

DEPARTMENT OF DEFENSE

PART ASSESSMENTS¹

¹ For each program that has been assessed using the PART, this document contains details of the most recent assessment. These details are presented in their original form; some programs have revised performance targets and developed or replaced performance measures since the original assessment. The PART summaries published with the 2006 Budget (in February 2005) provide current information on follow-up to recommendations and other updates.

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OMB Program Assessment Rating Tool (PART)

Capital Assets & Service Acquisition Programs

Name of Program: Air Combat Program

Section I: Program Purpose & Design (Yes,No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	Air combat capability is seen as a vital component of the US' ability to project force and respond to the full spectrum of international crises .	The annual performance 2002 Government Performance and Results Act (GPRA) goal for DoD is to maintain trained and ready forces with the ability to respond to the full spectrum of crises. This capability is also one of the Department's core competencies.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	Recent crises have shown the vital need for air combat forces, both to protect American forces and to defeat enemy forces.	The role of air forces in recent crises has been documented in numerous Congressional testimonies and in the 2002 Air Force Posture Statement. The need for this capability has also been stated in the Secretary of Defense's Annual Report to the President and the Congress, 2002.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The individual acquisition programs within the Air Combat program all contribute to US air combat capabilities.	Over \$15.7 billion is devoted to investment in tactical combat aircraft in FY2003. Specific program detail can be obtained from budget documents.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	The program is not redundant or duplicative of other Federal or non-federal efforts.	There is no evidence of duplicative efforts.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	Is the program optimally designed to address the interest, problem or need?	Yes	There are many different elements in this Air Combat program and many possible combinations of these elements could provide air combat capabilities to the United States. Although there has not been a recent, careful overall analysis of capabilities trade-offs that could inform on the optimal mix of these elements, there is no evidence that the planned future mix will not be optimal.	In response to the Secretary of Defense's FY2004 Planning Guidance, the department conducted a combat air forces study to evaluate overall air combat capabilities. This process determined the appropriate aircraft mix and quantities of DoD combat aircraft for the planned 2004 program. However, due to other factors, such as industrial base capacity and budgetary pressures, DoD is not always able to procure aircraft in the quantities required. The Department, in developing its Future Years Defense Program, assesses requirements in all mission areas and allocates resources in order to best ensure accomplishment of its National Security missions.	20%	0.2

Total Section Score					100%	100%
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Section II: Strategic Planning (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?	Yes	The overall goal of the air combat program is to be able to achieve air dominance over any expected threat aircraft. The program strives to achieve this goal by acquiring new and more capable aircraft that meet strict performance criteria. The DoD acquisition process is designed to ensure that all new weapon systems adhere to performance goals established in the Operational Requirements Document, Acquisition strategy, and other relevant documents.	Selected Acquisition Reports for weapon systems identify specific, ambitious performance goals that must be accomplished in order for the system to address the threat.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?	Yes	DoD establishes performance goals for each aircraft program. These include cost, schedule and capability goals that DoD tracks on an annual basis.	The President's Budget documentation provides details on program estimated costs, contract award dates, delivery schedules, construction dates. Comparisons of one fiscal year budget to the next reveals variances. Selected Acquisition Reports, which are provided by DoD to Congress at least annually, show deviations from the program baselines.	14%	0.1
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	There are no true "partners" for this program, given its unique governmental nature. Contractors are fully committed to the program through their contractual obligations.		0%	
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	N/A	This program does not share a common purpose or goal with any other program.		0%	
5	Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?	Yes	By statute and regulation, DoD conducts evaluations of programs on a regular basis to monitor program progress against cost, schedule, and performance criteria.	Prior to establishing a new program, or approving the continuation of an aircraft program, DoD develops an acquisition program baseline (APB) that sets out the cost, schedule and performance goals for the program. This process requires an extensive analysis of each program and its potential contribution to the overall mission. Two examples of reports that include this information are the Annual Selected Acquisition Reports, which are sent to Congress, and the quarterly Defense Acquisition Executive Summary reports.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	The DoD program planning and budgeting system requires budgeting based on a determination of the resources needed to achieve the acquisition goals of the program elements within the overall air combat program.	DoD budget documents lay out the required funding and programmatic objectives to be achieved for each year.	15%	0.2
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	The overall goal of the air combat program is to be able to achieve air dominance over any expected threat aircraft. The program strives to achieve this goal through the construction of new and more capable air combat aircraft.	DoD's FY2003 budget documents for the F-22, Joint Strike Fighter and F/A-18E/F aircraft programs describe how each will meet its goals and thereby meet the overall air combat capability program objective.	14%	0.1
8 (Cap 1.)	<i>Are acquisition program plans adjusted in response to performance data and changing conditions?</i>	Yes	DoD conducts regular reviews of acquisition programs when changes to programs can be, and sometimes are, made. For example, based on a review of problems in the Army's Comanche program, DoD restructured the program, added more test aircraft and changed the total number of aircraft that would be procured in the program.	DoD Defense Acquisition Directives describe milestones when reviews should be undertaken, and goals that should be achieved.	14%	0.1
9 (Cap 2.)	Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?	Yes	DoD conducts an analysis of alternatives at the start of an acquisition program or when there is a fundamental change to a program. In addition, in response to the Secretary of Defense's Planning Guidance for FY 2004, the department conducted a combat air forces study to evaluate overall air combat capabilities. This process was used by both requirements and acquisition to determine the appropriate aircraft mix and quantities of DoD combat aircraft for the FY2004 program.	An Analysis of Alternatives was conducted for the Joint Strike Fighter October 2001, and for the Comanche April 2000, recently updated in October 2002. In addition, the combat air forces study was completed in August 2002.	15%	0.2
Total Section Score					100%	100%
Section III: Program Management (Yes,No, N/A)						

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	DoD regularly collects performance information on the elements of the air combat program and uses the data to inform senior leadership and to make program decisions. Program progress reflecting performance in cost, schedule, and attainment of system performance parameters by both the program office and the contractor(s) is regularly collected and reported.	Several documents are produced by DoD giving performance information on combat aircraft investment programs including the annual Selected Acquisition Reports, Analyses of Alternatives and Defense Acquisition Executive Summaries contain performance information on air combat programs.	12%	0.1
2	Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?	Yes	Acquisition directives assign accountability to program managers for cost, schedule, and performance. Contractual requirements are stated in performance terms. An example of the seriousness of accountability is the recent change of program managers for a major aircraft program because of cost overruns.	An Oct 30, 2002 memorandum from the Deputy Secretary of Defense entitled "The Defense Acquisition System" provides guidance on program manager (PM) accountability. PMs receive charters upon assignment, giving authority, responsibility, and accountability.	12%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	DoD budget reviews include a review of obligation and expenditure data to ensure that funds are obligated in accordance with DoD standards.	Expenditure data are reported monthly on standard form 1002 by the Defense Finance and Accounting Service.	10%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	While there are no efficiency targets, before programs are initiated, analyses of alternatives are conducted to ensure selection of the best solution for the requirement. Program performance plans contain performance metrics that focus on cost schedule, and performance. Application of Earned Value Management also helps to ensure efficiency and effectiveness in program execution. Selected Acquisition Reports monitor total and unit costs.	Periodic management reports, such as the Selected Acquisition Reports, Defense Acquisition Executive Summary, and program performance plans are developed and evaluated periodically to ensure adherence to cost, schedule, and performance. When deviations occur, DoD management makes adjustments to ensure the most effective use of resources.	6%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	The DoD budget documents include estimates for all programatic costs.	DoD budget documents lay out the costs for each program on an annual basis. Moreover, the Selected Acquisition Reports for each major acquisition program show total cost estimates for the program.	4%	0.0
6	<i>Does the program use strong financial management practices?</i>	No	DoD's financial management system is being improved, but slowly. DoD has no audit reports showing that the air combat program is free of internal control weaknesses have been provided. Nor are there any reports showing showing a lack of internal controls.		11%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	DoD uses an earned value management system to track program performance. For example, for the F-22 program the summary report shows developmental testing as an area of concern. Changes have now been made in management of the testing program, specifically giving the contractor more responsibility for conducting aerodynamic testing.	DoD management receives quarterly reports showing how air combat programs are progressing.	11%	0.1
8 (Cap 1.)	<i>Does the program define the required quality, capability, and performance objectives of deliverables?</i>	Yes	All elements of the air combat program have well defined key performance parameters.	Selected acquisition reports and program requirements documents lay out the performance objectives of each program in detail.	11%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
9 (Cap 2.) <i>Has the program established appropriate, credible, cost and schedule goals?</i>	No	A major challenge for DoD in managing all of its major acquisition programs is ensuring that programs meet cost and schedule goals. DoD experiences cost growth and schedule delays on many programs, including combat aircraft, due to a variety of factors including unanticipated technical problems. GAO has placed management of the acquisition system on its high risk list.	For example, the Army recently had to add \$3.5 billion over the life of the Comanche program in order to meet revised program goals and objectives. Also, the F-22 program has experienced cost increases and is now "building to budget", that is, building as many, or as few, aircraft as can be built within its budget instead of setting a target cost for each aircraft and requesting the appropriate budget for the number of aircraft that it wishes to build.	11%	0.0
10 (Cap 3.) <i>Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit?</i>	N/A	A cost benefit analysis is not normally done for DoD capital programs.		0%	
11 (Cap 4.) <i>Does the program have a comprehensive strategy for risk management that appropriately shares risk between the government and contractor?</i>	Yes	DoD uses an earned value management system to track program performance and, in addition, cost plus type contracts are used by DoD for highly risky programs. Each aircraft acquisition element within the air combat program normally also includes a risk mitigation plan. For example, the Joint Strike Fighter program has a risk management plan specifically identifying areas of concern and the mitigation steps required to reduce risk.	Quarterly management reports and specific contract language describe the extent of risk and how it is shared between the government and contractor.	12%	0.1
Total Section Score				100%	72%

Section IV: Program Results (Yes, Large Extent, Small Extent, No)					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1 Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?

Yes

The overall, primary goal is to maintain theater air dominance. Current fielded aircraft are superior to current threats. To maintain this edge, newer aircraft must be developed and fielded. The F/A-18E/F is in the early stages of fielding; other aircraft programs are still in various research and development stages, with fielding projected in the next few years. Progress towards the long term goals is adequate.

Selected Acquisition Reports, various Service fact sheets on current and future combat aircraft capabilities, describe program goals.

25%

0.3

Long-Term Goal I: Target: Actual Progress achieved toward goal:	Deliver planned aircraft 333 F-22; 548 F/A-18E/F;
Long-Term Goal II: Target: Actual Progress achieved toward goal:	Minimize cost variances from Acquisition Program Baseline <10% variance Comanche: +3.3%; F/A-18E/F: +4.1%; JSF: +.02%; F-22: +1.6%
Long-Term Goal III: Target: Actual Progress achieved toward goal:	Attain Acquisition Program Baseline Performance Objectives/Thresholds No Breaches of Objectives/Thresholds Comanche: No; F/A-18E/F: No; JSF: No; F-22: No

2 **Does the program (including program partners) achieve its annual performance goals?**

Yes

Annual performance goals relate to cost, schedule, and performance parameters. These goals must be met in order for the programs to efficiently attain the long-term outcome goals.

Selected Acquisition Reports, President's Budget Procurement and research and development justification materials lay out program goals.

25%

0.3

Key Goal I: Performance Target: Actual Performance:	Deliver annual planned aircraft 2 F-22, 36 F/A-18E/F in FY 02 2 F-22, 36 F/A-18E/F delivered
Key Goal II: Performance Target: Actual Performance:	Attain Acquisition Program Baseline Performance Objectives/Thresholds No Breaches of Objectives/Thresholds Comanche: No/F/A-18E/F: No/JSF: No/F-22: No
Key Goal III: Performance Target: Actual Performance:	

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Small extent	Various elements of the F/A-18E/F Airframe contract are performing under cost.	These data are included in the Selected Acquisition Reports.	25%	0.1
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N/A	This program does not share a common purpose or goal with any other program.		0%	
5	Do independent and quality evaluations of this program indicate that the program is effective and achieving results?	N/A	There have been numerous recent General Accounting Office (GAO) reports evaluating JSF, F-22, Comanche, and F/A-18E/F. While most of these reports address management issues, some also address performance. The purpose of the programs is to provide a specific air combat capability. The programs are effective and are progressing towards providing this capability. Besides these GAO reports, DoD conducts regular reviews of each program to assess progress against specific cost and performance goals. Issues raised during these reviews must be addressed in order for the programs to proceed. These reviews include input from both functional and financial representatives, to ensure that all appropriate issues are examined.	Recent GAO reports review the progress of many aircraft programs, including: 1) NSIAD-00-132: Joint Strike Fighter Acquisition: Development Schedule Should be Changed to Reduce Risks; 2) NSIAD-00-58: Defense Acquisitions: Progress in Meeting F-22 Cost and Schedule Goals; 3) NSIAD-99-127: Defense Acquisitions: Progress of the F/A-18E/F EMD Program; 4) GAO-01-450: Comanche Program Objectives Need to be Revised to More Achievable Levels. In addition, there are frequent independent DoD reviews of programs, including Defense Acquisition Executive Summary.	0%	
6 (Cap 1.)	<i>Were program goals achieved within budgeted costs and established schedules?</i>	Small extent	Several of the elements within the air combat program have experienced schedule delays and cost overruns. Others have had changes made to their targets, but some are progressing well.	The FY2003 budget documents, and selected acquisition reports, lay out the cost and schedule goals and aircraft delivery numbers for the air combat programs.	25%	0.1
Total Section Score					100%	67%

PART Performance Measurements

Program: Air Combat Program
Agency: Department of Defense--Military
Bureau: Procurement
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	72%	67%	Effective

Measure: Number of performance objectives for individual weapons systems unmet

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
1999	0	0	
2000	0	0	
2002	0	0	
2003	0		

Measure: Percentage reduction in program costs

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
1999	<10%	4.7%	
2000	<10%	5.3%	
2002	<10%	4.1%	
2003	<10%		

Measure: Measure under development

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
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PART Performance Measurements

Program: Air Combat Program
Agency: Department of Defense--Military
Bureau: Procurement
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	72%	67%	Effective

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The Air Force Flying Operations Program is a vital contributor of the U.S. capability to project force, respond to the full spectrum of international crisis and win. To accomplish this responsibility the Air Force must have qualified, proficient pilots.

Evidence: The Air Force's Flying Operations Aircrew Training program goal, as outlined in Air Force Instruction (AFI) 11-201 Volume 1 is to provide trained pilots (qualification and proficiency) to execute all unit missions. Trained pilots ensure that the Air Force develops and maintains a high state of mission readiness for immediate and effective employment across the range of military operations.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: Air Force flying units must be ready to deploy and execute missions in support of national security objectives. Dominant air power has proven essential to successful resolution of our conflicts. Recent conflicts have shown the need for air forces that contribute to the defeat of enemy forces and the protection of American lives.

Evidence: The flying hour program addresses the Air Force's responsibility to provide prompt and sustained offensive and defensive air operations which in turn contributes directly to the Defense policy goals of dissuading future military competition, deterring threats and coercion against U.S. interests, and if deterrence fails, decisively defeat any enemy. The Air Force's responsibility is found in their basic doctrine document (Air Force Doctrine Document 1) and the Defense Policy goals are framed in the Defense Quadrennial Review (QDR).

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: Even though each of the branches of the Armed Services has a capability to provide air operations, those capabilities are in a secondary supporting role to their primary mission. The air operations of the other Services help complement the capabilities found in the Air Force. The United States Air Force however has air operations as its primary mission and is responsible to organize, train, and equip aviation forces primarily for prompt and sustained offensive and defensive air operations.

Evidence: DOD Directive 5100.1 specifies that one of the primary functions of the U.S. Air Force is to organize, train, and equip aviation forces primarily for prompt and sustained offensive and defensive air operations. To ensure it meets this function many factors must be present. Of primary concern of those factors is having qualified, capable, proficient pilots. The United States Air Force ensures that it can fulfill that responsibility through its flying hour program. No other organization is tasked with that same function.

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight: 20%

Explanation: The ability to effectively re-orient funding (as quickly as monthly) to the most critical requirements, the programs proven ability to execute training operations, and the Air Force's proven combat air combat record over the last 20 years all demonstrate the effectiveness and efficiency of the program.

Evidence: In the Air Force's 2004 Posture Statement, the Secretary of the Air Force (SAF) and the Chief of Staff of the Air Force (CSAF) provide anecdotal evidence of the excellence of the program. They state, "Through recent combat operations, the Air Force maintained its almost 50 year-old record of "no U.S. ground troops killed by enemy air Attack"." This fact could not have been accomplished unless the program continued to produce highly qualified pilots. Additionally, the program is reviewed for execution on a monthly basis. Funding can be adjusted (if necessary) to target the most critical areas. Over the last two years the Air Force has executed over 100% of its planned flying hour program.

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight: 20%

Explanation: The program is well designed. Resources are targeted directly to the most critical areas within the program to ensure the program provides the maximum capability. The Air Force, in the last few years, has made a concerted commitment to ensure that resources for this program do not migrate to other non-flying hour accounts. This program is the Air Force's top priority and it receives the appropriate level of scrutiny and management. The Air Force, on a monthly basis, reviews the execution of the program and may adjust the funding of program elements within the program periodically to achieve the maximum capability. OSD also performs a "mid-year" review that evaluates the execution of the program.

Evidence: The Air Force uses the Single Flying Hour Model to determine the appropriate amount of flying hours given force structure and mission requirements. Cost factors developed by the Air Force Cost Analysis Group (AFCAIG) are then applied to the hours to determine necessary resources. Once necessary resources are determined to execute the program the Air Force provides guidance to subordinate elements on resource allocation, and reporting and execution requirements.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight: 13%

Explanation: The Air Force goal is to provide trained pilots to combatant commanders. The Air Force uses flying hours and a measure of operating tempo (OPTEMPO) called aircraft standard utilization rates (UTE) to measure annual training performance and establishes the baseline hours and rates that units will execute to maintain proficiency and qualification. Prior to FY04 the Air Force used a different metric for OPTEMPO (hours per crew per month). The Air Force determined that the old metric was not a sufficient analytical tool. Each type of aircraft for each location has the same measure but a different metric.

Evidence: The Air Force identifies the long range goals of fully executing its budgeted flying hours and UTE in a series of Air Force Policy Directives, Air Force Instructions, and flying hour funding and guidance messages. These long term performance measures are also identified in the FYDP. These long term performance measures tie directly to having trained and proficient pilots.

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:13%

Explanation: Flying hours and UTE have realistic and quantifiable 5 year targets. Because these targets are based upon anticipated future mission/training requirements the target adjusts as you get closer to the year of execution as doctrine, force structure, mission requirements, and the global security posture evolve.

Evidence: These targets are identified in the Program Objective Memorandum (POM) and are adjusted every two years as part of the Defense Department's Planning Programming, Budgeting System (PPBS).

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:13%

Explanation: Flying hours and UTE are the annual performance metrics. The metrics provide an analytical tool into whether Air Force pilots are receiving enough flying training to maintain qualification and proficiency. Execution of the flying hour program is reported monthly/quarterly/annually and measured against programed flying hours. The Chief of Staff of the Unites States Air Force receives a report quarterly on flying hour and UTE execution.

Evidence: The President's Budget justification documentation provides details on the planned flying hours, flying OPTEMPO (UTE) and funding to support those hours. Prior to FY2004 the OPTEMPO metric was the flying hours per crew per month. The Air Force believes that the new UTE performance measure provides a better metric to indicate air crew training proficiency. This metric however has not been adopted in DoD's Budget Justification materials yet.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:13%

Explanation: Flying hours and UTE have realistic and quantifiable annual targets. These targets are developed based on known mission requirements, historical flying rates needed to maintain proficiency and force structure requirements.

Evidence: These targets are identified in the Program Objective Memorandum (POM) and are presented in the justification materials submitted along with the President's Budget on an annual basis. The POM targets are adjusted as outyears come into the budget preparation process. Execution in prior years along with known real world impacts/missions adjust targets for the submission of the President's Budget.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:13%

Explanation: The Air Force's flying hour program's main partners are the Air Force Major Commands (MAJCOM). Supporting contractors in the process are bound by contractual commitments. Prior to the start of each fiscal year, each of the Air Force MAJCOMs develop month-by-month execution plans. During the year all units attempt to execute against the plan. Each unit executes approved training exercises and missions.

Evidence: Subordinate units in each MAJCOM execute their approved flying operations and report their progress on a monthly basis. The individual unit submissions are consolidated at each MAJCOM headquarters. These consolidated reports are forwarded to Headquarters, U.S. Air Force for analysis. Additionally, MAJCOMs perform their own analysis and make recommendations to HQ, Air Force for adjustments to the flying hour program as required.

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight:13%

Explanation: Because the flying hour program is a core aspect of the United States Air Force, the flying hour program receives periodic review from both internal and external independent evaluations. Audit reports are normally accomplished by the Government Accounting Office, Air Force Audit Agency and Rand. They are sufficiently independant and of high quality. These audit agencies are highly independant and have a high level of expeertise in evaulating Department of Defense programs.

