: *TBD*			

DoD Forces and Infrastructure Category 2T5: Transition Training			
DoD Strategic Objective 5.6-2T5: *Provide more effective and efficient Force Readiness Operations Support* *** = Agency Priority Goal**			
Performance Goals	**Long Term Performance Goals**	**Prior Year Results**	**FY14 Results**
*5.6.1-2T5: Percent of eligible Service members who separated and attended (a) pre-separation counseling; (b) Department of Labor Employment workshop, and (c) Veterans Affairs Benefits briefings prior to their separation, as required by 10 USC CH58, 1142 & 1144 and Public Law 112-56 (VOW Act) (USD (P&R))	5.6.1-2T5: 85 percent of eligible Service members who separated attended (a) pre-separation counseling, (b) Department of Labor Employment workshop, and (c) Veterans Affairs Benefits briefings prior to their separation, as required by 10 USC CH 58 § 1142 & § 1144 and Public Law 112-56 (VOW Act).	FY10 – FY13: Actual: N/A	FY14 Target: 85% FY14 Actual: 63.3%
Contributing DoD Components: *All*			
*5.6.2-2T5: Percent of eligible Service members who separated and met Career Readiness Standards prior to their separation (USD (P&R))	5.6.2-2T5: 85 percent of eligible Service members who separated met Career Readiness Standards prior to their separation.	FY10 – FY13: Actual: N/A	FY14 Target: 85% FY14 Actual: 34.2%
Contributing DoD Components: *All*			

Strategic Objective 5.1-2A: Reduce energy demand and increase use of renewable energy at DoD installations.

Areas of Challenges: Sequestration and Budget Control Act reductions will negatively impact the Department's ability to meet its energy goals.

Mitigation Strategies: The Department will continue to do more third-party financed energy projects to mitigate the reductions in the budget.

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.

Areas of Significant Improvement: In FY 2014, the Department achieved its objective of 95 percent of the Department's IT and National Security Systems (NSS) meeting Certification and Accreditation (C&A) requirements. This is due in part to involvement of the DoD Chief Information Officer (CIO), who has closely monitored compliance rates on a monthly basis, and Military Department CIOs who have applied industry best practices to rationalize their applications and systems while virtualizing them for hosting in approved data centers.

Areas of Challenges: During FY 2014, the Department eliminated 170 data centers, reaching a cumulative 17.3 percent reduction. This falls short of the objective and reflects a drop in cumulative percentage that was caused by identification of additional data centers and changes in the Office of Management and Budget guidance since this measure was created. By FY 2016, the DoD's execution of the plan of action will reduce its number of data centers by 35 percent (from 2,423 to 1,574). In FY 2014, 94 percent of DoD SIPRNet accounts use cryptographic login capability; this result is just short of the goal of 95 percent. Similarly,

88 percent of the Department's NIPRNet accounts use cryptographic login capability, short of the 90 percent goal. This is attributed to employee turnover and transfers.

Mitigation Strategies: A plan of action and milestones is in place to achieve the data center reduction goal by FY 2016. The DoD CIO has stressed the need for Component CIO's to focus on implementation of the cryptographic logon capability for both NIPRNet and SIPRNet order to achieve these goals in FY 2015.

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

Areas of Significant Improvement: Of the USD(AT&L)'s four quarterly goals, three are meeting their annual targets: 1) the average rate of Major Defense Acquisition Program (MDAP) cost growth for the 4th quarter FY 2014 (.21 percent) was significantly below the annual goal of less than 3 percent; 2) the median MDAP cycle time growth percentage from the previous year was 0 percent versus a target of less than 2 percent; and 3) in FY 2014, the Department achieved a competition rate of 58.7 percent against a goal of 58 percent.

In FY 2014, the Department made significant progress reducing the number of business systems. At the start of the fiscal year, there were 2,309 defense business systems in the portfolio. Of these, 91 were identified as legacy systems, scheduled to retire by the end of FY 2014. The Department successfully retired 52 of those systems. While not all 91 systems were retired on schedule in FY 2014, additional systems retired earlier than projected, allowing the Department to reduce its business system portfolio by 5.8 percent, exceeding its target of 3.9 percent.