Evidence: During the last 5 years more than 15 individual audits, conducted by non-Air Force activities, have evaluated aspects of the flying operations of the U.S. Air Force. For example, the General Accounting Office (GAO), in 1999, evaluated the formulation and execution of the flying hour program and found the basic methodology to be sound but criticized the Air Force's failure to fly the programmed hours and the migration of flying hour funding to other requirements. The Air Force took corrective actions to fully execute the flying hour program and limit the realignment of flying hour funding. Other audits reviewed other selected portions of flying operations. DoD and the Air Force concurred on a very large percentage of all recommendations, which is a testimony to the quality and value of the reports. In addition, the Air Force through the Department of Defense and it's Inspector General provides regular updates on the status of open audit actions and the implementation of GAO recommendations.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight:13%

Explanation: The Air Force's computer model (called the Single Flying Hour Model) identifies the required number of flying hours required based on force structure, required missions, pilot availability, etc. These hours are then fully funded in the President's Budget. The DoD Program Planning and Budgeting System (PPBS) requires budgeting based upon a determination of the resources needed to achieve the required flying hours and flying OPTEMPO within the overall flying operational program based on the approved mission requirements.

Evidence: The President's Budget justification materials identify the performance goals and the resources necessary to accomplish them. These goals match the requirements that were generated by the Single Air Force Flying Hour Model and applied cost factors. These justification materials also provide the actual execution for the fiscal year two years prior to the budget request. The data on previous year resource execution in the justification books is verified by the Defense Finance and Accounting report 1002s.

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:13%

Explanation: The Air Force constantly reviews past operations, current operations, future force requirements, and the flying hour program to determine if its strategic planning assumptions and the models that underpin them are accurate and consistent. As an example, the Air Force Audit Agency documented in its November 2000 audit on the Air National Guard Flying Hour Program that multiple models were being used to determine flying hour requirements for the ANG and these were not the same models being used by the Active Air Force and Air Force Reserve. Multiple models can create inconsistencies across the Air Force in flying hour requirements determinations.

Evidence: The Air Force is committed to an ever evolving evaluation of its strengths and weaknesses. The 2004 Air Force Posture Statement states "we will incorporate the lessons learned from rigorous evaluation of past operations, detailed analysis of ongoing combat operations, and thoughtful prediction of the capabilities required of a future force. To correct the issues surrounding multiple models, the Air Force is now using only one model to determine flying hour requirements. This guidance is specified in Air Force Instruction 11-102.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:14%

Explanation: DoD and the Air Force collect monthly performance information on elements of the flying operations program. This information is analyzed and recommendations are made to Air Force and DoD senior leadership for execution and programmatic decisions.

Evidence: The CSAF Flying Hour Guidance, Flying Hour Execution Guidance, Initial Distribution General and Specific Funding Guidance, AFI 11-101 Management Reports on the Flying Hour Program, and AFI 11-103 Aircraft Standard Utilization Rate Procedures all require the collection of performance information on a monthly, quarterly and yearly basis. These reports allow senior Air Force leadership to make informed management decisions to maximize program capability. As a result of these reviews, the Air Force in FY04 has transferred 15,300 Airlift flying hours to bombers, fighters, and air refueling missions as well as adding an additional 51,000 hours for bombers, fighters, and air refueling to support additional mission requirements. A copy of a quarterly Flying Hour Execution Update is also provided.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:14%

Explanation: Air Force Major Commands (MAJCOMs) and Wings are the primary partners for this program. Various Air Force directives hold these subordinate activities responsible for the execution of the planned program, under their control, within the overall flying hour program. On a quarterly basis, MAJCOM Commanders, Headquarters, Air force staff and the Chief of Staff of the Air Force review program execution.

Evidence: Various Air Force instructions/directives assign accountability of the flying hour program to the Air Force Major Commands (MAJCOMs). Each MAJCOM receives a specific flying hour program prior to the start of each fiscal year. Performance against that program is assessed monthly/quarterly by Air Force and Department of Defense leadership. Inability to execute the program results in the loss of flying hours and/or funding. Because the flying hour program is the core of the Air Force's mission, this program has the highest visibility and is looked at very closely by Air Force Headquarters, the Department of Defense and Congress.

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: Funds to keep the aircraft operating are spent as needed by local units. The Air Force centrally adjusts funds, thru the MAJCOMS, to the unit level and amongst the three major components of expense (supplies, spares - depot reparable - and fuel). Prior to the beginning of each fiscal year the Air Force develops a monthly obligation plan for the program. The Air Force tracks the obligations for the program monthly and compares it against the plan. DoD conducts an annual "Mid-year Review" of the obligation and expenditure data to ensure that funds are obligated efficiently and in accordance with DoD standards.

Evidence: The execution of the Air Force flying hours has improved from 98.1% of budgeted hours in FY01 to 101.8% in FY03. This is shown in the FY 04 Operation and Maintenance (O&M) congressional budget justification Overview Book.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:14%

Explanation: The Air Force examines the execution of its flying hours and UTE rates on a monthly basis. The CSAF receives a quarterly report on the status of flying hours executed and UTE rates. This constant review of the program allows the Air Force to adjust resources to effectively and efficiently manage its program. The Air Force also conducts a formal Flying hour execution review in August of every year. MAJCOM's that are underexecuting will have excess flying hours or funding directed to other MAJCOMs or other flying operation elements.

Evidence: Multiple instructions and guidance specify the requirements for reporting on execution and cost deviations. The cost deviations must be explained. Because the Flying Hour Program is fully funded in each budget request, it is in the Air Force's best interest to efficiently use these resources. Any savings in resources, while still flying all required hours, can be re-directed to other areas of flying operations where requirements are still present. AF execution reports from FY02 and FY03 demonstrate the cost efficiencies attained.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NO Question Weight:14%

Explanation: The Air Force places a high priority on improving operational effectiveness by developing joint doctrine. Each of the Services plan, model, program, and execute their own individual program. The Air Force Flying Operations program is independent of the programs of the other Armed Services. They are complementary but not collaborative.

Evidence: No evidence available.

3.6 Does the program use strong financial management practices? Answer: NO Question Weight:14%

Explanation: DoD's financial management weaknesses have been well documented. The financial systems continue to improve however slowly. The inability of the financial system to receive an unqualified audit opinion proves its continued weakness. DoD/Air Force has no audit reports showing the flying operations program is free of internal control weaknesses.

Evidence: None of the Reports or Audits specifically cite the Air Force's Flying Program for material financial weakness however none of the audits specifically looked at that aspect of the program. Given DoD's financial weaknesses, we can expect that those same weaknesses are present in the Air force's flying hour program.

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:14%

Explanation: The flying hour program is under constant review for right mix of weapons systems and hours (updated each President's Budget). During these reviews the Air Force determined that it needed a better metric to measure flying OPTEMPO to help determine air crew proficiency. In the late 1990's, the inability of the Air Force to fully execute its flying hour program was determined to be a major management deficiency.

Evidence: The Air Force identified that one of its previous performance management measures (flying hours per crew per month) did not provide an adequate measure of air crew training. To correct the deficiency the Air Force developed a new measure (aircraft utilization standard rates (UTE)). Instructions for the new measure are contained in a new draft Air Force instruction. Since the flying hour program was an essential element to the Air Force's core competencies, in 1997, General Ryan (CSAF at the time) directed that the Air Force would fully execute all flying hours identified in the President's Budget. This was a change in culture for the Air Force. It took a few years to accomplish with the Air Force achieving this goal in FY02.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: YES Question Weight:25%

Explanation: Within the last 6 years improvements have been made regarding the full execution of the flying hour program (overexecuting in FY02 and FY03)

Evidence: The execution of flying hours has improved from 96.5% to 101.9% during the time frame FY98 - FY03.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight:25%

Explanation: The AF has fully executed the flying hour program and exceeded the flying OPTEMPO metric for the last 2 fiscal years.

Evidence: DoD's Operation and Maintenance Overview Congressional Budget Justification Book for each fiscal year Presidents Budget request provide a section on Air Operations which provides the performance metrics.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight:25%

Explanation: In addition to meeting both flying hour execution and aircraft OPTEMPO measures for the past two years the Air Force continues to provide trained aircrews to combatant commanders when called to do so.

Evidence: Since FY 01 the Air Force has exceeded its flying hour goals.

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

4.4 **Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?** Answer: NA Question Weight: 0%

Explanation: The Air Force's flying operations mission is different than that of the Army, Navy, or Marine Corps. Although some of the same metrics are used by each service, the level of the metric will vary based upon the uniqueness of each Service's mission. Because the metrics have different standards a direct comparison cannot be made. The Air Force is the only military service with an assigned function to conduct prompt and sustained offensive and defensive air operations and air logistics support for all services. The Air Force also has the unique responsibility to provide airlift support of troops and equipment to rudimentary airfields as well as all long range bombing requirements. The air operations of the Army, Navy and Marine Corps support the air operations of their respective service missions.

Evidence: No evidence available.

4.5 **Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?** Answer: LARGE EXTENT Question Weight: 25%

Explanation: There are no systematic evaluations by organizations independent from DOD. However, DOD routinely certifies Air Force assessments of how well their training, equipment, and personnel can meet the requirements of real-world military missions. This assessment of Air Force readiness is reported to Congress in classified form on a quarterly basis. Ongoing combat operations and these reports show that Air Force units are ready to meet their real-world combat missions.

Evidence: See 4.3 above. In addition, the most recent quarterly readiness report to Congress and ongoing combat operations show that Air Force units are ready to meet their real-world military missions.

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

Measure: Percentage of Programmed Flying Hours Flown

Additional Information: Total hours necessary for the active Air Force to ensure it is capable of executing all flying operations missions.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
1998	Baseline	96.5%	
1999	100%	96.9%	
2000	100%	96.8%	
2001	100%	98.7%	
2002	100%	105.5%	
2003	100%	101.9%	
2004	100%	98.8%	
2005	100%		

Measure: Aircraft Utilization Rate (UTE) (Hours per Aircraft per month) for Air National Guard F-16C Fighters

Additional Information: Measure evaluates whether a sufficient number of hours were flown by aircraft type per month to enable the aircraft to meet all assigned missions.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2006	14.1		
2007	14.1		
2008	14.1		
2009	14.1		

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

Measure: Aircraft Utilization Rate (UTE) (Hours per Aircraft per month) for Active Air Force B-52H Bombers

Additional Information: Measure evaluates whether a sufficient number of hours were flown by aircraft type per month to enable the aircraft to meet all assigned missions.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2006	5.8		
2007	5.8		
2008	5.8		
2009	5.8		

Measure: Aircraft Utilization Rate (UTE) (Hours per Aircraft per month) for Air Force Reserve B-52H Bombers

Additional Information: Measure evaluates whether a sufficient number of hours were flown by aircraft type per month to enable the aircraft to meet all assigned missions.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2006	5.0		
2007	5.0		
2008	5.0		
2009	5.0		

Measure: Hours per Crew per Month for Fighter Aircraft for the Active Air Force

Additional Information: Measure evaluates whether the assigned aircrews for fighter aircraft receive sufficient training to be proficient

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	Baseline	15.9	
2002	17.0	21.8	

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

2003	17.3	16.9
2004	16.6	16.9
2005	16.9	

Measure: Hours per Crew per Month for Fighter Aircraft for the Air Force Reserve

Additional Information: Measure evaluates whether the assigned aircrews for fighter aircraft receive sufficient training to be proficient

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	Baseline	11.0	
2002	11.0	14.0	
2003	11.0	12.9	
2004	12.1	11.2	
2005	11.1		

Measure: Hours per Crew per Month for Fighter Aircraft for the Air National Guard

Additional Information: Measure evaluates whether the assigned aircrews for fighter aircraft receive sufficient training to be proficient

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	Baseline	10.5	
2002	10.5	10.5	
2003	10.5	10.6	
2004	10.6	10.6	
2005	10.6		

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

Measure: Hours per Crew per Month for Bomber Aircraft for the Active Air Force

Additional Information: Measure evaluates whether the assigned aircrews for bomber aircraft receive sufficient training to be proficient

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	Baseline	17.8	
2002	15.5	15.8	
2003	15.4	15.6	
2004	15.6	16.7	
2005	15.3		

Measure: Hours per Crew per Month for Bomber Aircraft for the Air Force Reserve

Additional Information: Measure evaluates whether the assigned aircrews for bomber aircraft receive sufficient training to be proficient

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	Baseline	17.7	
2002	17.1	27.8	
2003	17.1	19.8	
2004	17.1	17.1	
2005	17.1		

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

Measure: Percentage of Programmed Flying Hours Flown

Additional Information: Total hours necessary for the Air Force to ensure it is capable of executing all flying operations missions.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2006	100%		
2007	100%		
2008	100%		
2009	100%		

Measure: Aircraft Utilization Rate (UTE) (Hours per Aircraft per month) for Active Air Force F-16C Fighters

Additional Information: Measure evaluates whether a sufficient number of hours were flown by aircraft type per month to enable the aircraft to meet all assigned missions.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2006	18.4		
2007	18.4		
2008	18.4		
2009	18.4		

Measure: Aircraft Utilization Rate (UTE) (Hours per Aircraft per month) for Air Force Reserve F-16C Fighters

Additional Information: Measure evaluates whether a sufficient number of hours were flown by aircraft type per month to enable the aircraft to meet all assigned missions.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2006	16.5		
2007	16.5		

PART Performance Measurements

Program: Air Force Aircraft Operations
Agency: Department of Defense--Military
Bureau: Air Force
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

2008	16.5
2009	16.5

PART Performance Measurements

Program: Air Force Depot Maintenance
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	93%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The Aircraft Depot Maintenance program provides for airframe, engine, and component rework to meet established Air Force readiness goals.

Evidence: The Department of Defense is required by 10 U.S.C. Sec. 2464 to perform organic maintenance on its materiel. DoD Directive 4151.18 states that "Maintenance programs are structured for meeting readiness and sustainability objectives (including mobilization and surge capabilities) of national defense strategic and contingency requirements."

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: There is a need to ensure that all aircraft are properly maintained to perform the required missions of the Air Force and support to combatant commanders

Evidence: Technical Order 00-25-4 (Depot Maintenance of Aerospace Vehicles and Training Equipment) and the Maintenance Requirements Review Board Development and Review Process have laid out the technical reasons why Air Force aircraft need maintenance actions funded through the depot maintenance program.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: No other government agencies outside the Department of Defense provide for the maintenance of the Air Force's airframes, engines, and components.

Evidence: The Air Force has Title 10 responsibility for the maintenance of its materiel assets. While there is some similarity with Naval air depot activities, collaboration through the Joint Depot Maintenance Activity Group ensures that the program is not unnecessarily redundant or duplicative of other Federal programs.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight 20%

Explanation: The Air Force continuously reviews its maintenance procedures and models to increase their efficiency. Such processes determine workload requirements, costing of workload, and performance measurement. The Air Force Depot Maintenance program allows U.S. aircraft to operate in a high degree of readiness and has contributed to the Air Force's ability to project American air superiority around the world. Moreover, Air Force Depots are ISO 9001:2000 registered, which means that independent audits have found that they are managed according to the best practices used in the private sector.

Evidence: The Air Force has provided guidance that the program be funded sufficiently to prevent backlogs of equipment that would decrease materiel readiness and inhibit the warfighter's capabilities. The Air Force's recent accomplishments in Iraq and Afghanistan are testaments to the program's good design.

PART Performance Measurements

Program: Air Force Depot Maintenance
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	93%	

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight:20%

Explanation: The program is well-designed. Maintenance of its aircraft is a high priority for the Air Force and funds are specifically targetted for it. Funds are programmed to needs by using the Maintenance Planning and Execution (MP&E) data system, which produces cost and schedule information. Additionally, the Office of the Secretary of Defense conducts a "mid-year" review to ensure that funds are being properly executed within the program.

Evidence: All funds in this program are contained within a sub-activity group (Congressional Special Interest). Congressional approval is required prior to moving more than \$15M from this program funding line.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:13%

Explanation: The Air Force has numerous performance measures that tie in with its long-term goals. Maintenance requirements are estimated across the Future Years Defense Plan (FYDP). Maintenance requirements are intended to give the Air Force aircraft a high mission capable rate.

Evidence: The Air Force maintains a MERLIN database that has readiness indicators for aircraft. There are also Black Book and Red Book metrics that contain annual performance data. Long term maintenance requirements are addressed in the Program Objective Memorandum (POM) and Defense Planning Guidance (DPG).

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:13%

Explanation: The Air Force has very ambitious goals for its depot maintenance program, set out in the POM. It expects its aerial assets to have a high mission capable rate.

Evidence: See 2.1. Annual performance data are presented to the Air Force Chief of Staff in a quarterly review.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:13%

Explanation: The Air Force has several annual performance measures that demonstrate progress toward achieving the program's long term goals. They include the aircraft mission capable rates as well as measures of the speed and quality of maintenance provided.

Evidence: The Air Force maintains a MERLIN database that has readiness Indicators for aircraft. There are also Black Book and Red Book metrics that contain annual performance data. Annual performance data are presented to the Air Force Chief of Staff in a quarterly review.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:13%

Explanation: The Air Force depot maintenance program has very ambitious targets for its annual performance metrics. Goals vary by aircraft type, as each type has different maintenance requirements. For example, the baseline mission capable rate for fighter aircraft in FY 2001 was 73.9%

Evidence: The Air Force maintains a MERLIN database that has readiness Indicators for aircraft. There are also Black Book and Red Book metrics that contain annual performance data.

PART Performance Measurements

Program: Air Force Depot Maintenance
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	93%	

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:13%

Explanation: The Air Force works toward program goals with the other military services through the Joint Depot Maintenance Activity Group. Contractors are held accountable to work toward program goals via the Contractor Performance Assessment Reporting System. Annual performance data are presented to the Air Force Chief of Staff in a quarterly briefing.

Evidence: Contractors and other partners are expected to work toward the program goals. The ultimate responsibility for maintenance placed on the Air Logistics Center.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:13%

Explanation: The GAO and Air Force Audit Agency (AFAA) conduct periodic audits of the Air Force's depot maintenance programs. Furthermore, Air Force Depots are registered as ISO 9001:2000 compliant, which requires independent audits to verify that their management meets best practices.

Evidence: Examples of recent audits include: Management Improvements Needed for Backlog of Funded Contract Maintenance Work and Financial Reporting of Deferred Maintenance Information on Air Force Weapons Systems for FY 2002.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight:13%

Explanation: Air Force budgets continually compare planned expenses to projected requirements, and where applicable refinements take place to ensure maximum cost effectiveness lies within the depot maintenance program. Budget requests can be traced to individual maintenance actions.

Evidence: Individual maintenance activities can be tied to the OP-30 exhibit in the Department's budget justification materials.

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:13%

Explanation: The Air Force has taken steps to reduce backlogs in contractor maintenance work by beginning a phased process to remove contract depot maintenance from the Working Capital Fund. This has allowed the Air Force to more accurately assess its end of the year carryover balances when budgeting for future years.

Evidence: The GAO has noted inconsistencies in the Air Force's old business processes and particularly singled out backlogs in funded contract maintenance work as an impediment to sound budget planning. The Air Force has taken meaningful steps to resolve its deficiencies by changing the funding mechanisms for problem areas.

PART Performance Measurements

Program: Air Force Depot Maintenance
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	93%	

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:14%

Explanation: The Air Force depot maintenance program regularly collects information on performance and incorporates it into the strategic management of the depot maintenance program to improve efficiency.

Evidence: The Air Force maintains a MERLIN database that has readiness Indicators for aircraft. There are also Black Book and Read Book metrics that contain annual performance data. Annual performance data are presented to the Air Force Chief of Staff in a quarterly briefing.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:14%

Explanation: The maintenance of military materiel is an inherently governmental function. Partners are other governmental programs and contractors. The Air Force uses the Contractor Performance Assessment Reporting System to ensure that sufficient levels of accountability exist for cost, schedule, and performance results.

Evidence: The Air Force has several mechanisms to hold managers and partners accountable for performance results. Contract Maintenance Programs for Depot Maintenance Business Area documentation specifies that contracting Air Logistics Centers are responsible for contractor performance. Contractor performance is assessed using the Contractor Performance Assessment Reporting System (CPARS). This has resulted in performance awards to contractors that have surpassed performance expectations.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: Funds are obligated in a timely manner. While some carryover of maintenance funds is inevitable, the Navy maintains this amount within Defense Department guidelines. The Office of the Secretary of Defense conducts a "mid-year" review to determine whether funds are being executed according to requirements. All funds are monitored to ensure the fiscal integrity of depot maintenance programs.

Evidence: The Air Force budget office receives monthly DD1002 reports on current year obligations. Obligation data are also presented in the Air Force's budget justification materials.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:14%

Explanation: The program performs cost benefit analyses and cost comparisons when determining where to source depot maintenance actions.

Evidence: When other organic depots can conduct repairs more efficiently than Air Force depots, the Air Force enters into Depot Maintenance Interservice Agreements for its repairs. Likewise, the Air Force uses competitive sourcing when determining whether contractors should perform depot-level maintenance. The Air Force is bound by 10 U.S.C. 2466 to expend no less than 50% of the funds allocated for depot-level maintenance at public sector depots.

PART Performance Measurements

Program: Air Force Depot Maintenance
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	93%	

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight:14%

Explanation: The Air Force depot maintenance program collaborates with other services and agencies to maximize cost effectiveness for maintenance through the Joint Depot Maintenance Activity Group.

Evidence: Through the Joint Depot Maintenance Group, the Air Force enters into Depot Level Maintenance Interservice Support Agreements with other services if they can provide the same maintenance for Air Force materiel at a lower cost. An example is the Air Force's collaboration with the U.S. Army for the maintenance of H-1 helicopters.

3.6 Does the program use strong financial management practices? Answer: NO Question Weight:14%

Explanation: The Defense Department's financial management weaknesses are well-documented. While DoD continues to make efforts to improve them, the Department has yet to obtain an unqualified audit opinion. The Air Force does not have audit reports demonstrating that its depot maintenance program is free from internal weaknesses.

Evidence: Numerous audit reports document the Department's financial management weaknesses. Because of the magnitude of its problems, DoD is unlikely to obtain an unqualified audit for some time. GAO has specifically identified logistics and inventory control as one of the Department's weaknesses.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:14%

Explanation: The program is implementing best management practices from the private sector. It is implementing Lean thinking to reduce waste and increase efficiency.

Evidence: The introduction of Lean thinking, Theory of Constraints, and Six Sigma have proven to increase efficiency in other services' depots. These management techniques have reduced cycle times and costs. The Air Force is also applying them to its depot programs and expects to realize efficiency gains. This should allow the Air Force to reduce defect rates and increase due date performance, which are captured in some of their performance metrics.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: YES Question Weight:20%

Explanation: Annual mission capable rates for Air Force fighters have increase from 73.9 percent in FY 2001 to a projection of 75.6 percent in FY 2004.

Evidence: Mission capable rates are available in Depot Maintenance Performance Measures and Readiness Indicators in the MERLIN Database.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight:20%

Explanation: Aircraft mission capable rates have improved since FY 2001 and public-sector depot maintenance is meeting performance goals for due date performance and defect rates. But depot maintenance contractors are not meeting goals set for due date performance and defect rates.

Evidence: Information regarding due date performance and defect rates are provided to the Air Force Chief of Staff in a quarterly briefing. The program is achieving its goals even though depot-level work requirements have doubled since 1991.

PART Performance Measurements

Program: Air Force Depot Maintenance
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	93%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight 20%

Explanation: The Air Force continues to improve efficiency each year through process improvements (such as implementing Lean thinking) or alternate sourcing. The program has been more effective in achieving its goals since FY 2001.

Evidence: Requirements for aircraft depot maintenance vary from year to year and can change based on the operational tempo of Air Force assets. Since FY 2001 (the baseline) Air Force assets have operated at a high operational tempo due to military operations in Iraq and Afghanistan. In spite of the higher operational tempo, the depot maintenance program has improved the mission capable rates of the fighter fleet from 73.9 % in FY 2001 to 75.6% in FY 2004. For example, by introducing best management practice, the Oklahoma City Air Logistics Center has reduced the number of flow days needed to maintain KC-135s from 440 to 230 days increasing the due date performance rate.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight 20%

Explanation: The Air Force's aircraft are operating at a high level of mission capability, similar to those of the Navy. There are no other federal programs with a similar purpose.

Evidence: Air Force assets have achieved a high mission capable rate that compares favorably with assets of other services, such as the Navy. Maintenance indicators and processes are shared with similar programs to achieve similar results.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: YES Question Weight 20%

Explanation: The GAO and Air Force Audit Agency (AFAA) periodically audit the Air Force depot maintenance program. DOD routinely certifies Air Force assessments of how well their training, equipment, and personnel can meet the requirements of real-world military missions. This assessment of Air Force readiness is reported to Congress in classified form on a quarterly basis. Ongoing combat operations and these reports show that Air Force units are ready to meet their real-world combat missions.

Evidence: Audits have shown that the Air Force depot maintenance program faces some management challenges to increase its efficiency. Nonetheless, the program is successful at providing the Air Force with a mission capable fleet of aerial assets, as evidenced by the Air Force's performance in recent military actions.

PART Performance Measurements

Program: Air Force Depot Maintenance
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	93%	

Measure: Fighter Mission Capable Rate (F-15E). This measures the percent of aircraft that are capable of performing their designated mission. The Air Force defines mission capable standards by aircraft model. Mission capable rates for F-15Es are used as an example.

Additional Information: This measures the percent of aircraft that are capable of performing their designated mission. The Air Force defines mission capable standards by aircraft model. Mission capable rates for F-15Es are used as an example.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	80%	79.1%	
2005	80%	80%	
2006	80%		

Measure: Organic Due Date Performance - This measures the percent of maintenance actions performed in government depots that are completed on schedule.

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	90%	91%	
2005	92%	92%	
2006	95%		

Measure: Contract Due Date Performance

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	90%	83%	
2005	92%	92%	
2006	96%		

PART Performance Measurements

Program: Air Force Depot Maintenance
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	93%	

Measure: Organic Aircraft Quality Defect Rate (defects per aircraft) - This measures the number of defects per aircraft repaired in government depots.

Additional Information: A lower measure is better

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	.22	.13	
2005	.22	.22	
2006	.20		

Measure: Contract Aircraft Quality Defect Rate (defects per aircraft)

Additional Information: A lower measure is better

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	.36	3.25	
2005	.36		
2006	.32		

OMB Program Assessment Rating Tool (PART)

Capital Assets & Service Acquisition Programs

Name of Program: Airlift Program

Section I: Program Purpose & Design (Yes,No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	DoD's airlift program provides for the rapid deployment of troops and materiel to overseas operating locations.	This capability is one of the Air Force's core competencies. The annual Government Performance and Results Act (GPRA) Performance goal for DoD is to maintain a mobility capability to move military forces from the US to any location in the world using airlift if necessary.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	As shown in the war on terrorism, the United States has a continuing need for airlift to meet the requirements of various contingencies.	Requirements for airlift aircraft are outlined in the Mission Needs Statements prepared by DoD that establish the capabilities that are needed, GPRA Performance Report, and statements before Congress. 99% of the airlift missions to Afganistan have been provided by the DoD airlift fleet.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The individual acquisition programs within the Airlift Program all contribute to US airlift capabilities.	DoD devotes over \$4.7 billion to investment in airlift programs in FY 2003. Specific program detail can be obtained from budget documents.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	The program is not redundant or duplicative with any other Federal or non-federal efforts.	No other funding is being expended to acquire this type of military airlift capability.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	Is the program optimally designed to address the interest, problem or need?	Yes	The Mobility Requirements Study 2005 completed by the Office of the Secretary of Defense in 2000, recommended quantities and types of specific airlift aircraft. However, due to other factors, such as industrial base capacity and budgetary pressures, the DoD is not always able to procure aircraft in the quantities required. The Department, in developing its Future Years Defense Program, assesses requirements in all mission areas and allocates resources in order to best ensure accomplishment of its National Security missions.	The Mobility Requirements Study 2005, and analyses of program alternatives conducted by DoD prior to the start of development for each major defense acquisition program determine how and whether acquisition programs like the C-17 will meet the required capability.	20%	0.2
Total Section Score					100%	100%

Section II: Strategic Planning (Yes,No, N/A)						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	The program has a long-term goal of providing a strategic airlift capacity of 54.5 million ton miles/day.	The Mobility Requirements Study 05 (MRS 05) established the overall goal for DoD's airlift fleet.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?	Yes	DoD establishes performance goals for each aircraft acquisition program. These include cost, shedule, and system capabilities goals that DoD tracks on an annual basis.	The President's Budget documentation provides details on program estimated costs, contract award dates, delivery schedules, construction dates. Comparisons of one fiscal year budget to the next reveals variances. Selected Acquisition Reports, which are provided by DoD to Congress at least annually, describe the program and show deviations from the program baselines.	14%	0.1
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	There are no true "partners" for this program, given its unique governmental nature. Contractors are fully committed to the program through their contractual obligations.		0%	
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	N/A	This program does not share a common purpose or goal with any other program.		0%	
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	By statute and regulation, DoD conducts evaluations of individual programs on a regular basis. These evaluations monitor program progress against cost, schedule, and performance criteria.	Prior to establishing a new program, or approving the continuation of an aircraft program, DoD develops an acquisition program baseline (APB) that sets out the cost, schedule and performance goals for the program. This process requires an extensive analysis of each program and its potential contribution to the overall mission. Two examples of reports that include this information are the Annual Selected Acquisition Reports, which are sent to Congress, and the quarterly Defense Acquisition Executive summary reports.	15%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	The DoD program planning and budgeting system requires budgeting based on a determination of the resources needed to achieve the acquisition goals of each aircraft within the overall airlift program.	DoD budget documents lay out the required funding and programmatic objectives to be achieved for each year.	15%	0.2
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	The goal of the program is to meet the airlift target of 54.5 MTM/D. DoD is attempting to achieve that goal through the construction of airlift aircraft -- primarily the Air Force's C-17.	DoD's FY2003 budget documents for the C-17, C-130J and C-5 aircraft upgrade programs describe how each will meet its goals and thereby meet the overall airlift program objective.	14%	0.1
8 (Cap 1.)	<i>Are acquisition program plans adjusted in response to performance data and changing conditions?</i>	Yes	DoD conducts regular reviews of acquisition programs at which changes to programs can be, and sometimes are, made. For example, the C-17 program was recently extended beyond its original goal of producing 120 aircraft.	DoD Defense Acquisition Directives describe milestones when DoD should undertake reviews of the program, and when goals should be achieved.	14%	0.1
9 (Cap 2.)	<i>Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?</i>	yes	The Mobility Requirements Study 2005 reviewed airlift requirements and recommended quantities and types of specific aircraft required to meet mobility needs. In addition, an DoD conducts an Analysis of Alternatives (AoA) before the start of development for each major defense acquisition program. These AoAs compare the cost and capabilities of various alternatives and help DoD choose the appropriate system to meet mission requirements.	The Mobility Requirements Study 2005 was a comprehensive assessment of airlift needs and capabilities. DoD also completed an AoA for upgrades to the C-5 aircraft in November 2001. In addition, each year, during the program or budget review processes, programs are subjected to additional review.	14%	0.1
Total Section Score					100%	95%

Section III: Program Management (Yes,No, N/A)						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	DoD regularly collects performance information on the individual airlift aircraft programs and uses the data to inform senior leadership and to make program decisions. Program progress reflecting performance in cost, schedule, and attainment of system performance parameters by both the program office and the contractor(s) is regularly collected and reported to the senior leadership.	DoD reports performance information for each program in annual Selected Acquisition Reports, AoA analyses, and Defense Acquisition Executive Summaries.	12%	0.1
2	Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?	Yes	Acquisition directives assign accountability to program managers for cost, schedule, and performance. Contractual requirements are stated in performance terms.	An Oct 30, 2002 memorandum from the Deputy Secretary of Defense entitled "The Defense Acquisition System" provides guidance on program manager (PM) accountability. PMs receive charters upon assignment, giving authority, responsibility, & accountability.	12%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	DoD budget reviews include a review of obligation and expenditure data to ensure that funds are obligated in accordance with DoD standards.	Expenditure data are reported monthly on standard form 1002 by the Defense Finance and Accounting Service.	8%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	While there are no efficiency targets, before programs are initiated, analyses of alternatives are conducted to ensure selection of the best solution for the requirement. Program performance plans contain performance metrics that focus on cost schedule, and performance. Application of Earned Value Management also helps to ensure efficiency and effectiveness in program execution. Selected Acquisition Reports monitor total and unit costs.	Periodic management reports, such as the Selected Acquisition Reports, Defense Acquisition Executive Summary, and program performance plans are developed and evaluated periodically to ensure adherence to cost, schedule, and performance. When deviations occur, DoD management makes adjustments to ensure the most effective use of resources.	5%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	The DoD budget documents include estimates for all programatic costs associated with developing and procuring airlift aircraft.	DoD budget documents lay out the costs for each program on an annual basis. For example, the FY2003 President's Budget included \$3,946.6 million to develop and procure the C-17 aircraft.	4%	0.0
6	<i>Does the program use strong financial management practices?</i>	No	DoD's financial management system is being improved, but slowly. No audit reports showing that the airlift program is free of internal control weaknesses have been provided.		12%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	DoD uses an earned value management system to track program performance. Currently, this system is showing that the major airlift programs are meeting their cost and schedule performance targets.	DoD management receives quarterly reports showing how airlift programs are progressing.	12%	0.0
8 (Cap 1.)	<i>Does the program define the required quality, capability, and performance objectives of deliverables?</i>	Yes	All elements of the airlift program have well defined key performance parameters.	Selected Acquisition Reports, and program requirements documents lay out the performance objectives of each program in detail.	12%	0.1
9 (Cap 2.)	<i>Has the program established appropriate, credible, cost and schedule goals?</i>	Yes	All DoD budget estimates include unit costs, annual costs and overall program acquisition costs. The C-17 is a stable procurement program proceeding within its cost and schedule targets, the C-130J program's budget estimates appear to be reasonable.	Selected Acquisition Reports and DoD budget documents, describe the cost and schedule goals for each program .	12%	0.1
10 (Cap 3.)	<i>Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit?</i>	N/A	A cost benefit analysis is not normally done for DoD capital programs.		0%	

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
11 (Cap 4.) <i>Does the program have a comprehensive strategy for risk management that appropriately shares risk between the government and contractor?</i>	Yes	DoD uses an earned value system to track program performance, and each acquisition element within the airlift program normally would include a risk mitigation plan. In addition, cost plus type contracts are used by DoD for highly risky programs.	Quarterly management reports and specific contract language describe the extent of risk and how it is shared between the government and contractor.	11%	0.1

Total Section Score

100%

71%

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Yes	The airlift investment program is nearing completion of the first phase of the C-17 program which has increased airlift capabilities. However, the program has still not met its target capacity. Attainment of the inter-theater airlift capability is dependent on fielding new C-17s, retiring the aging C-141 fleet, and eventual fielding of C-5 Reliability Enhancement & Reengining Program (RERP) aircraft. Deliveries of the C-130J will increase intra-theater capabilities.	Increasing deliveries of C-17 aircraft to replace the C-141 has resulted in rising inter-theater delivery capabilities. C-5 RERP program is planned to become operational in 2010 increasing inter-theater capabilities even more. C-130J deliveries are in the early stages of the program and will contribute to increased intra-theater airlift capabilities.	25%	0.3

Long-Term Goal I: Target: Actual Progress achieved toward goal:	To be able to move military forces from the US to anywhere in the world whenever required. 54.5 million ton miles/day (34 MTD/D military requirement) 90%
Long-Term Goal II: Target: Actual Progress achieved toward goal:	Procure/Modify & Field new required airlift aircraft 180 C-17, 168 C-130J, 100 C-5 RERP Deliveries: 81 C-17, 33 C-130J, 0 C-5 RERP (as of Dec 31, 2001)
Long-Term Goal III: Target:	Meet target Mission Capable Rates (defined as the percent of fielded aircraft that is able to perform their mission on a given day) C-5: 68.4%/C-17: 87.5%/C-130J: 84%

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
	Actual Progress achieved toward goal:			C-5: 62%/C-17: 66%/C-130J: 81%		
2	Does the program (including program partners) achieve its annual performance goals?	yes	Annual performance goals are program-management related and include accomplishing planned deliveries, minimizing variances from program baselines, and making incremental progress in airlift capabilities.	Deliveries accomplished are reflected in the President's Budget; the annual Selected Acquisition Reports show variances from program baselines, other working documents reflect progress in airlift capabilities.	25%	0.3
	Key Goal I:		Accomplish planned aircraft deliveries.			
	Performance Target:		FY 02 Target: 14 C-17, 2 C-130J, 0 C-5 RERP			
	Actual Performance:		Actual: 14 C-17, 2 C-130J, 0 C-5 RERP			
	Key Goal II:		Attain Acquisition Program Baseline Performance Objectives/Thresholds			
	Performance Target:		Meet all annual thresholds			
	Actual Performance:		C-5 RERP: all thresholds exceeded, objectives met/C-130J: all thresholds met/C-17: most thresholds exceeded, maintenance objectives exceeded.			
	Key Goal III:		Minimize Variances from the Acquisition Program Baseline (2001 Annual SAR)			
	Performance Target:		<10%			
	Actual Performance:		C-5 RERP: +4.3%/C-17: +1.1%/C-130J: 0%			
	Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of X in 2000.					
3	Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?	Large extent	The C-5 RERP First Flight and the planned date of operational capability have been accelerated 3 months from the APB schedule; the C-130J APB schedule has been maintained, with no change in Program Acquisition Unit Cost; C-17 deliveries have been at an average 124 days ahead of schedule.	These data are described in the Selected Acquisition Reports.	25%	0.0
4	Does the performance of this program compare favorably to other programs with similar purpose and goals?	N/A	This program does not share a common purpose or goal with any other program.		0%	

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	Do independent and quality evaluations of this program indicate that the program is effective and achieving results?	N/A	Recent General Accounting Office (GAO) reports have reviewed the C-130 aircraft, overall air transport capability, and the readiness of air transport capability. These reports evaluate the overall airlift capability; while they reported deficiencies, they also note that DoD is taking steps to address/implement some of the GAO recommendations. The purpose of the programs is to provide a specific airlift capability. The programs are progressing towards providing this capability. Besides these GAO reports, DoD conducts regular independent reviews of each program to assess progress against specific cost and performance goals. Issues raised during these reviews must be addressed in order for the programs to proceed. These reviews include input from both functional and financial representatives, to ensure that all appropriate issues are examined. Also, the Mobility Requirements Study 2005 evaluated requirements and current/projected capabilities.	Recent GAO reports including [NSIAD-00-135] Military Readiness: Air Transport Capability Falls Short of Requirements, [NSIAD-98-108] Intratheater Airlift: Information on the Air Force's C-130 Aircraft, [GAO-01-495R] Military Readiness: Updated Readiness Status of U.S. Air Transport Capability, Mobility Requirements Study 2005, and regularly scheduled DoD independent reviews such as the Defense Acquisition Executive Summary.	0%	
6 (Cap 1.)	<i>Were program goals achieved within budgeted costs and established schedules?</i>	Large extent	The largest element of the airlift program, the C-17 program, has been delivering aircraft ahead of schedule. Other elements, such as the C-5 upgrade program have experienced delays.	FY 2003 budget documents for the C-17 and C-5 programs lay out the cost and schedule goals and aircraft deliveries for these programs.	25%	0.2
Total Section Score					100%	67%

OMB Program Assessment Rating Tool (PART)

Research & Development Programs

Name of Program: Basic Research

Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	"The mission of the Defense Science and Technology (S&T) Program is to ensure that the warfighters of today and tomorrow have superior and affordable technology to support their missions and provide revolutionary war-winning capabilities."	DoD publishes a Basic Research Plan, which lays out, for the general public and the scientific community, information needed to understand the program and, for researchers, general information that can provide a basis to know if they might be able to contribute to the program. (The purpose of the program can be found on page I-1, section C.)	17%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	Interests/needs are: (1) provide options for new weapon systems; (2) help prevent technological surprise by adversaries; and (3) develop new scientists who will contribute to the DoD mission in the future.	The interests are stated in the Basic Research Plan (BRP), page I-1, section C.	17%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The Basic Research program is designed to ensure that DoD maintains its competitive edge over potential adversaries in the future. DoD names Strategic Research Areas in the Basic Research Plan, which identify, for the research community, areas of interest for which funding is available and which point to general capabilities that will help maintain that competitive advantage. Broad Agency Announcements (BAAs) detail for researchers particular areas of interest by funding Service or Agency, but also allows researchers to propose specific research topics and approaches.	Can be found in BRP, Chap VI, "Strategic Research Areas" and Broad Agency Announcements (BAAs), published by the individual Military Services and Agencies for response by research organizations interested in working as grantees.	17%	0.2

4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	DoD tries to maximize its research investments by monitoring technology or products from the private sector or work supported by other organizations (the National Science Foundation, for example), and will use that work unless progress in those areas is inadequate for DoD needs. A DoD process, called the Reliance Process, seeks to eliminate most of the duplication of research responsibilities within the Department. DoD's research organizations meet and compare capabilities and one organization often is chosen to lead research in a given area.	Example: The Office of Naval Research's Directive Ser 01/8225. "DoN Science and Technology National Naval Program Guidance" lays out Navy research needs.	17%	0.2
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	The DoD procedure is built around announcements of research areas (BAAs, above), and competition (submission of proposals by researchers). Merit review of proposals follows identification of problems and specific research opportunities by proposers, including in-house researchers.	Service BAAs. See, for example, http://www.onr.navy.mil/onr/contracts.htm , click on Contracts and Grants, then click on Solicitations and Business Opportunities, then ONR or NRL.	17%	0.2
6 (RD 1)	<i>Does the program effectively articulate potential public benefits?</i>	Yes	In addition to publications and testimony laying out the benefits for national security (and to the Nation more generally), DoD organizations hold many conferences at which they make known the Department's sponsorship of research in certain general areas of investigation, along with the potential public benefits.	See BRP 1-1 C. Also the BAAs themselves communicate with the relevant scientific public about potential benefits and needs.	17%	0.2
7 (RD 2)	<i>If an industry-related problem, can the program explain how the market fails to motivate private investment?</i>	N/A	Not industry-related. DoD's programs are designed to benefit a National need that is not already addressed by the private sector.		0%	0.0
Total Section Score					100%	100%