In FY 2014, the Office of the DCMO provided focused analysis on Fourth Estate business systems as a single portfolio, instead of by individual Component. The results of the analysis established a baseline and identified business processes and systems that are potentially duplicative, or over-lapping, and in need of further review. During FY 2015, the Department will use baseline certification data to pursue consolidation and business process improvement opportunities.

Areas of Challenges: The Department did not meet its annual target of no MDAP breaches (critical or significant cost overruns) for reasons other than approved changes in quantity. The Department had one MDAP breach for reasons other than approved quantity changes. With regards to the competition measure, while achieving the FY 2014 goal of 58 percent is good news; the Department still has work to do to recover to earlier levels of achievement and achieve the FY 2015 competition goal of 59 percent.

The Department expected to retire 91 legacy business systems during FY 2014. However, the end date for 39 of these systems was extended beyond the end of the fiscal year. Components face challenges to deploying target systems due to funding constraints and/or schedule delays.

Mitigation Strategies: To prevent cost breaches and cycle time growth for newer MDAP programs, the DoD has strengthened the front end of the acquisition process through new policy and procedural guidance. Release of the request for proposal for the Engineering and Management Development (EMD) phase is the critical decision point in a program. The program will either successfully lead to a fielded capability or identify problems based on the soundness of the capability requirements, the affordability of the program, and the feasibility of the program execution plan put into motion at that point. To increase emphasis on the importance of this decision, the USD(AT&L) issued policy guidance establishing a new decision point – Pre-EMD Review – designed to ensure a comprehensive and effective discussion of

program business arrangements and readiness to proceed to EMD before EMD source selection and Milestone B.

"Should Cost" Management also receives systematic emphasis throughout the program life-cycle. Should Cost is a management tool designed to proactively target cost reduction and drive productivity improvement into programs. It challenges program managers to identify and achieve savings beyond the budgeted most likely costs. The objective is to seek out and eliminate low-value or unnecessary elements of program cost to motivate better cost performance wherever possible, and to reward those that succeed in achieving those goals. Affordability and investment analysis has been institutionalized to drive program affordability and enforce affordability caps. Affordability analysis examines competing Component fiscal demands for production and sustainment within a relevant portfolio of products to reveal the life-cycle cost and inventory implications of the proposed new products within the portfolio. However, when program schedules are stretched due to overall affordability constraints, program costs may increase.

The Department continues specific actions to improve competition consistent with Better Buying Power 2.0 Initiatives to Promote Effective Competition. In a memorandum entitled "Actions to Improve Department of Defense Competition," August 21, 2014, the USD(AT&L) announced measures to boost competition in contracting at the field level for lower dollar value services contracts, where there is more opportunity for improvement. The memorandum encourages collaboration and sharing of best practices that have been successfully employed to increase competition, improve the quality and performance, and decrease cost for the supplies and services. Actions include addressing competition at quarterly Business Senior Integration Group meetings to track and manage progress in competition using expanded competition metrics to identify opportunities for improvement; deploying business intelligence tools to identify opportunities for improvement; requiring contracting officers to obtain feedback on competitive solicitations in which more than one offer was expected based on market research, yet only one offer was received; and requiring active market research using mandatory Request for Information notices on non-competitive acquisitions. The memo announced publication of "Guidelines for Creating and Maintaining a Competitive Environment for Supplies and Services in the Department of Defense." The guidelines are intended to provoke thought about the various approaches that may be employed to competitively fulfill the Department's requirements and are posted at http://bbp.dau/mil. In 2nd quarter FY 2015, the Department plans to publish the "DoD Competition Handbook - Systems Acquisition & Life Cycle Management, A Practical Guide for Program Managers" and post it on the BBP website. These on-going efforts will carry over beyond FY 2015.

To mitigate risks caused by delays in deploying business systems, Components continue to use legacy systems until target systems reach full operational capability.

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

Areas of Significant Improvement: In FY 2014, five of the six logistics support measures met their annual targets. Notably, the percentages for excess on-hand and excess on-order secondary item inventory, annual measures, improved to 6.1 and 5.6 percent compared to targets of 10 and 6 percent.