Section II: Strategic Planning (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	DoD's Defense Technology Area Plan, which addresses applied research in a manner similar to the way that the BRP addresses basic research, has goals for the various technologies supported by DoD. Basic research feeds into those technologies and hence contributes to the meeting of the goals. Because basic research by its very nature is a long-term and speculative activity, the long term goals cannot be highly specific without risk of making the program too conservative, thereby limiting its potential payoff.	Defense Technology Area Plan lays out goals by area. Also, Service or Agency BAAs articulate thrusts.	11%	0.1
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	DoD uses semi-annual reviews by outside review panels to assess the health of the Basic Research program. They assess program content, management abilities, program results.	Instructions given to the independent reviewers prior to the start of their reviews. (Note that the instructions addressing R&D PARTs require a unique process-focused interpretation of annual goals as applied to basic research programs.)	11%	0.1
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	No	Increasing numbers of recipients of Basic Research funds have sought Congressional earmarking assistance, thus circumventing in whole or in part, the merit-based award process and DoD has not been notably successful in stopping them. Such circumvention of the merit-based process has been opposed by professional societies, as they recognize that in the long-term, the health of the research enterprise is greatly diminished by awards based on geography or influence. This is in contrast to the situation at NIH, where past leadership and the affiliated research community has been highly successful in nearly eliminating earmarks.	Increasing earmarks/directed adds solicited by universities and other research organizations and supported by Congress without independent technical review and merit-based awards.	11%	0.0

4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	DoD works with many other agencies as well as industry in coordinating and executing their program. DoD has entered into agreements with other Federal agencies to fund and manage selected initiatives and the Department also works through such mechanisms as the National Science and Technology Council (NSTC) to coordinate various R&D efforts. The record isn't perfect, however, with some degree of parochialism in research agendas on the part of the support organizations.	Various Memoranda of Understanding or Memoranda of Agreement with other related Federal agencies document cooperation with other entities. Also, NSTC membership includes DoD as one of the many departments that coordinate in the planning and execution of research and development projects.	11%	0.1
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate</i>	Yes	Reviews of the Basic Research program are conducted at least once every three years by outside review panels made up of academics, industrial researchers and researchers from other agencies.	DoD provides instruction pamphlets and evaluation forms to its independent reviewers.	11%	0.1
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	The basic research budget programs are divided into a few distinct programs or collection of related projects which are traceable in R&D tables, and show up as line items in the President's Budget.	DoD budget documents, such as the Research, Development, Test and Evaluation Program listings (R-1s) are used to track funding allocations through budget preparation, Congressional approval and budget execution processes.	11%	0.1
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	Recommendations from the independent review groups are reviewed and often implemented.	In 2000/2001, the independent panel reviewing the DoD Basic Research program recommended that the DoD policy on Intellectual Property Rights (IPR), as it pertains to results from industry-university collaborations, be clarified and be made uniform for DoD-sponsored research. The recommendation resulted in new IPR guidelines first transmitted in Jan., 2002.	11%	0.1
8 (RD 1)	<i>Is evaluation of the program's continuing relevance to mission, fields of science, and other "customer" needs conducted on a regular basis?</i>	Yes	The review of specific research areas is part of preparation for program announcements as well as review panel findings and the Technology Area Reviews and Assessments (TARAs) findings reflected in recommendations under II-7.	TARA recommendations. IPR memo Jan 31, 2002 and New IPR Guidelines.	11%	0.1

9 (RD 2) <i>Has the program identified clear priorities?</i>	Yes	The Basic Research Plan lists a number of Strategic Research Areas, including biomimetics, nano-science, smart materials and structures, information technology, human centered systems and compact power. These strategic research areas are reflected in the BAAs of the Military Services and Agencies.	BRP, Chap VI , "Strategic Research Areas", and Chapter IV, "Basic Research Areas", and the BAAs that identify these areas to the research community.	11%	0.1
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Total Section Score	100%	89%
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Section III: Program Management (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	Researchers are required to document their results in technical publications or summaries. Independent review panels for each of the Services, made up of academic researchers, industrial researchers and scientists from other Federal agencies, review these materials, and materials and managers of the research program, by technical area and assess the quality of the research programs and make recommendations to improve the program.	Information from the Air Force Scientific Advisory Borad of the Air Force Office of Scientific Research (AFOSR) independent review.	11%	0.1
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	The research offices within each Service are expected by the parent organizations to stick to budgets and schedules, as funds are needed for other operational programs. Non-performing programs are likely to have funds taken away to meet more immediate needs.	Many programs have been restructured or funding reduced when financial reports indicate a pattern of slow performance or if the parent organization has reason to believe that the program is inadequately focused on the needs of the warfighter.	11%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	DoD carefully monitors expenditures by each military Service. Each services spends funds for basic research in a timely way.	Obligation reports prepared by the financial processing centers of the Department show obligation rates in excess of 90% in the first year of availability.	11%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	There are no formal procedures in place that provide incentives to managers. The most significant incentives are informal. If the research program doesn't perform, program managers lose money to nearer-term demands. In addition, managers must use competitive award processes mandated by regulation and statute, which contribute to program efficiencies.	This response, which refers to formal incentives and procedures, was de-weighted to reflect the significant informal procedures, noted to the left, that contribute to efficiency and cost effectiveness.	5%	0.0

5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	Full annual cost budgeting is required of all basic research. The number of programs that DoD funds is a function of the money available.	DoD budget documents provided to the Congress each year provide visibility into the Basic Research program.	11%	0.1
6	<i>Does the program use strong financial management practices?</i>	No	DoD's financial management system is being improved, but slowly. No audit reports showing that the Basic Research program is free of internal control weaknesses have been provided.		11%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	When deficiencies have been identified by the DoD Inspector General or independent review panels, DoD has sought to correct the deficiencies.	A DoD IG report (98-198) on the University Research Initiative program identified weaknesses in the Army's and Air Force's management control programs. Subsequent actions by the Army and the Air Force have addressed these deficiencies.	11%	0.1
8 (RD 1)	<i>Does the program allocate funds through a competitive, merit-based process, or, if not, does it justify funding methods and document how quality is maintained?</i>	Yes	DoD awards most of its Basic Research funding through grants, which regulations specify should be competitive.	DoD's Grant Regulations (DoD 3210.6-R). require the use of competitive procedures, to the maximum extent practicable, in awarding research grants.	11%	0.1
9 (RD 2)	<i>Does competition encourage the participation of new/first-time performers through a fair and open application process?</i>	Yes	There is a significant turnover each year in universities receiving grants from DoD. The big universities (with large numbers of projects supported and receiving significant portions of the overall funding) always receive some of the funding, but there is a not insignificant turn-over on the margins. In addition, Principal Investigators (those charged with heading research projects within the recipient universities or non-profits) and their co-researchers change with time, providing further turnover of research personnel and ideas.	Fourteen percent of schools receiving basic research funding in 2001 had not received funding in 1999 (41 of 302). The DoD Grants Regulations (DoD 3210.6-R) require use of merit-based, competitive precedures to the maximum extent practicable in the award of grants. In addition, DoD maintains a program that specifically targets new or under-represented entrants to encourage increased participation in its basic research grants program.	11%	0.1

10 (RD 3) <i>Does the program adequately define appropriate termination points and other decision points?</i>	Yes	Generally, 1, 2 or 3 yr. periods for individual grants, as specified in BAAs at program announcement. However, there is no formal definition of termination points with regard to Strategic Research Areas, which one would expect to show a great deal of continuity over time.	The BAAs identify the period of time for which grants can run.	11%	0.1
11 (RD 4) <i>If the program includes technology development or construction or operation of a facility, does the program clearly define deliverables and required capability/performance characteristics and appropriate, credible cost and schedule goals?</i>	NA	The basic research program does not fund facilities.		0%	

Total Section Score **100%** **84%**

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large extent	The Basic Research program contributes significantly to the achievement of the DoD mission. Both external and internal reviews indicate that reviewers believe that the program contributes materially to the Department's capabilities.	Internal and external review group reports. For example, the back-briefing to the AFOSR, cited above.	20%	0.1

Long-Term Goal I: Certify, in biennial reviews by technically competent independent reviewers, that the supported work, as a portfolio, is of high quality, serves to advance the national security and is efficiently managed and carried out.
Target: 100% of program should be reviewed in regular, biennial reviews.
Actual Progress achieved toward goal:
Long-Term Goal II: Increase effectiveness of the program by reducing non-merit-determined grants and contracts.
Target: Reduce non-merit-determined awards by 50% in two years.
Actual Progress achieved toward goal:
Long-Term Goal III:
Target:
Actual Progress achieved toward goal:

2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Large extent	Annual performance goals for the research results of the Basic Research program are not directly measurable. Instead, determination of the value of the program must be based largely on assessment of the soundness of the awards and management processes. For this assessment, we largely rely on in-depth reviews of the programs by independent review panels. Such reviews (usually biennial) generally indicate well executed programs, but not all DoD Services and Agencies measure results equally well. The Army, through the Army Research Laboratory's assessment process, does particularly well. Others lag.	External review reports.	20%	0.1
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Key Goal I: Performance Target: Actual Performance:
Key Goal II: Performance Target: Actual Performance:
Key Goal III: Performance Target: Actual Performance:

3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Large extent	DoD works very hard to achieve improved efficiencies in its enacted program, and generally does well in executing the approved program. However, it has done less well in convincing Congress and the academic community of the need to support its recommended program than does, for example, NIH, which has an unusually low number of earmarks in its program compared to DoD. This results in a decreasing portion of the research total that is productive to the Department's goals.	Increases in directed research of questionable value to the nation's security, as displayed in Congressional conference reports.	20%	0.1
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Yes	DoD basic research sponsorship is generally considered on par with the best of other Federally-sponsored research and other world-class research. Earmarks, not being chosen on basis of merit to the national security, generally contribute less than the typical research project to fulfilling the Department's mission.	Independent review panels, number of Nobel Prize winners supported prior to receipt of their Prizes.	20%	0.2

5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	Independent review panels, associated with the research programs of each of the military Services and agencies, do indicate that the programs are effective and are producing valuable results.	Reports from the independent panels.	20%	0.2
6 (RD 1)	<i>If the program includes construction of a facility, were program goals achieved within budgeted costs and established schedules?</i>	NA	Does not include construction of facilities.		0%	
Total Section Score					100%	80%

PART Performance Measurements

Program: Airlift Program
Agency: Department of Defense--Military
Bureau: Procurement
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
100%	95%	71%	67%	Effective

Measure: Percent change in acquisition costs for individual programs from the total cost estimate. For example, actuals show changes for the C-17 program. Data taken from DoD's annual Selected Acquisition Reports. The December 2001 report represents a two-year reporting period (1999-2001) due to the absence of a December 2000 report.

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
1999	<10%	-1.7%	
2000	<10%	-1.5%	
2002	<10%	1.1%	
2003	<10%		

Measure: Provide 100 percent of strategic airlift capacity (54.5 million ton miles/day), a requirement established by DoD in its Mobility Requirements Study 2005

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2003	90%	90%	
2005	100%		

Measure:

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term:
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PART Performance Measurements

Program: Army Land Forces Operations
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: Integral to the Army's mission to deter aggression and fight and win the nation's wars, the Army has two core competencies (1) train/equip soldiers and grow leaders; and (2) provide relevant and ready land-power to Combatant Commanders. Operational training in ground combat is critical to meeting the first competency.

Evidence: The Army's FY 2004 Posture Statement clearly states the Army's competencies and training goals.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: Army units must be ready to deploy and execute combat missions in support of national security objectives. Recent conflicts have demonstrated the need for relevant and ready ground combat capability. Realistic training ensures that Army soldiers and units maintain readiness required provide this capability.

Evidence: The most recent Defense Planning Guidance specifics that all military units must be ready to perform their missions. Title 10 of the U.S. Code requires the Army to man, train, and equip units ready to execute combat missions.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: Training Army soldiers to be ready to execute ground combat missions in support of national security objectives is an inherently federal function. No other federal or non-federal program duplicates this function.

Evidence: As defined by Title 10 of the U.S. Code and directed by DOD Directive 5100.1 Sect. 6.6, the Department of the Army has the unique responsibility to organize, train and equip ground forces for prompt and sustained combat operations on land.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight 20%

Explanation: The Operational training program is designed free of major flaws limiting effectiveness or efficiency. Army made significant improvements in creating its operational training strategies. The Army continues to implement management controls.

Evidence: In July 2002, the Army reported to Congress that its strategy and execution of the operational training program had been significantly reformed. New controls that were put in place have been effective. The Army has more effectively executed its operational training mission in FY 02, FY 03 and is on track for FY04.

PART Performance Measurements

Program: Army Land Forces Operations
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight:20%

Explanation: The Army uses a Training Resource Model (TRM) to allocate and distribute the right amount of funds for operational training needed for specific units, based on many inputs such as force structure and training requirements.

Evidence: The Army uses a Battalion Level Training Model (BLTM) to calculate the number of vehicle miles to be driven that are required to train units adequately. The TRM takes data from BLTM and other sources to derive funding resource requirements. These inputs are used to build the budget request. Once funds are appropriated, the Army issues guidance to its subordinate commands detailing how much funding the commands have available to meet the operational training goals.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight:13%

Explanation: The Army has established an operational training strategy that defines the number of miles that Army tanks will drive in training exercises each year. This operating tempo (OPTEMPO) tank mile metric measures annual training performance and establishes the baseline for units to execute each year to maintain combat proficiency.

Evidence: As stated in the Army's 2004 Posture Statement and directed in Combined Arms Training Strategies (CATS), the OPTEMPO metric represents the training activity required to conduct and support ground operations training, maintenance of unit equipment and sustainment of routine day-to-day operations. The BLTM calculates the number of miles that units will require. The Active Army Component metric is 899 tank miles. The Army National Guard metric is 166 tank miles. The Army Reserve metric is 199 tank mile equivalents. These metrics are averages for each of these component services. Units within each component may require more or less miles.

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: YES Question Weight:13%

Explanation: Operational training has realistic and quantifiable five year targets for its OPTEMPO metric.

Evidence: As part of the Army's annual development of its program and budget plan, the Army defines its requirement for the OPTEMPO metric in the CATS. In the Army's semi-annual Program Objectives Memorandum (POM) submission to the Office of the Secretary of Defense (OSD), the Army defines the resources required to meet the metric.

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight:13%

Explanation: Op tempo training tank miles is the annual performance metric. The metric provides an analytical tool into whether Army units are receiving enough training to maintain their qualification and proficiency. Execution of the tank mile metric is reported monthly/quarterly/annually and measured against programmed tank miles. The Army's Vice Chief of Staff and its Operations Chief receive regular reports on tank mile execution.

Evidence: The Army's CATS define the tank mile metrics and goals to be used over a five year period. These annual goals are shown in the Army's budget justification materials sent to Congress after the President's Budget is submitted.

PART Performance Measurements

Program: Army Land Forces Operations
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:13%

Explanation: The target is directed in the CATS. The Army proposes its funding allocation in the POM. OSD and OMB use these proposals to determine OPTEMPO tank mile funding requirements for the President's Budget.

Evidence: Same as above.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:13%

Explanation: Due to its unique governmental nature, "partners" in achieving the tank mile metric are Army's own subordinate major commands (MACOMs). Each MACOM submits an annual execution plan for both miles and funding at the beginning of the fiscal year. Performance is measured against that plan. Funding for meeting the plans goals is issued to the MACOMs at the start of the fiscal year.

Evidence: The Army publishes the OPTEMPO management instructions annually, to inform MACOMs, what their requirements are. MACOMs must report to the Army each month on progress to accomplishing the targets. In addition, at the beginning of the fiscal year the Army issues a "funding letter" to the MACOMs allocating funds to them to accomplish the tank mile goal.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:13%

Explanation: Due to the importance of the Army's operational training program, it receives periodic reviews from internal and external organizations. These organizations have reviewed aspects of the Army's operational training program on at least an annual basis.

Evidence: GAO conducts periodic audits. Recent examples include - Defense Budget: Need to Better Inform Congress on Army Division Training (2001); Defense Inventory: Army Needs a Plan to Overcome Critical Spare Parts Shortages (2003); Army Audit Agency: Controls over Operating Tempo Funds (2002); and a RAND Corporation review (2003).

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight:13%

Explanation: Funding requests identify direct and indirect costs for supporting operational training. The direct costs are closely tied to the execution of tank mile goals. Indirect funding encompasses a broader set of activities enabling the accomplishment of the tank mile goal.

Evidence: The FY 05 Operation and Maintenance (O&M) Overview congressional budget justification book and the O&M Army congressional budget justification book show both indirect and direct costs. Both also explains what level of performance is expected based on the budget submitted. The TRM model outputs noted above are most closely tied to the direct costs of the this program. The Army has more detailed reports tailored to identifying other direct and indirect costs

PART Performance Measurements

Program: Army Land Forces Operations
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

-
- 2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight:13%
- Explanation: Beginning FY01, Army has implemented a series of changes and controls designed to reform the process of reporting and executing OPTEMPO funds and other resources.
- Evidence: In July 2002, the Army reported to Congress that it reformed its planning and reporting of tank miles to address earlier GAO recommendations. These reforms have been in place since FY 01 and have been validated by RAND and the Army Audit Agency.
- 3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight:14%
- Explanation: Army conducts monthly reviews of OPTEMPO execution. The Monthly Army Performance Review (MAPR) requires MACOMs to report monthly execution and the report is reviewed by the Army's Vice Chief of Staff and Operations Chief. Information is gathered centrally by the Army Staff and validated by the MACOMs.
- Evidence: MACOMs must report why they are under or over performing based on the annual execution plan. The Army makes resource adjustment decisions throughout the year based on MACOM execution of the program. At the mid-year point, OSD makes major resource decisions to protect and fully fund all readiness related programs, especially the tank mile goal.
- 3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight:14%
- Explanation: MACOMs and subordinate Army units are held accountable for executing the approved combined arms training strategies goals. In addition, these organizations are also held accountable for properly using funding and other resources allocated to achieving these goals.
- Evidence: DOD Directive 7045.14 specifies that the Planning, Programming, and Budgeting System (PPBS) will involve centralized planning and oversight but decentralized execution. The Army uses the MAPR to hold MACOMs and subordinate units responsible for meeting OPTEMPO tank mile goals.
- 3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?** Answer: YES Question Weight:14%
- Explanation: Fully executing operational training funds are the top priority of the Army. Since FY 2001, the Army has met or exceeded its tank mile goal. Exceeding the goal has been driven in part by combat operations in the global war on terrorism.
- Evidence: Congressional budget justification materials submitted by the Army with the President's Budget contain previous years' execution data. The Army's most recent OPTEMPO execution report shows that units are executing tank miles and using resources in FY 2004 at or above expected levels. Obligation of funds are reported monthly by the Defense Finance and Accounting Service 1002 Reports.

PART Performance Measurements

Program: Army Land Forces Operations
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:14%

Explanation: The MAPR allows the Army to measure the program's efficiency and effectiveness. In addition, DOD's mid-year funding execution review allows OSD to focus on DOD-wide efficiency and effectiveness. Results of this review reallocates resources throughout DOD to achieve operational and management goals.

Evidence: See 3.1 above. In addition, DOD's mid-year execution review for FY 2004 identified areas where non-OPTEMPO programs could provide the OPTEMPO program resources to meet more effective OPTEMPO goals.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NO Question Weight:14%

Explanation: The U.S. Marine Corps has a similar operational training program. There is no evidence of systematic collaboration between the Army and Marine Corps programs.

Evidence: None available.

3.6 Does the program use strong financial management practices? Answer: NO Question Weight:14%

Explanation: DOD's financial management weaknesses have been well documented. Army suffers from some of the same problems other parts of DOD does.

Evidence: Like the rest of DOD, the Army does not have a clean financial audit opinion yet. DOD is working towards a clean opinion for FY 07.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:14%

Explanation: As noted previously, the Army has taken significant steps to correct its management deficiencies. Since FY 01, the Army has reformed its tank mile metric, funding allocation system, and tracking process.

Evidence: The Army reported in July 2002 to Congress that it had instituted management controls to fully fund OPTEMPO tank miles. The Army also described its standardized system for tracking and reporting tank miles.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: YES Question Weight:25%

Explanation: Army has successfully executed its OPTEMPO tank miles and effectively used its funding since FY 01.

Evidence: The Army's most recent FY 04 reports show more than adequate progress in continuing the successful trends from FY 02 and FY 03.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight:25%

Explanation: Same as 3.2 above.

Evidence: Same as 3.2 above.

PART Performance Measurements

Program: Army Land Forces Operations
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight: 25%

Explanation: Overall, better planning and management are producing better metrics and results. Funds are being better managed and more effectively utilized for this program.

Evidence: The metric for average OPTEMPO tank miles required has been refined and the number of tank miles required was reduced for FY 04. Army Audit Agency has validated policies put into place to better manage funding.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NA Question Weight: 0%

Explanation: The performance of this program can only be compared to the Marine Corps ground OPTEMPO program. The Marines mission of amphibious warfare differs significantly from the Army's mission and is primarily geared to support maritime operations. The Army provides long-term sustained ground combat power to the nation's command authorities. A direct comparison can not be made.

Evidence: O&M Congressional Budget Justification Overview Book for the FY 05 President's Budget shows the two programs in the Land Forces portion. Comparisons between the Marine Corps and Army OPTEMPO programs cannot be made.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: LARGE EXTENT Question Weight: 25%

Explanation: There are no systematic evaluations by organizations independent from DOD. However, DOD routinely certifies Army assessments of how well their training, equipment, and personnel can meet the requirements of real-world military missions. This assessment of Army readiness is reported to Congress in classified form on a quarterly basis. Ongoing combat operations and these reports show that Army units are ready to meet their real-world combat missions.

Evidence: See 4.3 above. In addition, the most recent quarterly readiness report to Congress and ongoing combat operations show that Army units are ready to meet their real-world military missions.

PART Performance Measurements

Program: Army Land Forces Operations
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

Measure:
Additional Information:

	<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term:
Measure:	Tank mile metric			
Additional Information:	Measures annual training performance and establishes the baseline metric (miles) units execute each year in order to maintain combat proficiency.			

	<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
	2002	931	944	
	2003	933	1071	
	2004	899	1379	
	2005	899		

Measure: Reserve Equivalent Tank Miles
Additional Information: Measures annual training performance for reserve units and establishes the baseline metric (miles) units execute each year in order to maintain proficiency.

	<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
	2002	194	194	
	2003	198	229	
	2004	200	200	
	2005	199		

PART Performance Measurements

Program: Army Land Forces Operations
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

Measure: Guard Tank Miles

Additional Information: Measures annual training performance and establishes the baseline metric (miles) units execute each year in order to maintain combat proficiency.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2002	95	95	
2003	177	154	
2004	146	146	
2005	165		

OMB Program Assessment Rating Tool (PART)
Research & Development Programs

Name of Program: Basic Research

Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	"The mission of the Defense Science and Technology (S&T) Program is to ensure that the warfighters of today and tomorrow have superior and affordable technology to support their missions and provide revolutionary war-winning capabilities."	DoD publishes a Basic Research Plan, which lays out, for the general public and the scientific community, information needed to understand the program and, for researchers, general information that can provide a basis to know if they might be able to contribute to the program. (The purpose of the program can be found on page I-1, section C.)	17%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	Interests/needs are: (1) provide options for new weapon systems; (2) help prevent technological surprise by adversaries; and (3) develop new scientists who will contribute to the DoD mission in the future.	The interests are stated in the Basic Research Plan (BRP), page I-1, section C.	17%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The Basic Research program is designed to ensure that DoD maintains its competitive edge over potential adversaries in the future. DoD names Strategic Research Areas in the Basic Research Plan, which identify, for the research community, areas of interest for which funding is available and which point to general capabilities that will help maintain that competitive advantage. Broad Agency Announcements (BAAs) detail for researchers particular areas of interest by funding Service or Agency, but also allows researchers to propose specific research topics and approaches.	Can be found in BRP, Chap VI, "Strategic Research Areas" and Broad Agency Announcements (BAAs), published by the individual Military Services and Agencies for response by research organizations interested in working as grantees.	17%	0.2

4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	DoD tries to maximize its research investments by monitoring technology or products from the private sector or work supported by other organizations (the National Science Foundation, for example), and will use that work unless progress in those areas is inadequate for DoD needs. A DoD process, called the Reliance Process, seeks to eliminate most of the duplication of research responsibilities within the Department. DoD's research organizations meet and compare capabilities and one organization often is chosen to lead research in a given area.	Example: The Office of Naval Research's Directive Ser 01/8225. "DoN Science and Technology National Naval Program Guidance" lays out Navy research needs.	17%	0.2
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	The DoD procedure is built around announcements of research areas (BAAs, above), and competition (submission of proposals by researchers). Merit review of proposals follows identification of problems and specific research opportunities by proposers, including in-house researchers.	Service BAAs. See, for example, http://www.onr.navy.mil/onr/contracts.htm , click on Contracts and Grants, then click on Solicitations and Business Opportunities, then ONR or NRL.	17%	0.2
6 (RD 1)	<i>Does the program effectively articulate potential public benefits?</i>	Yes	In addition to publications and testimony laying out the benefits for national security (and to the Nation more generally), DoD organizations hold many conferences at which they make known the Department's sponsorship of research in certain general areas of investigation, along with the potential public benefits.	See BRP 1-1 C. Also the BAAs themselves communicate with the relevant scientific public about potential benefits and needs.	17%	0.2
7 (RD 2)	<i>If an industry-related problem, can the program explain how the market fails to motivate private investment?</i>	N/A	Not industry-related. DoD's programs are designed to benefit a National need that is not already addressed by the private sector.		0%	0.0
Total Section Score					100%	100%

Section II: Strategic Planning (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	DoD's Defense Technology Area Plan, which addresses applied research in a manner similar to the way that the BRP addresses basic research, has goals for the various technologies supported by DoD. Basic research feeds into those technologies and hence contributes to the meeting of the goals. Because basic research by its very nature is a long-term and speculative activity, the long term goals cannot be highly specific without risk of making the program too conservative, thereby limiting its potential payoff.	Defense Technology Area Plan lays out goals by area. Also, Service or Agency BAAs articulate thrusts.	11%	0.1
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	DoD uses semi-annual reviews by outside review panels to assess the health of the Basic Research program. They assess program content, management abilities, program results.	Instructions given to the independent reviewers prior to the start of their reviews. (Note that the instructions addressing R&D PARTs require a unique process-focused interpretation of annual goals as applied to basic research programs.)	11%	0.1
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	No	Increasing numbers of recipients of Basic Research funds have sought Congressional earmarking assistance, thus circumventing in whole or in part, the merit-based award process and DoD has not been notably successful in stopping them. Such circumvention of the merit-based process has been opposed by professional societies, as they recognize that in the long-term, the health of the research enterprise is greatly diminished by awards based on geography or influence. This is in contrast to the situation at NIH, where past leadership and the affiliated research community has been highly successful in nearly eliminating earmarks.	Increasing earmarks/directed adds solicited by universities and other research organizations and supported by Congress without independent technical review and merit-based awards.	11%	0.0

4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	DoD works with many other agencies as well as industry in coordinating and executing their program. DoD has entered into agreements with other Federal agencies to fund and manage selected initiatives and the Department also works through such mechanisms as the National Science and Technology Council (NSTC) to coordinate various R&D efforts. The record isn't perfect, however, with some degree of parochialism in research agendas on the part of the support organizations.	Various Memoranda of Understanding or Memoranda of Agreement with other related Federal agencies document cooperation with other entities. Also, NSTC membership includes DoD as one of the many departments that coordinate in the planning and execution of research and development projects.	11%	0.1
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate</i>	Yes	Reviews of the Basic Research program are conducted at least once every three years by outside review panels made up of academics, industrial researchers and researchers from other agencies.	DoD provides instruction pamphlets and evaluation forms to its independent reviewers.	11%	0.1
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	The basic research budget programs are divided into a few distinct programs or collection of related projects which are traceable in R&D tables, and show up as line items in the President's Budget.	DoD budget documents, such as the Research, Development, Test and Evaluation Program listings (R-1s) are used to track funding allocations through budget preparation, Congressional approval and budget execution processes.	11%	0.1
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	Recommendations from the independent review groups are reviewed and often implemented.	In 2000/2001, the independent panel reviewing the DoD Basic Research program recommended that the DoD policy on Intellectual Property Rights (IPR), as it pertains to results from industry-university collaborations, be clarified and be made uniform for DoD-sponsored research. The recommendation resulted in new IPR guidelines first transmitted in Jan., 2002.	11%	0.1
8 (RD 1)	<i>Is evaluation of the program's continuing relevance to mission, fields of science, and other "customer" needs conducted on a regular basis?</i>	Yes	The review of specific research areas is part of preparation for program announcements as well as review panel findings and the Technology Area Reviews and Assessments (TARAs) findings reflected in recommendations under II-7.	TARA recommendations. IPR memo Jan 31, 2002 and New IPR Guidelines.	11%	0.1

9 (RD 2) <i>Has the program identified clear priorities?</i>	Yes	The Basic Research Plan lists a number of Strategic Research Areas, including biomimetics, nano-science, smart materials and structures, information technology, human centered systems and compact power. These strategic research areas are reflected in the BAAs of the Military Services and Agencies.	BRP, Chap VI , "Strategic Research Areas", and Chapter IV, "Basic Research Areas", and the BAAs that identify these areas to the research community.	11%	0.1
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Total Section Score	100%	89%
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Section III: Program Management (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	Researchers are required to document their results in technical publications or summaries. Independent review panels for each of the Services, made up of academic researchers, industrial researchers and scientists from other Federal agencies, review these materials, and materials and managers of the research program, by technical area and assess the quality of the research programs and make recommendations to improve the program.	Information from the Air Force Scientific Advisory Borad of the Air Force Office of Scientific Research (AFOSR) independent review.	11%	0.1
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	The research offices within each Service are expected by the parent organizations to stick to budgets and schedules, as funds are needed for other operational programs. Non-performing programs are likely to have funds taken away to meet more immediate needs.	Many programs have been restructured or funding reduced when financial reports indicate a pattern of slow performance or if the parent organization has reason to believe that the program is inadequately focused on the needs of the warfighter.	11%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	DoD carefully monitors expenditures by each military Service. Each services spends funds for basic research in a timely way.	Obligation reports prepared by the financial processing centers of the Department show obligation rates in excess of 90% in the first year of availability.	11%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	There are no formal procedures in place that provide incentives to managers. The most significant incentives are informal. If the research program doesn't perform, program managers lose money to nearer-term demands. In addition, managers must use competitive award processes mandated by regulation and statute, which contribute to program efficiencies.	This response, which refers to formal incentives and procedures, was de-weighted to reflect the significant informal procedures, noted to the left, that contribute to efficiency and cost effectiveness.	5%	0.0

5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	Full annual cost budgeting is required of all basic research. The number of programs that DoD funds is a function of the money available.	DoD budget documents provided to the Congress each year provide visibility into the Basic Research program.	11%	0.1
6	<i>Does the program use strong financial management practices?</i>	No	DoD's financial management system is being improved, but slowly. No audit reports showing that the Basic Research program is free of internal control weaknesses have been provided.		11%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	When deficiencies have been identified by the DoD Inspector General or independent review panels, DoD has sought to correct the deficiencies.	A DoD IG report (98-198) on the University Research Initiative program identified weaknesses in the Army's and Air Force's management control programs. Subsequent actions by the Army and the Air Force have addressed these deficiencies.	11%	0.1
8 (RD 1)	<i>Does the program allocate funds through a competitive, merit-based process, or, if not, does it justify funding methods and document how quality is maintained?</i>	Yes	DoD awards most of its Basic Research funding through grants, which regulations specify should be competitive.	DoD's Grant Regulations (DoD 3210.6-R). require the use of competitive procedures, to the maximum extent practicable, in awarding research grants.	11%	0.1
9 (RD 2)	<i>Does competition encourage the participation of new/first-time performers through a fair and open application process?</i>	Yes	There is a significant turnover each year in universities receiving grants from DoD. The big universities (with large numbers of projects supported and receiving significant portions of the overall funding) always receive some of the funding, but there is a not insignificant turn-over on the margins. In addition, Principal Investigators (those charged with heading research projects within the recipient universities or non-profits) and their co-researchers change with time, providing further turnover of research personnel and ideas.	Fourteen percent of schools receiving basic research funding in 2001 had not received funding in 1999 (41 of 302). The DoD Grants Regulations (DoD 3210.6-R) require use of merit-based, competitive precedures to the maximum extent practicable in the award of grants. In addition, DoD maintains a program that specifically targets new or under-represented entrants to encourage increased participation in its basic research grants program.	11%	0.1

10 (RD 3) <i>Does the program adequately define appropriate termination points and other decision points?</i>	Yes	Generally, 1, 2 or 3 yr. periods for individual grants, as specified in BAAs at program announcement. However, there is no formal definition of termination points with regard to Strategic Research Areas, which one would expect to show a great deal of continuity over time.	The BAAs identify the period of time for which grants can run.	11%	0.1
11 (RD 4) <i>If the program includes technology development or construction or operation of a facility, does the program clearly define deliverables and required capability/performance characteristics and appropriate, credible cost and schedule goals?</i>	NA	The basic research program does not fund facilities.		0%	

Total Section Score **100%** **84%**

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large extent	The Basic Research program contributes significantly to the achievement of the DoD mission. Both external and internal reviews indicate that reviewers believe that the program contributes materially to the Department's capabilities.	Internal and external review group reports. For example, the back-briefing to the AFOSR, cited above.	20%	0.1

Long-Term Goal I: Certify, in biennial reviews by technically competent independent reviewers, that the supported work, as a portfolio, is of high quality, serves to advance the national security and is efficiently managed and carried out.
Target: 100% of program should be reviewed in regular, biennial reviews.
Actual Progress achieved toward goal:
Long-Term Goal II: Increase effectiveness of the program by reducing non-merit-determined grants and contracts.
Target: Reduce non-merit-determined awards by 50% in two years.
Actual Progress achieved toward goal:
Long-Term Goal III:
Target:
Actual Progress achieved toward goal:

2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Large extent	Annual performance goals for the research results of the Basic Research program are not directly measurable. Instead, determination of the value of the program must be based largely on assessment of the soundness of the awards and management processes. For this assessment, we largely rely on in-depth reviews of the programs by independent review panels. Such reviews (usually biennial) generally indicate well executed programs, but not all DoD Services and Agencies measure results equally well. The Army, through the Army Research Laboratory's assessment process, does particularly well. Others lag.	External review reports.	20%	0.1
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Key Goal I:	Performance Target:	Actual Performance:
Key Goal II:	Performance Target:	Actual Performance:
Key Goal III:	Performance Target:	Actual Performance:

3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Large extent	DoD works very hard to achieve improved efficiencies in its enacted program, and generally does well in executing the approved program. However, it has done less well in convincing Congress and the academic community of the need to support its recommended program than does, for example, NIH, which has an unusually low number of earmarks in its program compared to DoD. This results in a decreasing portion of the research total that is productive to the Department's goals.	Increases in directed research of questionable value to the nation's security, as displayed in Congressional conference reports.	20%	0.1
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Yes	DoD basic research sponsorship is generally considered on par with the best of other Federally-sponsored research and other world-class research. Earmarks, not being chosen on basis of merit to the national security, generally contribute less than the typical research project to fulfilling the Department's mission.	Independent review panels, number of Nobel Prize winners supported prior to receipt of their Prizes.	20%	0.2

5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	Independent review panels, associated with the research programs of each of the military Services and agencies, do indicate that the programs are effective and are producing valuable results.	Reports from the independent panels.	20%	0.2
6 (RD 1)	<i>If the program includes construction of a facility, were program goals achieved within budgeted costs and established schedules?</i>	NA	Does not include construction of facilities.		0%	
Total Section Score					100%	80%

OMB Program Assessment Rating Tool (PART)

Capital Assets & Service Acquisition Programs

Name of Program: Chemical Demilitarization

Section I: Program Purpose & Design (Yes,No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The purpose of the program is to destroy all inventories of U.S. chemical warfare materiel as quickly as possible while ensuring maximum protection to the public, workforce and environment as required under the Chemical Weapons Convention of which the U.S. is a signatory.	Section 1412 of the National Defense Authorization Act of 1986 (P.L. 99-145) describes DoD responsibilities in disposing of chemical weapons.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	The Program is designed to eliminate all stockpiled chemical agents and munitions and meet the requirements of the Chemical Weapons Convention.	Section 1412 of the National Defense Authorization Act of 1986 (P.L. 99-145) requires establishment of the program.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The program will dispose of munitions by various processes resulting in the complete elimination of the stockpile. All program resources contribute to the mission.	The FY 2003 President's Budget fully funded the program's mission and is dedicated entirely to the disposal of chemical weapons.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	There is no other government program designed to dispose of chemical weapons. Disposing of the chemical weapons stockpile is an entirely governmental function.	There are no other government programs that address the disposal of chemical weapons stockpiles. P.L. 99-145 requires establishment of the program.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	The program has undergone numerous changes in its approach to disposal of the chemical weapons stockpile.	The program does not regularly meet its changing performance metrics. There have been repeated changes to schedules and technology decisions. DoD has yet to establish a plan at one site. These repeated changes indicate that the program is not yet optimally designed to dispose of the stockpile.	20%	0.0
Total Section Score					100%	80%

Section II: Strategic Planning (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	The program's long-term objective is explicitly set forth in the Chemical Weapons Convention (CWC). The objective is to dispose of the United States' chemical weapons stockpile.	Public Law 99-145 sets out deadlines DoD must meet to destroy chemical weapons. Complete disposal of the chemical weapons stockpile by 2007, with a possible extension to 2012. The U.S. must dispose of 45% of the chemical weapons stockpile by April 2004.	13%	0.1
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	The program's performance plan lists specific quantitative annual goals for the program.	The FY 2003 Annual Performance Plan contains a number of metrics that indicate progress disposing of the stockpile. For example, the Army will complete destruction of secondary waste at the Johnston Atoll site by the 1st Quarter of FY 2003.	13%	0.1
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	No	Local and state governments are sometimes at odds with DoD's technology selection process and the program goals and measures of the program. However, delays in specific projects are, in DoD's view, the result of state and local government problems with permitting and safety issues.	For example, at the Blue Grass, KY site there is disagreement with the DoD-proposed baseline approach to disposal of the weapons. At Anniston, Alabama the local community has concerns about emergency preparedness.	9%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	NA	There are no other Federal programs with the purpose to dispose of the chemical weapons stockpile.		0%	
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	Various independent audit reports are available. Topics assessed include the relationship between the Army, FEMA and local governments, program accountability and financial management, alternative disposal technologies and threat assessments among others.	Numerous reports, prepared by GAO and the DoD Inspector General provide insights into program performance. For example, GAO report 02-890-"Lessons Learned Program Generally Effective but Could Be Improved and Expanded" states that the program has done a good job of establishing the mechanics of a lessons-learned program but does not follow through in some keys areas, such as evaluating the success of corrective actions. <u>DoD IG report No. D2002AE-008-"A Revised Acquisition Program Baseline and Threat Assessment for the Chemical Demilitarization Program"</u> states that the Army has revised the program baseline but has not submitted a revised program baseline document and has not fully defined the threat environment affecting the destruction sites. Other reports include NSIAD-00-80-"Improvements Needed in Program Accountability and Financial Management", 01-850-"FEMA and Army Must Be Proactive in Preparing States for Emergencies", and NSIAD-99-232R-"Funding Status of the Chemical Demilitarization Program".	13%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	No	Independent cost estimators in the Office of the Secretary of Defense conducted an analysis for the FY 2003 Budget that resulted in the rebaselining of the program (changing schedule and total program cost estimates). Since then, the Army has initiated an accelerated plan at three sites. However, the Army has not yet presented a comprehensive acceleration plan that addresses costs at each site. Future costs remain unidentified.		13%	0.0
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	In order to meet the long-term goal of the program, to dispose of the chemical weapons stockpile, DoD initiated a plan to accelerate disposal at three sites. This plan will help DoD meet its obligations under the CWC treaty. However, there is still a question as to whether the program will be able to meet treaty deadlines in total.	DoD's September 2001 decision to rebaseline the program resulted in a new acquisition program baseline document. Moreover, acquisition decision memorandums for Aberdeen, Newport, and Pueblo document DoD's acceleration plans.	13%	0.1
8 (Cap 1.)	<i>Are acquisition program plans adjusted in response to performance data and changing conditions?</i>	Yes	The DoD uses performance data and adjusts programs accordingly. The rebaselining of the chemical demilitarization program in 2001 was intended to correct previous delays in the program through adjustments to the schedule and associated costs. The rebaselining was made after analysis of actual performance at several sites. DoD also initiated its acceleration plan based on its analysis of changing threat conditions.	DoD's rebaselining and the Program Planning and Budgeting System work to identify and correct program problems as they are identified. September 2001 Defense Acquisition Board review. Acceleration Acquisition Decision Memorandums for Aberdeen, Newport and Pueblo.	13%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
9 (Cap 2.) <i>Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?</i>	Yes	The FY 2004 Secretary's Planning Guidance directed Office of the Secretary of Defense Acquisition, Technology & Logistics, with the Army, to conduct an analysis of alternative technologies or processes for implementation at all sites. The analysis arrived at the conclusion that acceleration is most feasible at two sites and recommended no change to the remaining sites destruction processes. This analysis was completed in August 2002, and was briefed to the Under Secretary of Defense for Acquisition, Technology & Logistics, who accepted the recommendation of the analysis and continued with the program of record.	The analysis examined various technologies for destruction of the chemical weapons stockpile at each site, focusing primarily on cost and schedule impacts. The process included Army, OSD and independent evaluations of all major considerations including safety, environmental compliance, cost, schedule and performance.	13%	0.1
Total Section Score				100%	78%

Section III: Program Management (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	Site managers at each chemical demilitarization facility must regularly provide updates on disposal and construction progress. Moreover, officials in the Office of the Secretary of Defense collect performance information using an earned value management system, which provides progress on individual contracts.	The FY 2003 Performance Plan covers every demilitarization site and requires managers to report regularly on their progress meeting metrics.	11%	0.1
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	Acquisition directives assign accountability to program managers for cost, schedule, and performance. Contractual requirements are stated in performance terms.	An October 30, 2002 guidance memorandum addresses Program Manager charters that outline authority, responsibility and accountability for program management.	11%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Historically, the program has had difficulty spending funds in a timely way often due to problems with the permit process at the state and local levels. However, most recent data indicates that the Army is executing funds in a more timely fashion.	DoD Report 1002 data is reported by the Defense Finance and Accounting Service monthly and indicates whether the program is on track to execute its funding in a timely manner.	11%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	NA	The program performance plan contains performance metrics but they are not focused on efficiency. The program is most concerned with disposing of the stockpile in a safe manner and believes that focusing on cost measures could compromise safety.	The FY 2003 Performance Plan contains performance metrics but they are not focussed on efficiency. The Chemical Demilitarization Program Office believes that encouraging a focus on efficiency will compromise the program's successful safety record.	0%	
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	The President's Budget typically covers all costs associated with operating the program.	The FY 2003 President's Budget contains an account for Chemical Agents and Munitions Destruction, Army that fully funds all costs associated with disposal of the stockpile.	11%	0.1
6	<i>Does the program use strong financial management practices?</i>	No	Historically, the program has recorded large amounts of unliquidated obligations, making auditing of its financial statements difficult.	GAO Audit NSIAD 00-80-Improvements Needed in Program Accountability and Financial Management states that the Army falls short in its efforts to successful execute and track its fiscal discipline.	11%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	DoD uses the earned value management system to track program performance. It also has quarterly reporting of the program's performance, and what the program is doing about fixing problems.	The program has had difficulty spending funds in a timely way. However, the Army recognized the problem and through efficient program management corrected the problem. The most recent data indicates that the Army is executing funds in a more timely fashion.	11%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
8 (Cap 1.) <i>Does the program define the required quality, capability, and performance objectives of deliverables?</i>	Yes	The program's objective is to dispose of the chemical weapons stockpile. The clean disposal of the weapons is the ultimate performance objective. Projects at each site are governed by cost and schedule performance goals intended to be in compliance with the treaty.	The program performance plan elaborates on a series of detailed performance metrics that defines program requirements.	11%	0.1
9 (Cap 2.) <i>Has the program established appropriate, credible, cost and schedule goals?</i>	No	DoD rebaselined the Chemical Demilitarization program during the FY 2003 budget review. Subsequent to the review, the program accelerated disposal at selected sites. New schedules under the accelerated plan have not been fully and accurately established.	The Army has established piecemeal accelerated disposal schedules at several sites. The program has not provided evidence of a comprehensive plan for acceleration at remaining sites that details both cost and schedule data. The Army appears to be formulating plans for accelerating other sites but has not yet elaborated on those plans (e.g. Blue Grass, KY). In addition, existing acceleration plans at Aberdeen, MD indicate that the accelerated process will not result in a shorter disposal schedule. The Army may not meet the goal of disposing of 45% of the stockpile by April 2004.	12%	0.0
10 (Cap 3.) <i>Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit?</i>	NA	A cost benefit analysis is not normally done for DoD capital programs.		0%	
11 (Cap 4.) <i>Does the program have a comprehensive strategy for risk management that appropriately shares risk between the government and contractor?</i>	No	DoD uses an earned value management system to track program performance, which may include risk mitigation plans but examples of this or any other system have not been articulated.	The Tooele, Utah site has experienced several incidents which have resulted in delays to the program, but the program has not yet taken any action to hold the contractor accountable for these delays.	11%	0.0
Total Section Score				100%	66%

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Small Extent	While the program has successfully disposed of 25 percent of the chemical weapons stockpile, the disposal has occurred at only two sites. There are seven remaining stockpile sites where no disposal has occurred. However, in total the Army may not be able to meet the long-term goal of eliminating the chemical weapons stockpile by April 2007.	The program has successfully disposed of 25 percent of the chemical weapons stockpile.	17%	0.1

Long-Term Goal I: Target: Actual Progress achieved toward goal:	Complete disposal of the chemical weapons stockpile by 2007, with a possible extension to 2012. The program will dispose of 100 percent of the chemical weapons stockpile . The program has successfully disposed of 25 percent of the chemical weapons stockpile.
Long-Term Goal II: Target: Actual Progress achieved toward goal:	Complete disposal of 45 percent of the chemical weapons stockpile by April 2004. The program will dispose of 45 percent of the chemical weapons stockpile by April of 2004. The program has successfully disposed of 25 percent of the chemical weapons stockpile.