Areas of Challenges: Navy Customer Wait Time (CWT) performance increased from 15.3 to 15.4 days compared to a target of 15 days, driven by a higher ratio of requests for maritime materiel versus requests for aviation parts, combined with more dependency on off-site/off-ship

replenishment. Maritime volume has increased significantly from approximately 30 percent to 36 percent of unit level demand since FY 2012.

Mitigation Strategies: The Department of Navy formed an executive level Service team to assess CWT performance, determine root causes and identify corrective actions.   The related process improvement initiative entails analyzing a range of factors, including individual supply chain segments, requisition processes affecting off-ship requirements, and feasibility of the CWT goal.   All logistics support measures are monitored regularly for assessment against expected performance levels.

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

Areas of Challenges: During FY 2014, the Department implemented three Funds Balance with Treasury (FBWT) automated reconciliation tools--one for each of the Military Services. Two of the three Services are currently under examination.

Mitigation Strategies: For Mission Critical Asset Audit readiness, the Department will concentrate on areas requiring corrective actions to meet the audit readiness criteria required for the Balance Sheet.

To achieve 4th quarter FY 2015 audit readiness indicator targets for FBWT, the Department will Complete the development and implementation of the fourth FBWT tool, which is for the Defense Agencies, and develop and implement corrective actions for auditor identified findings

The Department will monitor corrective actions that align with the Department's strategy for meeting the required Statement of Budgetary Resources /Schedule of Budgetary Activity criteria to support audit readiness.

> **Strategic Objective 5.6-2T5: Provide more effective and efficient Force Readiness Operations Support.**

Areas of Significant Improvement: The Department is partnering with other federal agencies to ensure that all eligible separating Service members participate in an effective program of pre-separation planning and education. Career Readiness Standards (CRS), an integral component of the Transition Assistance Program (TAP), ensure Service Members are "career ready" prior to separation by requiring validation that the Service Member has received appropriate instruction, completed career preparation activities such as development of an Individual Transition Plan, and, where appropriate, established contact with partner agencies.

For FY 2014, the Department set a goal that 85 percent of eligible separating Service members will meet CRS prior to their separation. The DoD verified that 34.2 percent of eligible Service members had met CRS in FY 2014.

The Department also tracks the percent of eligible separating Service members who have attended (a) pre-separation counseling, (b) a Department of Labor (DOL) employment workshop, and (c) VA benefits briefings prior to their separation. For FY 2014, the Department set a performance goal of 85 percent. The DoD verified that 63.3 percent of eligible Service members had attended pre-separation counseling, the DOL employment workshop, and VA benefits briefing in FY 2014.

Areas of Challenges: The data gathering processes to collect and transmit the data for these two measures were immature and not fully in place beginning in FY 2014.

Capstone, the process used to verify CRS, was launched in October 2013 for some installations, but was fully implemented only by March 2014. Therefore, many FY 2014 separations occurred before processes were in place to capture and report on CRS. It is therefore likely that this annual percentage underrepresents true performance. Of the CRS data currently captured in the central TAP database, 81.3 percent of the eligible Service members met CRS. The DoD expects reported performance to improve in FY 2015, as Capstone is now implemented across all installations.

The TAP measure required complex data sharing across multiple systems, as course attendance and pre-separation counseling information must successfully move from over 206 sites to Service-specific systems, to the central TAP database housed by the Defense Manpower Data Center (DMDC). Thus, like CRS, it is likely that this annual percentage underrepresents true performance.

Mitigation Strategies: The Department is actively working with the Military Departments and DMDC to ensure delivery of required TAP services, identification of the causes of data gaps, and accurate data reports from the Service TAP offices. The DoD expects reported performance to improve in FY 2015 as a result of these efforts. The Department will continue to monitor progress and make appropriate adjustments.

Conclusion

In summary, the Department's focus on mission readiness over the past year resulted in success across several of the most critical strategic objectives. Most importantly, the Department has maintained its commitment to caring for Service members and their families who have borne the burden of more than a decade of war. While the Department did not meet 26 percent of the performance goals, it has identified improvement opportunities related to training the human intelligence community, reconciling the Fund Balance with Treasury, reducing data centers, and transitioning veterans out of the Services. The Department plans to build on the momentum of the progress to achieve success on its strategic goals and objectives.