2 <i>Does the program (including program partners) achieve its annual performance goals?</i>	Large Extent	The detailed program performance plan is in its first year and has not yet reported on its achievements in relation to the baseline performance plan.	Destruction is complete at one location. The Army has completed destruction of one of three types of chemical agents stored at Tooele, Utah. Follow-on facilities continue to progress toward start of destruction operations(at Umatilla, OR in FY 2003 and Pine Bluff, AR in FY 2004). Plans for accelerated destruction operations of bulk agent stored at Aberdeen, MD and Newport, IN have been approved by DoD and the affected states. Destruction operations at both sites are scheduled to start during FY 2003. Management changes involving all sites, such as controlling cost and schedule growth through improved incentive contracting will not be in place before FY03.	17%	0.1
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Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Key Goal I:		Complete destruction of chemical agent stored at Tooele, Utah site.			
Performance Target:		Complete verification of corrective actions to start VX Agent operations in 1st quarter FY2003.			
Actual Performance:		Not achieved.			
Key Goal II:		Complete destruction of chemical agent stored at Pine Bluff, AR site.			
Performance Target:		Complete construction of facility in 1st Quarter FY 2003.			
Actual Performance:		Target met.			
Key Goal III:		Complete destruction of chemical agent stored at Anniston, AL site.			
Performance Target:		Complete surrogate trial burns for liquid incinerator and deactivation furnace in 1st quarter FY 2003.			
Actual Performance:		Target met.			
Key Goal IV:		Complete destruction of chemical agent stored at Pueblo, CO site.			
Performance Target:		Award systems contract for design, construction, and operation of facility.			
Actual Performance:		TBD			
Key Goal V:		Complete destruction of chemical agent stored at Umatilla, OR site.			
Performance Target:		Complete surrogate trial burns for liquid incinerator number 1 and deactivation furnace in 1st quarter FY 2003.			
Actual Performance:		Not achieved.			
Key Goal VI:		Complete destruction of chemical agent stored at Blue Grass, KY site.			
Performance Target:		Support technology decision and NEPA process.			
Actual Performance:		TBD			

3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	The program performance plan has not yet reported on its achievements in relation to the baseline plan. Nor has it displayed any decreasing unit costs associated with the disposal of chemical weapons.	While the Program office is concerned about cost effectiveness, it places a premium on the safe disposal of the stockpile.	17%	0.0
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	NA	There are no other federal programs charged with the destruction and disposal of chemical weapons.		17%	

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	No	Independent audits and evaluations indicate that the program is not performing as efficiently or optimally as it could.	Two reports, GAO NSIAD 00-80-Improvements Needed in Program Accountability and Financial Management which indicates that the program needs to implement changes to its financial management practices, and DoD IG report No. D2002AE-0081-A Revised Program Baseline and Threat Assessment for the Chemical Demilitarization Program states the program had to changes its schedule in order to meet program requirements.	17%	0.0
6 (Cap 1.)	<i>Were program goals achieved within budgeted costs and established schedules?</i>	No	The program has undergone a major rebaselining effort that added approximately \$9 billion to the cost of the program.	The program has suffered from a series of delays that may ultimately cause it to miss its stated deadlines under the Chemical Weapons Convention.	17%	0.0
Total Section Score					100%	17%

PART Performance Measurements

Program: Chemical Demilitarization
Agency: Department of Defense--Military
Bureau: Procurement
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Ineffective
80%	78%	66%	17%	

Measure: Capital cost of fuel cell generating equipment (\$/kW)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2012	100%		

Measure: Measures under development

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2002	25%	25%	
2004	45%		

Measure: Measures under development

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
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PART Performance Measurements

Program: Comanche Helicopter Program
Agency: Department of Defense--Military
Bureau: Army
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not Demonstrated
60%	100%	100%	44%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The Comanche is a Reconnaissance/Attack helicopter operating as a member of the Army's future "Objective Force" to conduct reconnaissance, mobile strike, close combat with ground forces, support of air assaults and support of assault operations.

Evidence: Comanche Operational Requirements Document Approved Oct 2002

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: Comanche solves the known aviation reconnaissance deficiencies of limited night/adverse weather capabilities; inadequate power, range, and endurance for emerging missions; maintenance-intensive systems and limited growth potential.

Evidence: Comanche Operational Requirements Document Approved Oct 2002

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: NO

Question Weight 20%

Explanation: Comanche is designed to replace existing legacy systems that can not perform the emerging objective force missions in an effective manner. However, there are UAV programs in development that may provide similar, if not exactly the same, capability.

Evidence: Comanche Operational Requirements Document Approved Oct 2002 and an Analysis of Alternatives was conducted to evaluate Comanche against all potential alternatives. However, emerging capabilities in Unmanned Aerial Vehicles may overlap with proposed Comanche capabilities.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: NO

Question Weight 20%

Explanation: The program was evaluated in Oct 2002 and restructured to meet the emerging requirements. The program has been restructured five times since its inception in 1983. Before the most recent restructuring the program was not meeting established program goals.

Evidence: After it's most recent restructuring, the program is now designed to meet all key performance parameters as defined by Comanche planning documents. An Analysis of Alternative approved in Oct 2002 evaluated all viable systems to meet the specified mission requirements and Comanche was identified as the most effective and efficient system. (However, the program was not meeting it's previously established program goals.)

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?

Answer: YES

Question Weight 20%

Explanation: The Comanche program is planned to provide the mission performance required to meet projected combat mission requirements and is scheduled for fielding to meet operational requirements as soon as practical, but at the lowest cost and schedule risk possible.

Evidence: The Comanche program as defined by program planning documents was approved by the Defense Acquisition Board in Oct 2002, which stipulates that funding for the program will result in a usable product for the user.

PART Performance Measurements

Program: Comanche Helicopter Program
Agency: Department of Defense--Military
Bureau: Army
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not
60%	100%	100%	44%	Demonstrated

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:11%

Explanation: The Comanche has Key Performance Parameters and schedule goals that define the critical performance requirements for the system.

Evidence: Vertical Rate of Climb equals a minimum/maximum of 500/750 feet per minute by 2009. Production contract by 1st quarter 2009. Total aircraft deliveries of 646 by 2019.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:11%

Explanation: The program plan includes multiple milestones and key events that will provide decision points to evaluate the program progress toward meeting the program long-term goals.

Evidence: The Comanche Acquisition Program Baseline includes clearly defined critical events and performance measures that are continually monitored to assure progress is being made toward the long term objectives.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:11%

Explanation: The Comanche program includes multiple annual performance measures for cost, schedule and technical performance that are used to evaluate the program progress on a continual basis.

Evidence: The Comanche program includes all DoD program reporting requirements used by the DoD to evaluate program progress for cost, schedule and technical performance. Annual measures are: Complete the acquisition process review of the second stage of development by the end of 2004. Complete development and qualification of the T-800 engine by the end of the 1st quarter 2004. Award the engineering contract by end of 2nd quarter 2004.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:11%

Explanation: The Comanche program has an approved Acquisition Program Baseline that includes measures of all critical program elements currently approved.

Evidence: The Comanche APB was approved Oct 2002 to define both annual and long term program objectives.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:11%

Explanation: All necessary program participants within and outside of DoD evaluated the approved program plan and committed to provide support as required.

Evidence: All program plans and approval documents are fully coordinated with all applicable DoD program participants and annual reviews are conducted to provide program status and determine if further program direction is required.

PART Performance Measurements

Program: Comanche Helicopter Program
Agency: Department of Defense--Military
Bureau: Army
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not
60%	100%	100%	44%	Demonstrated

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:11%

Explanation: The Comanche program has several scheduled formal DoD reviews annually, evaluations by audit agencies and multiple independent evaluations by congress and agencies associated with tracking defense programs.

Evidence: GAO and DoD IG conduct reviews of the program on a periodic basis. DoD IG report D-2003-087 which stated that recent Army changes to the program should result in a more stable and less risky program. GAO-03-476 report states that seven of the eight critical technologies are mature; however, they have not been integrated and demonstrated on the Comanche airframe.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight:11%

Explanation: The Comanche program has undergone 5 restructurings and has not possessed the stability that a successful major acquisition program requires. Since its recent restructuring, the Comanche program has submitted annual budget documents that take steps to define the resources required for specific program effort and objectives to be accomplished. These budget documents include multiple years that indicate past, present and planned effort associated with the requested resources.

Evidence: The Comanche program budget documents flow through the formal DoD budget process to assure that the requested resources are clearly related to program requirements and defensible at all levels of DoD and congress. The program execution of prior year funding and detail planning of requested funding are tied to specific performance objectives for the year of the funding and also related to the long-term program performance goals and objectives.

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:11%

Explanation: The Comanche program was evaluated in its entirety during CY2002 to include review and update of system requirements and timing of system fielding plans, which resulted in the program's 5th major restructuring since its inception. Concurrent with the program restructuring, all program goals were updated to be compliant with the current and emerging objective force requirements.

Evidence: DoD approved of Comanche program documents and the Army \updated those documents to meet current requirements and the restructured program was officially approved by the Office of the Secretary of Defense on Oct 17, 2002.

2.CA1 Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule, risk, and performance goals and used the results to guide the resulting activity? Answer: YES Question Weight:11%

Explanation: The Comanche program was evaluated as part of an Analysis of Alternatives in conjunction with the restructure process of the program in CY2002.

Evidence: An Analysis of Alternatives was performed in Jul 2002 to confirm the Comanche at that time was the most effective and least cost solution of the armed reconnaissance/attack requirements. The report found that a Comanche/UAV teaming effort enhanced the program's effectiveness. However, continued work on UAVs may provide a future, similar capability for less cost.

PART Performance Measurements

Program: Comanche Helicopter Program

Agency: Department of Defense--Military

Bureau: Army

Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not Demonstrated
60%	100%	100%	44%	

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:12%

Explanation: The Comanche program utilizes multiple techniques to collect program performance data that can be used as metrics to evaluate the current and projected performance of all the elements associated with the programs objectives.

Evidence: The Comanche program office collects cost, schedule and performance data on all significant efforts within the program plan. All major contract efforts include Earned Value Management System reporting on a monthly basis. In addition, contractor performance trend data is reviewed weekly to make corrective actions as soon as possible.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:12%

Explanation: The Comanche program includes standards that apply to both DoD and contractor performance. At varying intervals, performance is measured against those standards to obtain an objective measurement of program performance.

Evidence: The major contract effort for the design , development, manufacture and testing of the Comanche includes fee incentives. Annual criteria are established that are evaluated monthly to determine how well the contractor has performed against those criteria and the level of reward that will be awarded for that performance. The Program Manager's staff is also measured against many of those same criteria to determine if they are managing the contractual effort in an effective manner and annual awards are based on their performance.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:12%

Explanation: Program consistently exceeds Army obligation goals within 30 days of release of annual funding. The Budget is spent to meet incrementally funded contracts and in-house requirements , as approved by the DAB, Oct 02. Obligated funds at the end of first year are 99-100%.

Evidence: Budget and Prior Year Obligation Plans are completed in January each year and performance measured quarterly against the plan. Monthly Obligation reports are submitted to PEO Aviation and Annual Assurance Statements have concluded that controls are operating as intended .

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:12%

Explanation: The program includes multiple procedures and planned processes designed to improve the program efficiencies and effectiveness throughout the entire acquisition life cycle. The CAIV principles are applied throughout the program plan to maximize the use of the available resources.

Evidence: The approved program Acquisition Strategy Report includes multiple procedures and planned processes designed to improve the program efficiencies and effectiveness throughout the entire acquisition life cycle. The initial contract efforts for the program were competitive and many follow on component development efforts have been evaluated in a competitive environment with emphasis placed on the CAIV principles.

PART Performance Measurements

Program: Comanche Helicopter Program
Agency: Department of Defense--Military
Bureau: Army
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not
60%	100%	100%	44%	Demonstrated

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight:12%

Explanation: The Comanche program plan includes the use of relevant technologies that are in development throughout DoD and industry. The technology associated with the Comanche program is innovative and is being shared as it evolves with other DoD programs and technology centers. However, the Comanche program office has loosely defined its relationship with UAVs, and the UAV programs continue development separately. The Comanche program assumes that the helicopter will team with UAVs, but does not provide the specific technical and operational details that would indicate UAVs are an integral part of the system. In addition, the Comanche has not clearly defined its relationship with the Future Combat System and the Objective Force. There is a disconnect between the Future Combat System requirements documentation, which does not mention Comanche specifically, and the Comanche program's view of the helicopter's role in the Objective Force.

Evidence: The Comanche program describes a relationship with UAVs where the helicopter directs the activities of UAVs but it has not explained these technological or operational details. In addition, the Comanche program has not defined its operational relationship with the Future Combat System. The Future Combat Systems' program documentation does not speak of integration with the Comanche, but the Comanche program describes itself as Objective Force. However, several DoD programs such as the F-22, Joint Strike Fighter and Future Combat System are using common communication approaches and shared technologies with the Comanche program.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight:12%

Explanation: DoD has never received a clean audit of its financial statements. The Department is making efforts to improve its financial reporting mechanisms but there is much room for improvement. However, the Comanche program is free of material internal control weaknesses report from auditors. The Defense Contract Management Agency reviews contract vouchers to ensure proper payments. The program manager uses the Standard Operation and Maintenance Army Research and Development System, which is updated twice daily. Financial data is extracted daily to determine, minimize and correct erroneous payments. Defense Finance and Accounting Service and the program manager perform joint reconciliation quarterly.

Evidence: DoD has never received a clean audit of its financial statements. However, the Army Audit Agency found no material weakness of the Comanche program as part of its Audit of General Fund Principal Financial Statements-RDTE Appropriations, 31 Jul 01. The Defense Finance and Accounting Service and the program manager perform triannual Joint Reconciliation Program. The program manager maintains a database of unmatched disbursements and follow-up resolution with the Defense Finance and Accounting Service. The program manager reconciles its records monthly to the official Army financial accounting system.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:12%

Explanation: Three independent Comanche Program assessment reports were completed prior to the Defense Acquisition Board's decision , Oct 02. Presently, the Software Engineering Institute is performing an independent study which program management will use to assess and enhance the software development process improvement.

Evidence: The program manager used results of independent assessments to develop the program restructure strategy. In addition, the program manager implemented program mangement recommendations to imcrease software and systems engineering disciplines and designate Government equivalents to contractor personnel.

PART Performance Measurements

Program: Comanche Helicopter Program
Agency: Department of Defense--Military
Bureau: Army
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not
60%	100%	100%	44%	Demonstrated

3.CA1 **Is the program managed by maintaining clearly defined deliverables, capability/performance characteristics, and appropriate, credible cost and schedule goals?** Answer: YES Question Weight:12%

Explanation: The Comanche program is planned to meet the clearly defined system requirements as defined by the program Key Performance Parameters. The program plan also includes cost and schedule goals that have been clearly defined with objectives and thresholds that are monitored on a monthly basis.

Evidence: The Comanche program is defined by an approved Operational Requirements Document that clearly states the systems requirements and an Acquisition Program Baseline that defines cost, schedule and performance objectives. The program performance against these objectives are measured against DoD and congressional standards. The program performance against those goals are reported monthly, quarterly and annually to assure that adequate progress is being made towards achieving those objectives. Any significant variance to those goals results in a breach that must be identified and explained to DoD and congress before the program can continue.

4.1 **Has the program demonstrated adequate progress in achieving its long-term performance goals?** Answer: NO Question Weight:16%

Explanation: The Comanche program was reviewed during the past 12 months to determine if the requirements were current, the program plan and schedule supported delivering those requirements and the effort was adequately resourced. Most areas of the program were progressing toward those objectives but needed redirection to integrate additional requirements and schedule impacts. The Comanche program is in the development phase and program adjustments to long term goals are anticipated to keep them current, but efforts towards meeting the program goals are evaluated monthly to assure progress is being made as planned. Prior to rebaselining, the program suffered from numerous delays and cost overruns.

Evidence: All program documents were reviewed, updated and approved as part of the restructure of the Comanche program effective Oct 2002. Included in those documents are explicit milestones and events that are used to determine if the program is progressing toward the program goals as expected. The Comanche program performance goals are primarily defined in the Operational Requirements Document with priority of meeting those goals clearly defined with the Key Performance Parameter's defined as the primary performance goals. However, the fact that the program was restructured and rebaselined five different times is an indicator that performance measures were not being achieved.

4.2 **Does the program (including program partners) achieve its annual performance goals?** Answer: SMALL EXTENT Question Weight:16%

Explanation: The Comanche program plan includes multiple levels of milestones and events that can be evaluated as required to determine program progress. Evidence suggests that in the past, the program has largely not met its annual performance goals. Results against the recent restructuring are still forthcoming.

Evidence: Multiple program reports and documents are developed and submitted monthly for various levels of review to assure all levels of management that progress is being made as expected. Examples of reports and reviews are EVMS, MAPR, DAES, SAR, Budget documentation, multiple senior level status meetings and at least two formal IIPT reviews that look at all aspects of the program.

PART Performance Measurements

Program: Comanche Helicopter Program
Agency: Department of Defense--Military
Bureau: Army
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not
60%	100%	100%	44%	Demonstrated

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight:16%

Explanation: The program plan includes multiple milestones, key events and progress reports that demonstrate the efficiency of the program execution toward meeting the program goals. All areas of the program are monitored by various agencies to evaluate the efficiency and effectiveness of the program.

Evidence: The current status of the program as measured by multiple metrics provides evidence that the program is achieving all program goals as expected. There are standard reports and documentation that are submitted on a recurring basis that provide evidence of both efficiency and effectiveness of the program progress toward meeting both near and long term goals.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight:16%

Explanation: The Comanche performance currently meets or exceeds all Army/DoD standards.

Evidence: The Comanche program is required to submit reports and program documentation that includes performance metrics on all aspects of the program. Those metrics are compared against standards and other programs of the same nature. Comanche performance ranks high among all DoD ACAT 1 programs in every category.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: SMALL EXTENT Question Weight:16%

Explanation: The Comanche program received multiple reviews by independent sources during the process of restructuring the program over the last 12 months. The recommendations and suggested changes were incorporated into the revised program plan that was approved at a DAB level review in Oct 2002. However, previous reviews over the course of three decades question the cost, schedule and performance risk of the aircraft.

Evidence: The Comanche restructure process over the past 12 months included extensive reviews by Greybeard, Redteam, Senior Executive teams and several audit agencies that provided recommendations and suggested changes to improve the program performance. The restructure program was evaluated by these groups and all were pleased with the revised program plan and supported its approval. The program is currently meeting or exceeding all performance requirements and proceeding as expected. GAO reports GAO/NSIAD-92-204 and GAO/NSIAD-99-146 both cited the need for a program review given Comanche's cost and schedule overruns. Report GAO-01-450 stated that cost and schedule overruns and performance deficiencies threaten the success of the program.

4.CA1 Were program goals achieved within budgeted costs and established schedules? Answer: NO Question Weight:16%

Explanation: The recent restructure was the direct result of the program's inability to consistently meet cost and schedules goals for the Comanche. However, all recently revised annual program objectives and standards are being met or exceeded. All current efforts continue to indicate good performance toward meeting these new annual and long term schedule and cost goals.

Evidence: Multiple cost overruns and delays to program prior to 2002 resulted in restructurings to bring costs and the schedule under control. When judged by the program's 30-year historical performance, it has not achieved its cost and schedule goals. However, all new current indicators for cost, schedule and performance provide the metrics to show that the program is making good progress toward meeting its recently revised annual and long term goals.

PART Performance Measurements

Program: Comanche Helicopter Program
Agency: Department of Defense--Military
Bureau: Army
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not Demonstrated
60%	100%	100%	44%	

Measure: Vertical Rate of Climb (in feet per minute)
Additional Information: Verification by flight test and analysis (feet/minute)

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2009	500		

Measure: Date of Production Contract
Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2009	1Q 2009		

Measure: Total # of Aircraft Delivered
Additional Information: Post-MS III Production Contracts

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2019	646		

Measure: Complete Block II Interim Decision Review
Additional Information: Documentation on status of cost, schedule, performance and program risk.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	2004		

Measure: Complete development/qualification of T-800 engine (1Q), EMD engine deliveries begin (2Q-4Q).
Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	2Q-4Q 2004		

PART Performance Measurements

Program: Comanche Helicopter Program
Agency: Department of Defense--Military
Bureau: Army
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Results Not
60%	100%	100%	44%	Demonstrated

Measure: FY 2004 EMD contract award
Additional Information: Continuation of EMD effort

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	1Q-2Q 2004		

OMB Program Assessment Rating Tool (PART)

Capital Assets & Service Acquisition Programs

Name of Program: Communications Infrastructure

Section I: Program Purpose & Design (Yes, No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The purpose of the communications infrastructure program is to make information available on a network that people depend on and trust. The department is working to achieve a ubiquitous, secure and robust network, without bandwidth, frequency or computing capability limitations. The key to this network is a well developed, dependable communications infrastructure program.	Evidence includes directions from the Secretary of Defense, goals of the Assistant Secretary for Command, Control, Computers, and Intelligence, Joint Vision 2020, the DoD Information Management Strategic Plan.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	The communications infrastructure program allows DoD personnel at all levels to share information, prepare and execute military plans, and provide administrative support to the department.	All military and business functions require a robust, secure, unconstrained communications infrastructure. Supporting documents include: Joint Vision 2020; DoD Directive 4640.13; Joint Requirements Oversight Council validation of capstone requirements; Quadrennial Defense Review.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	DoD is the sole agency in the federal government responsible for providing a secure robust reliable communications infrastructure for military and intelligence needs. The federal contribution is \$5.4 billion. The increased funding of \$500 million in FY 2003 for Bandwidth Expansion will increase bandwidth connections to 90 locations and eliminate current network congestion while increasing reliability.	100% of the program's funding comes from Federal funds. The communications infrastructure program provides communications capabilities at more than 600 defense installations around the world.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	This is the only federal, state or local program that provides communications infrastructure to the Department of Defense. The PART review covered DoD communications infrastructure programs which provide for transition of voice, data and video information between DoD facilities and within DoD facilities as well. The population served by this program is not served by any other program.	There are no other programs designed to provide communications capabilities to support U.S. national security needs. DoD budget exhibits and strategic plans confirm that this is the only DoD program to provide a communications infrastructure.	20%	0.2
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	There may be a more efficient manner to implement the program to achieve the desired results.	No study has examined all elements of the communications infrastructure program to determine if the current program is, indeed the most cost-effective method to provide this capability. Private sector best practices suggest an department-wide approach for providing communications infrastructure is more effective and efficient than each individual component providing its own communications infrastructure. DoD does not yet manage this program on a department-wide basis, although it is moving in that direction.	20%	0.0
Total Section Score					100%	80%

Section II: Strategic Planning (Yes,No, N/A)						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	DoD has not yet established clear, measurable outcome goals with timelines. The program, however, does have a clear vision: "to provide a ubiquitous, secure, and robust network without bandwidth, frequency or computing capability limitations." While the vision is clear, better metrics are required. DoD has prepared a rough draft of possible long-term goals, but these have not been finalized or approved.	There are no goals or performance metrics that measure capabilities of the entire infrastructure. Portions or projects of the communications infrastructure, such as the Defense Information Systems Network, the Bandwidth Expansion effort, and DoD Teleports, do, however, have clear measurable goals. For example the Defense Information Systems Network plans to reduce data transmission costs from \$60.36/kb in FY 2002 to \$22.04/kb in FY 2007.	11%	0.0
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	DoD is implementing several programs with quantifiable short-term goals to support the long-term vision of providing a ubiquitous, secure, and robust network without bandwidth, frequency or computing capability limitations. These programs include the Bandwidth Expansion program, DoD Teleports, the Defense Information Systems Network, Army Installation Information Infrastructure Modernization Program, and Navy Marine Corps Internet (NMCI).	The Bandwidth Expansion program has a clear measurable outcome: to provide optical cable connections to 90 sites in the continental United States in FY 2003 and FY 2004 to increase bandwidth. DoD Teleports will increase bandwidth capabilities for satellite communications by adding additional frequency bands (X, C, Ku) in FY 2002-2004. Navy plans to convert almost its entire existing Information Technology network to the Navy Marine Corps Intranet, a system maintained by a private contractor. The Army plans to upgrade its base level communications infrastructure.	11%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	The military services and the Defense Information Systems Agency are partners in providing the communications infrastructure. The military services agree on the need for a robust, reliable, assured network and include these goals in their strategic plans. The Defense Information Systems Agency has a performance plan agreement with the Office of the Secretary of Defense and the Defense Resources Board. Systems that are not part of the DoD Information Technology plan, or in compliance with DoD Information Technology policies are required to seek a waiver. The waiver process forces all programs to eventually become part of the department's communication infrastructure network	Evidence includes the Defense Information Systems Agency Performance Plan and Transformation Roadmap, as well as strategic plans from the services, and the DoD Information Technology waiver process. Under the waiver process, DoD directed 22 legacy networks to move to the standard communications infrastructure system between 1999 - 2006. There are plans to move the remaining 10 networks to the standard DoD systems, including 9 Navy networks that will be moved during conversion of the Navy's communications infrastructure to a private contractor.	11%	0.1
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	The department provides communications capabilities used by other agencies, such as the Federal Aviation Administration, and uses other federal communications capabilities, such as Federal Telecommunication Service 2001, managed by the General Services Administration. The National Communication System leads inter-agency committees to provide emergency communications. The department also participates in the interdepartmental radio advisory committee and works with the Federal Communications Commission on communications issues to prevent spectrum interference.	The National Communications System, a part of DoD, manages the Government Emergency Telecommunications Service to provide telecommunications capabilities to federal leaders in the event of an emergency. DoD has agreements with the Federal Aviation Administration and uses the federal telecommunications contract managed by the General Services Administration. DoD worked with other agencies in the federal government and the Executive Office of President on proposed spectrum legislation in FY 2002.	11%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	yes	DoD Program Analyses and Evaluation, the General Accounting Office, and internal DoD evaluators have examined the Defense Information Systems Agency and the Defense Information Systems Network. The Navy Marine Corps Internet has been reviewed multiple times by independent assessors and the Navy CIO.	Evidence includes General Accounting Office reports, Program Analysis and Evaluation reports, DoD Inspector General reports, Defense Information Systems Agency reports, and independent reports on the Navy Marine Corps Internet.	11%	0.1
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	Communications infrastructure budget submissions clearly identify the capabilities provided by a given funding level, and what additional requirements are satisfied by increased funding. The budget submission is tied to the department's goals for information technology and communications infrastructure.	The program's goal is to provide a ubiquitous, secure and robust network, without bandwidth, frequency or computing capability limitations. The budget is aligned with this goal, within the overall funding constraints of the department. For example, the Bandwidth Expansion program will improve the communications infrastructure to about 90 locations, thereby reducing or eliminating bandwidth constraints. This effort costs about \$500 million in FY 2003, but the results will be clear and directly support the program goal.	11%	0.1
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	As a result of criticism that too many systems were not integrated with the primary DoD communications infrastructure, DoD implemented a waiver process to force independent systems to become part of the larger communications infrastructure system. DoD has developed draft long term goals, although these have not been reviewed or finalized. The Army is considering implementing Service Level Agreements to measure service quality.	Evidence includes establishment of the waiver board, results of waiver process, and the waiver handbook, as well as draft long-term goals, and the Army Information Management Implementation Plan, Phase 1.	11%	0.1
8 (Cap 1.)	<i>Are acquisition program plans adjusted in response to performance data and changing conditions?</i>	Yes	DoD is seeking increased network capacity in response to network capacity constraints, congestion, and delays.	DoD has launched two primary programs, Teleports and Bandwidth Expansion, to increase bandwidth and improve reliability.	11%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
9 (Cap 2.)	<i>Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?</i>	No	Several parts of the communications infrastructure program have conducted recent analysis of alternatives, but these are not comprehensive.	Evidence includes analysis of alternatives for the Navy Marine Corps Internet and Teleports, although none of these offers a comprehensive analysis of alternatives for the entire program.	11%	0.0
Total Section Score					100%	78%

Section III: Program Management (Yes,No, N/A)						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	The Defense Information Systems Agency collects program performance measurements. DoD also monitors networks and systems for compliance with the department's Information Technology architecture and use of the Defense Information Systems Network.	Evidence includes quarterly performance contract report, performance plan, the waiver process, and Navy Marine Corps Internet Service Level Agreements.	10%	0.1
2	<i>Are Federal managers and program partners (grantees, sub grantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	No	There is little evidence program managers are held accountable for program performance. Contracts with private partners are not performance based. The Army and Air Force do not have performance contracts. There has been little consequence for performance shortfalls in the Navy Marine Corps Internet. Only the Defense Information Systems Agency has a performance contract stating performance goals.	Evidence includes lack of performance contracts and no accountability for Navy Marine Corps Internet problems. The Defense Information Systems Agency, does, however, have a performance contract.	10%	0.0
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Funds are obligated in a timely manner and spent on the intended purpose	Evidence includes DoD financial reports, audits, reviews by DoD Inspectors General, and reviews by the Defense Information Systems Agency.	10%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	While parts of the program, such as the Defense Information Systems Network, are measured on cost per unit basis, there is no evidence other parts of the program have such procedures and incentives.	There is limited evidence that the services measure or promote efficiency and cost effectiveness. The only example is Defense Information Systems Network, which plans to reduce data transmission costs from \$60.36/kb in FY 2002 to \$22.04/kb in FY 2007.	10%	0.0
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	The budget for the communications infrastructure program is developed to meet the program goals within the budget constraints of the department. There is no other source for funding this program, including administrative and overhead costs, other than the DoD budget. DoD conducts an extensive budget review to ensure that all administrative and overhead costs are included in the budget.	The annual DoD budget justification books include the full cost of this program, including overhead and other indirect program costs.	10%	0.1
6	<i>Does the program use strong financial management practices?</i>	No	DoD financial systems prevent a clean audit. DoD can not certify that payments are made properly for the intended purpose and erroneous payments are minimized.	Evidence includes DoD Inspector General reports, and reports from the General Accounting Office, such as the high risk list.	10%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	DoD implemented the waiver process to review systems that do not comply with DoD policies. DoD has prepared draft long term goals, although these have not yet been approved.	Several General Accounting Office reports (GAO-02-50; GAO/AIMD-97-9; GAO/AIMD-98-202) noted problems with networks that did not conform with DoD policies. In response to this criticism, DoD instituted the waiver process to force compliance with DoD policies.	10%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
8 (Cap 1.) <i>Does the program define the required quality, capability, and performance objectives of deliverables?</i>	No	There are no clear performance parameters and operational requirements for the entire communications infrastructure, although parts, such as the Defense Information Systems Network do have some of these measurements. Only the Navy Marine Corps Internet uses a performance based contract with outside contractors.	Use of service contracts is limited, except for the Navy Marine Corps Internet. There is a "capstone requirements" document for the Defense Information Systems Network, but there are no defined capability or performance objectives for the Army and the Air Force, or for the overall communications infrastructure.	10%	0.0
9 (Cap 2.) <i>Has the program established appropriate, credible, cost and schedule goals?</i>	No	While parts of the program, such as Bandwidth Expansion program and Teleports have established cost and schedule goals, other elements of the program, such as the Navy Marine Corps Internet, do not have credible goals.	The Navy Marine Corps Internet has not met goals to move legacy applications to the new network, convert existing users to the new network, or establish an automated network management system. There is no evidence of Air Force goals. The Army has goals for acquisition for its base infrastructure upgrade plan, but not for operations of the communications infrastructure.	10%	0.0
10 (Cap 3.) <i>Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit?</i>	NA	There is no credible way to conduct a cost-benefit analysis where the benefit is warfighting capabilities.	Not applicable.	0%	
11 (Cap 4.) <i>Does the program have a comprehensive strategy for risk management that appropriately shares risk between the government and contractor?</i>	No	The Defense Information Systems Agency strives to minimize risk by carefully analyzing network systems to eliminate potential points of failure, but the government still bears the risk of contractor failure without potential recourse.	Evidence includes the Defense Information Systems Agency contracts and program data from the services. The services do not use Earned Value Management Systems to manage risk.	10%	0.0
Total Section Score				100%	40%

Section IV: Program Results (Yes, Large Extent, Small Extent, No)					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	While the Defense Information Systems Agency, and to a lesser extent the services, have established long term goals, there are no clear measurable outcome goals for the program in its entirety.	DoD has prepared draft performance metrics for communications infrastructure department wide, but these have not been finalized. The Defense Information Systems Agency does have measurable long term goals which it is using to manage. The Navy Marine Corps Internet is another example of a program with established measurable long term goals.	17%	0.00
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<p>Long-Term Goal I: To provide a ubiquitous, secure, and robust network without bandwidth, frequency or computing capability limitations</p> <p>Target: DoD has not yet established clear measurable outcome goals to evaluate progress towards the goal</p> <p>Actual Progress achieved toward DoD has prepared draft performance metrics, but these have not been reviewed or approved.</p> <p>goal:</p> <p>Bandwidth Expansion and Teleports are currently on schedule to start delivery in FY 2003. These programs are designed to improve bandwidth capacity, but there is no metric associated with the goal to indicate the degree of success.</p>						
<p>Long-Term Goal II:</p> <p>Target:</p> <p>Actual Progress achieved toward goal:</p>						
<p>Long-Term Goal III:</p> <p>Target:</p> <p>Actual Progress achieved toward goal:</p>						

2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Large extent	The Defense Information Systems Network goals include measurements of availability and speed. Army installation upgrades are on schedule. The teleports are on schedule. The Navy Marine Corps Internet is behind schedule on conversion of legacy applications. (Bandwidth Expansion will not start until FY 2003)	Evidence includes Defense Information Systems Agency Performance Plan, Army and Navy reports.	17%	0.11
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<p>Key Goal I: Non-Secure Internet Protocol Router Network access circuit is available at least 98.5 percent of the time. This is the unclassified IT system.</p> <p>Performance Target: available 98.5 %</p> <p>Actual Performance: 99.63% in FY 2000; 99.5% in FY 2001; no data yet for FY 2002 or FY 2003</p>						
<p>Key Goal II: Secure Internet Protocol Router Network latency within the continental United States not to exceed 100 milliseconds (ms). Latency measures the speed of the network. This is the classified IT system.</p>						

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
			Performance Target: Latency under 100 ms Actual Performance: 120 ms in FY 2000; 112 ms in FY 2001; no data yet for FY 2002 or FY 2003			
			Key Goal III: Army Installation Information Infrastructure Modernization Program (I3MP) Performance Target: 5 locations upgraded in FY 2001, 8 locations upgraded in FY 2002; 5 locations upgraded in FY 2003 Actual Performance: 5 locations upgraded in FY 2001, 8 locations upgraded in FY 2002, FY 2003 in progress			
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Small extent	The Defense Information Systems Agency reduced its per unit costs in FY 2000 and FY 2001 and plans to further reduce the per unit costs in the FY 2003 through FY 2007 time. There is no evidence the services (except for the Navy Marine Corps Internet) are analyzing costs to improve effectiveness and efficiency.	Defense Information Systems Network global data costs fell from \$75.60/kb in FY 2000 to \$53.12/kb in FY 2001; DEFENSE INFORMATION SYSTEMS NETWORK global video costs fell from \$2.73/min in FY 2000 to \$2.30/min in FY 2001; there was no change in voice costs (\$0.12/min).	17%	0.06
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Yes	This program compares favorably with other federal telecommunications programs such as the General Services Administration sponsored Federal Telecommunications Service. DoD is also starting to manage its systems on an department-level basis. Department level or enterprise level management of IT networks is a private industry best practice.	Evidence includes Defense Information Systems Agency study of DoD communications systems, the telecommunications capabilities offered by the General Services Administration, and comparisons with private industry. The analysis of the Navy Marine Corps Internet highlighted need for department level management of the communications infrastructure.	17%	0.17
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Small extent	Independent evaluations of the Defense Information Systems Agency and the Defense Information Systems Network indicate the program is effective and achieving results. The Navy Marine Corps Internet recently completed the first full operational assessment.	Evidence includes Defense Information Systems Agency and DoD evaluations of the Defense Information Systems Network, Navy Operational Test and Evaluation Force reports on the Navy Marine Corps Internet.	17%	0.05
6 (Cap 1.)	<i>Were program goals achieved within budgeted costs and established schedules?</i>	Small extent	Defense Working Capital fund operations were negative in FY 1999 to FY 2001, which means that costs were greater than collections. Bandwidth Expansion and Teleports are too new to evaluate at this point.	Army programs met cost and schedule goals.	17%	0.05
Total Section Score					100%	44%

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 25%

Explanation: Purpose 1: To enhance DoD and National security with medical readiness and properly trained health care providers, equipment, etc. Purpose 2: Provides health care to active duty members and retirees, and their families.

Evidence: 10 USC chapter 55; Health Affairs Mission Statement; DoD Health Affairs Charter

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 25%

Explanation: The program provides medical readiness training for war time operations and provides health care benefits for military members, retirees, and their families.

Evidence: 10 USC chapter 55; Health Affairs Mission Statement; DoD Health Affairs Charter

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 25%

Explanation: No other federal program develops and maintains a medical readiness capability to support DoD's war time requirements. The medical readiness capability is the primary reason DoD maintains a military health care system. This infrastructure serves as a training platform to develop and maintain required war time skills and also provides health care for military members, retirees, and their families. DoD provides much family-related care that can be obtained in the private sector or from other Federal programs. DoD is in the process of reviewing its medical readiness cost and methods to maintain this capability. DoD expects to perform a comparative analysis of its current training platform benefits and costs to review alternative methods.

Evidence: DoD develops and maintains its medical readiness capability through the military health care system infrastructure. The DoD health care infrastructure is the primary mechanism to ensure military health providers maintain medical readiness skills as they provide health care to military beneficiaries. Health Affairs expects thier internal medical readiness review to be complete during 2004. It is expected that this will tie into the 2006 DoD Transformation Program Review.

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: NA Question Weight: 0%

Explanation: DoD is re-designing its health care system with new TRICARE contracts that alter the contractor's economic incentives so they will optimize the utilization of DoD hospitals and other federal hospitals (e.g. Department of Veterans Affairs) before the private sector. DoD expects this will increase the Military Treatment Facilities (MTFs) workload, lower overall health care costs, and enhance its medical readiness. The new contracts are expected to begin in FY 2004. DoD is currently developing a method to conduct a comprehensive review of its medical readiness mission, originally designed to support large ground troop operations. It plans to identify the DHP and non-DHP costs, MILPERS/training requirements, establish common definitions, and identify other issues as it transforms the mission to the current war fighting doctrine. DoD expects its internal review of medical readiness to be complete in 2004. Therefore this is not an appropriate question at this time, while the program transitions to new TRICARE contracts and conducts a medical readiness mission review.

Evidence: DoD has published the new TRICARE contract request for proposal with an estimated FY 2004 implementation date. The proposed new contracts realign economic incentives to increase utilization at military hospitals and other federal hospitals (e.g. Department of Veterans Affairs) before work is moved to the private sector. In 2004, DoD also expects to begin a new retail pharmacy contract and Medicare/TRICARE Intermediary contract. DoD is in the process of developing a method to review its medical readiness mission that will standardizes definitions, review costs, and ensure its mission is properly designed, funded, and maintained. Health Affairs expects its internal medical readiness review to be complete during 2004. It is expected that this will tie into the 2006 DoD Transformation Program Review. The Administration intends to review the applicability of this question in 2005.

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight: 25%

Explanation: The program provides the military with medical readiness capabilities. In addition to developing and maintaining the DoD's medical readiness capabilities, the MTFs provide health care to military health beneficiaries. DoD has started a review of the cost and current methods used to provide its medical readiness mission. DoD expects to receive an analysis of alternative ways to meet this mission as a result of this review in 2004. However, it is recognized that federal funding to provide care to military beneficiaries is needed regardless of the method used to maintain medical readiness.

Evidence: In FY 2003, the unified medical budget (\$25.4 billion) funds the military health care system, which is responsible for over 8 million beneficiaries. Health care is delivered through military medical facilities, private sector medical providers, and private sector medical facilities. In addition, these funds support the training and equipment required to maintain the medical readiness capabilities.

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:20%

Explanation: DoD implemented its 5-year Military Health System (MHS) strategic plan in FY 2003. The plan, with 6 long-term goals and 19 objectives, identifies annual indicators to support its strategic direction. To monitor progress, the MHS uses a balanced score approach with annual outcome measures, built in part on past annual performance contract measures. Additional measures are being revised or developed as the plan is implemented. For example, an objective of the service to external customers goal is the national healthy people 2010 program. DoD identifies annual disease specific mortality and morbidity rates, health promotion activities, and provider compliance with clinical guidelines as annual indicators to measure progress on this objective and the overall goal.

Evidence: The new MHS strategic plan contains 6 long-term goals: improve service to customers, financial stewardship, medical readiness, health care quality, program efficiency, and overall value. It includes 19 objectives in support of these goals and 38 annual indicators to monitor progress. DoD planning documents demonstrate that 10 of the annual indicators are fully developed, 21 are under some level of development, and the final 7 indicators are waiting to be addressed.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:10%

Explanation: DoD has developed targets and timeframes for most of its goal areas identified in the MHS 5-year strategic plan. DoD is in the process of developing targets and annual indicators for the remaining of its goal and objective areas as it implements the new strategic plan. To facilitate the implementation, DoD is using previously developed data, where appropriate.

Evidence: The MHS strategic plan's balanced score card is build on previously developed data and new data. Monthly senior MHS leadership review the plan's indicators in its "Instrument Panel" tool. Quarterly, the Service SGs review a subset of the plan's indicators that are aligned to DoD's performance contract. Additional subsets of these indicators are used in DoD for the SECDEF and P&R offices to monitor the program. Finally, the developed and proposed indicators are reviewed quarterly at the MHS Leadership Team Meeting.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:15%

Explanation: The annual indicators are designed to measure progress toward the MHS Strategic Plan's long-term goals. Several of the annual indicators are based on previous data while others are under development. DoD continues to use its annual performance contract, a subset of 8 of the MHS's 38 annual indicators; signed by the Services, Health Affairs, USD (Personnel & Readiness), and the Deputy Secretary of Defense. The MHS plan identifies leadership owners and measure leaders to develop, revise, and monitor progress toward the goal areas. MHS leaders meet monthly and quarterly to review various measures. DoD has not yet fully developed indicators for all the objective areas but is aggressively working toward this end.

Evidence: A review of the goals, objectives, and targets from the MHS Leadership Team Meeting of May 7, 2003 briefing slides and balanced score card of the MHS strategic plan demonstrates 38 specific annual performance measures identified. DoD has developed 10 of the annual indicators with 21 under some level of development and 7 additional waiting to be addressed. Of the 38 annual indicators, 8 are directly linked to the 15 measures in DoD's performance contracts with the Services.

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight: 5%

Explanation: Implementation of the MHS strategic plan and development of annual indicators is progressing quickly. Several of the annual indicators are based on previously developed data. For example, the 8 performance contract measures linked to the plan have historical data and baselines. However, most of the remaining annual indicators remain under development. Therefore, baseline data and ambitious targets do not yet exist for most of the 38 annual indicators in the MHS strategic plan.

Evidence: A review of the goals, objectives, and targets from the MHS Leadership Team Meeting of May 7, 2003 briefing slides and balanced score card of the MHS strategic plan demonstrates 38 specific annual performance measures identified. DoD has developed 10 of the annual indicators with 21 under some level of development and 7 additional waiting to be addressed. Of the 38 annual indicators, 8 are directly linked to the 15 measures in DoD's performance contracts with the Services.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight: 10%

Explanation: The MHS strategic plan was developed by the Assistant Secretary for Health Affairs, Services Surgeon Generals (SGs), key TRICARE Management Activity staff, and DHP staff. The Service SGs are working to ensure their medical strategic plans align to the DoD plan. The SGs have implemented variations of the balance score card to support the MHS goal and objective areas. DoD's new TRICARE contracts, expected in FY 2004, will require the contractors to report performance indicators linked to the MHS strategic goals. Current TRICARE contractors' report some data linked to the new MHS strategic direction.

Evidence: The MHS Strategic Planning documents describe how the Air Force, Army, and Navy medical services were involved in the development of the MHS strategic plan. The MHS balanced score card identifies linkage between the Service SGs annual performance contract for several of the MHS goal areas. DoD documents identify progress by the Army, Navy, Air Force, and TMA to link their medical strategic plans to the MHS strategic plan.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight: 15%

Explanation: DHP uses several independent studies during its process to review and update its annual performance contracts with the services. This includes a review of the evaluations made by the Joint Accreditation of Health Care Organization (JCAHO) that compares the quality of care in DoD hospitals to private sector hospitals. In addition, DoD reviews the annual CNA study, mandated by Congress, to determine if any of the recommendations are appropriate for incorporation into the annual performance contract. The use of these evaluations are limited to its linkage to the strategic direction of the DHP and will change as the new MHS strategic measures and targets are fully developed. However, it is expected that the use of these and other independent evaluations to assess the performance gaps will continue.

Evidence: Discussion with Health Affairs staff on the development and use of independent evaluations with the annual performance contracts. The MHS Strategic Plan and the DoD performance contracts with the service SGs demonstrate measures that relate to the Joint Accreditation of Health Care Organization standards. The congressional mandated report, conducted by the Center for Naval Analysis (CNA) and IDA (Inst. Of Defense Analysis).

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: NO Question Weight:15%

Explanation: DHP has not yet reached this level of performance measure planning. DoD indicated that it will be addressed as it more fully implements its new MHS strategic Plan.

Evidence: The MHS strategic plan does not relate performance measures to budget resources or the impact of the goals and objectives on policy, budget, or legislative changes. There is no indication in the MHS strategic plan documents how the goals will align to budget funding or policy changes. The FY 2004 budget does not address performance based budgeting type activities.

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:10%

Explanation: DoD has taken steps to create and implement it MHS strategic plan. It continues to develop annual indicators for the new MHS goals and objectives. It is also working with the Services to link their specific medical plans to the overall MHS plan. The approach to use previously developed data, while new and revised measures are being developed, has enabled DoD to more quickly implement this new direction. DoD expects to continue to develop annual indicators so it can establish baselines and targets to monitor the progress.

Evidence: A review of the goals, objectives, and targets from the MHS Leadership Team Meeting of May 7, 2003 briefing slides and balanced score card to the MHS strategic plan demonstrates 38 specific annual performance measures identified. DoD has developed 10 of the annual indicators with 21 under some level of development and 7 additional waiting to be addressed. Of the 38 annual indicators, 8 are directly linked to the 15 measures in DoD's performance contracts with the Services.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:25%

Explanation: The data used to monitor the MHS Strategic Plan is collected on the 15th of each month. DoD uses the data it collects to monitor progress toward its MHS goals and objectives, which are reviewed quarterly by the MHS Leadership Team. Some of the data is also used for its Annual performance contracts with the Services and monitored monthly. DoD continues to participate in the federal common measures initiative.

Evidence: Monthly, senior MHS leadership review the plan's indicators in its "Instrument Panel" tool. Quarterly, the Service SGs review a subset of the plan's indicators that are aligned to DoD's performance contract. Additional subsets of these indicators are used in DoD for the SECDEF and P&R offices to monitor the program. Finally, developed and proposed indicators are reviewed quarterly at the MHS Leadership Team Meeting.

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:15%

Explanation: DoD identified the Service SGs as its program managers for care in the military hospitals and medical readiness. Accountability of key responsibilities is demonstrated at the quarterly MHS Leadership Team Meetings and the monthly Performance Contract reviews. DoD expects increase TRICARE accountability with the creation of a revised regional governance structure from 12 to 3 regions as the new TRICARE contracts are implemented. TRICARE contractors are held accountable through the contract's performance measures. If a contractor fails to meet a standard DoD requires the contractor to address the issues with a improvement plan. The current TRICARE contract design has no incentives to address costs. However, in the new contracts DoD plans to address cost management with economic incentives that encourage the contractors to fully utilize DoD's internal health care system before workload is shifted to the private sector.

Evidence: DoD identified the Services' SGs and TRICARE contractors as its key program managers. The MHS strategic plan annual indicators, reviewed quarterly, and the annual performance contracts, reviewed monthly, with the Services are the primary mechanisms to hold the Services accountable. The DoD reviews and monitor the TRICARE contract performance measures on a regular basis. One example, a TRICARE contract's access measure fell below the standard and DoD required an improvement plan to meet the standard. The draft Regional Governance Structure documents, received 3 July, 2003.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:10%

Explanation: DHP and OMB monitors obligations to ensure that funds are obligated according to the spending plan. OMB and DoD monitors obligations on a monthly basis to ensure that obligations match the spending plan.

Evidence: DHP provided OMB with a quarterly spending plan for FY 2003. The DoD 1002 reports illustrate the account and sub-account obligations by month.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: NO Question Weight:10%

Explanation: The program does not have procedures in place to measure and achieve efficiencies and cost effectiveness. DoD has identified some measures and plans to develop additional efficiency measures. However, DoD has not identified procedures to apply its measures to demonstrate how efficiencies and cost effectiveness will be assured.

Evidence: The FY 2004 budget submission to OMB as well as past congressional budget justification documents do not contain efficiency measures. Review of the status of the goals, objectives, and targets in the MHS Leadership Team Meeting of May 7, 2003 and annual performance contracts with the Service SGs.

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NO Question Weight:15%

Explanation: DoD and VA have made progress on several high-level management collaboration issues and expanded the traditional resource sharing at the local level. However, most of these initiatives are in the initial stages of implementation and have not yet demonstrated significant implementation or specific resource savings. Through the DoD/VA Executive Council, the Departments recently completed a joint strategic plan to increase their partnership efforts. The joint plan calls for the development of an interoperable clinical data repository to enable both departments access to shared clinical data. The departments plan to develop a data repository to allow VA access to DoD personnel data to verify veterans military service records. They established a limited pilot for DoD to use the VA Consolidated Mail Order Pharmacy and are in the process of assessing the results of the study. In addition, the Departments expect to use the Executive Council to identify and implement the DoD/VA resource sharing pilots required by FY2003 NDAA.

Evidence: The DoD/VA Joint Sharing Strategic Plan identifies goals to increase future sharing, such as a clinical data repository. However, most of these initiatives are still in the planning phase and have not achieved sustained or quantifiable results. Major challenges still exist with the implementation of the interoperable VA and DOD information systems for enrollment and two-way shared patient information. While the two Department's health care systems expend nearly \$30 billion annually each, VA's 2004 performance target for sharing agreements with DoD is only \$150 million. The North Chicago VA-Navy project is still awaiting implementation after years of planning. Other sharing initiatives, which appear to have promise like DoD's use of VA's consolidated mail order pharmacy are still in the early pilot and evaluation stage.

3.6 Does the program use strong financial management practices? Answer: NO Question Weight:10%

Explanation: DoD is not able to identify any recent audits or reports that demonstrates DHP is free from material internal control weaknesses or that payments are properly made and accounted for. DoD monitors DHPs operational financial performance through a Resource Management Steering Committee that meets twice a month. In addition, mid-year execution reviews of obligations are conducted with the Comptroller and OMB.

Evidence: No recent audits or reports are available.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:15%

Explanation: The MHS Strategic Plan and Annual performance contracts with the services address specific management concerns of the military health care system. DoD continues to review how it accomplishes its medical readiness mission. In addition, the monthly leadership reviews the MHS balanced scored card and provides an increased leadership focus on the MHS goals and objectives. DoD has increased its focus on DoD and VA health coordination with the development of a joint strategic plan. A significant step, the implementation of this joint plan and the completion of several initiatives that are on-going from the past few years still need to be completed to further the collaboration and coordination efforts to demonstrate full scale implementation and increased resource savings.

Evidence: A review of the goals, objectives, and targets from the MHS Leadership Team Meeting of May 7, 2003 briefing slides and balanced score card to the MHS strategic plan demonstrates 38 specific annual performance measures identified. MHS Strategic Planning documents describe how the Air Force, Army, and Navy medical services were involved as partners with Health Affairs to develop the MHS strategic plan. The MHS balanced score card identifies linkage between the Service SGs annual performance contract measures and several of the MHS plan goals. DoD documents show progress with the Army, Navy, Air Force, and TMA to link their medical strategic plans to the MHS strategic plan.

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: LARGE EXTENT Question Weight 20%

Explanation: The new MHS strategic plan with 6 long-term goals has 19 objectives identified with 38 annual indicators to monitor progress. DoD is measuring some indicators for most of its goal areas. The indicators generally suggest progress toward its goals. It is notable that DoD is using older data, where appropriate, refining past data, and developing new data to better monitor progress toward its goals. The 6 new MHS strategic plan's 5-year goals are to improve the programs service to customers, financial stewardship, medical readiness, health care quality, program efficiency, and overall value.

Evidence: The new MHS strategic plan contains 6 long-term goals. It has 19 objectives in support of the goals with 38 annual indicators to monitor progress. DoD planning documents demonstrate that 10 of the annual indicators are fully developed, 21 are under some level of development, and the final 7 indicators are waiting to be addressed. DoD uses a balanced score card approach that indicates linkage between the Service SGs annual performance contract measures and several of the MHS plan goals.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight 20%

Explanation: Implementation of the new MHS strategic plan and development of annual indicators are progressing quickly. A number of the annual indicators are based on data already available. However, most of the annual measures are either being revised or under development. Therefore, annual indicators with baseline data and targets do not exist for most of the annual indicators. DoD is working on these areas as it moves forward with the MHS strategic plan.

Evidence: Review of the status of the goals, objectives, and targets in the MHS Leadership Team Meeting of May 7, 2003. A comparison of the MHS strategic plan goals and objectives to the MHS balanced score card measures demonstrates 38 specific annual performance measures identified. The program has fully developed 10 of these indicators with 21 under some level of development and 7 additional waiting to be addressed.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NO Question Weight 20%

Explanation: DoD has not identified DHP efficiency measures and targets as required under question 4 of section III; therefore, the instruction require a "no" answer. DoD indicates that it monitors and improves program efficiency through its executive and financial reviews. In addition, DoD plans to develop efficiency measures as part of its MHS strategic plan.

Evidence: The FY 2003 budget estimate submission to OMB as well as past congressional budget justification documents do not contain efficiency measures for this benefit program. MSH Strategic plan.

PART Performance Measurements

Program: Defense Health
Agency: Department of Defense--Military
Bureau: Defense Health
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
100%	80%	65%	40%	

Measure: Patient Satisfaction Surveys

Additional Information: Validated patient satisfaction surveys are available and are being used with various beneficiary groups.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2003	55%		
2004	57%		
2004	65%		

Measure: Measures are being developed on inpatient and outpatient costs in the direct care system.

Additional Information: Various data elements are available to calculate the outpatient and inpatient costs in the direct care system, which can be compared TRICARE network costs.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual (Efficiency Measure)
2004	65%		

Measure: Measures are being developed on the medical readiness status of active duty members

Additional Information: Measures include immunization rates, current periodical physicals, and dental readiness

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual (Efficiency Measure)
2004	65%		

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The Aircraft Depot Maintenance program provides for airframe, engine, and component rework to meet established Chief of Naval Operations (CNO) readiness goals.

Evidence: The Department of Defense is required by 10 U.S.C. Sec. 2464 to perform organic maintenance on its materiel. DoD Directive 4151.18 states that "Maintenance programs are structured for meeting readiness and sustainability objectives (including mobilization and surge capabilities) of national defense strategic and contingency requirements."

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: National defense is an inherently governmental function, of which naval air power is a component. Periodic maintenance is required on all U.S. naval aircraft to keep them mission-ready and safe for continuous operations in support of national defense policy.

Evidence: The need for naval aviation is outlined in documents such as Naval Aviation Vision 2003 and Sea Power 21. Naval aviation is forward operating, allowing the U.S. to project offensive power from the sea and to extend defensive assurance throughout the world. DoD Directive 4151.18 outlines the need for maintenance to ensure that DoD materiel is kept in working order.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: No other government agencies outside the Department of Defense provide for the maintenance of the Navy's airframes, engines, and components.

Evidence: The Navy has Title 10 responsibility for the maintenance of its materiel assets. While there is some similarity with Air Force depot activities, collaboration through the Joint Depot Maintenance Activity Group ensures that the program is not unnecessarily redundant or duplicative of other Federal programs.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight 20%

Explanation: The Navy continuously reviews its maintenance procedures and models to increase their efficiency. Such processes determine workload requirements, costing of workload, and performance measurement. The Naval Air Depot Maintenance program allows naval aircraft to operate in a high degree of readiness and has contributed to the Navy's ability to project American naval power around the world.

Evidence: A February 2004 Verification, Validation & Accreditation found no major flaws in the Air Depot Maintenance Model requirement projection process. Moreover, the air depot maintenance program consistently meets the Navy's requirements.

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight:20%

Explanation: The program is well-designed. Air depot maintenance is a high priority within the Navy and funds are specifically targeted for it using the naval aviation Maintenance and Material Management System. The Office of the Secretary of Defense conducts a "mid-year" review to ensure that funds are being properly executed within the program.

Evidence: All funds in this program are contained within sub-activity group 1A5A (Congressional Special Interest) which is directly managed by the Commander for Industrial Operations (NAVAIR 6.0). Congressional approval is required prior to moving more than \$15M from this program funding line.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:13%

Explanation: Each aircraft type has a tailored maintenance program designed to keep it in a high state of material readiness. The Navy uses a Reliability Centered Maintenance method to identify maintenance required to maintain aircraft at a minimal cost. The metrics are the output of airframes and engines necessary to meet squadrons' readiness requirements. The Navy's goal is to have 73% of its aircraft mission capable.

Evidence: Policy for aircraft maintenance is set out in the Chief Naval Officer's policy guidance, Aviation Maintenance OPNAV Instruction 4790.2H. Performance metrics are reported in the Highlights of the Department of the Navy FY 2005 Budget book. Long-term estimates of maintenance requirements are listed out to 2014 in the Program Objective Memorandum (POM).

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:13%

Explanation: Maintenance actions are scheduled out until 2014. The Navy program strives to meet 100% of the maintenance requirements for deployed squadrons and fill ready for issue spare parts pools to 90%.

Evidence: Naval budget exhibits such as the OP-30 contain estimated airframe and engine induction requirements for future years.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:13%

Explanation: Each aircraft type has a tailored maintenance program designed to keep it in a high state of material readiness. The Navy uses a Reliability Centered Maintenance method to identify maintenance required to maintain aircraft at a minimal cost. Annual measures reflect the percentage of the number of repairs required to achieve the Navy's mission capable goals that the program expects to fund.

Evidence: Policy for aircraft maintenance is set out in the Chief Naval Officer's policy guidance, Aviation Maintenance OPNAV Instruction 4790.2H. Performance metrics are reported in the Highlights of the Department of the Navy FY 2005 Budget book. Long-term estimates of maintenance requirements are listed out to 2014 in the POM. These measures are also listed in the Navy's Highlights of the Department of the Navy FY 2005 Budget book.

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:13%

Explanation: The Navy's goals are to meet all of the maintenance requirements of the warfighter.

Evidence: The Navy's goals for airframes are: 100% of primary authorized aircrafts (PAA) for deployed squadrons and 90% PAA for non-deployed Squadrons. The goals for engines are zero-bare firewalls and filling 90% of ready for issue spares pools.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:13%

Explanation: The Navy, as an active member of the Joint Depot Maintenance Activity Group, participates regularly in conferences and discussions with partners to develop joint performance metrics and to establish and adopt best practices. Program partners are integrated in the AIRSpeed process that allows them to share best practices with public maintenance facilities and share knowledge that leads to efficiency gains.

Evidence: Depot Maintenance Interservice Support Agreements govern activities where the Navy uses other services' depots. The AIRSpeed Office acts as an operational enabler to link contractors and organic depots that interact with the Naval Aviation Readiness Integrated Improvement Program, which coordinates all Navy's aviation programs.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:13%

Explanation: The Naval Audit Service and Department of Defense Inspector General conduct periodic audits of the Navy's maintenance activities. In addition, Naval air depots are ISO 9001:2000 registered, which requires independent audits to verify that they are employing best management practices.

Evidence: Examples of recent audits include: Reporting of Depot Maintenance Workload Allocation between Public and Private Sectors; Industrial Planning Function at Naval Aviation Depot; Accountability and Control of Materiel at the Naval Air Depot; Accountability and Control of Materiel at the Naval Air Depot, North Island.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight:13%

Explanation: Budget requests reflect the units required for induction to support the CNO readiness goals and can be tracked to specific maintenance actions. The Navy measures performance in terms of the percent of identified maintenance needs that are fulfilled.

Evidence: In the OP-5 and OP-30 exhibits of the Department's Congressional Budget Justification Materials supporting the President's Budget Request. Funding actions can be tracked to specific maintenance actions.

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:13%

Explanation: The Navy is applying Theory of Constraints, Lean, and Six Sigma concepts to increase the efficiency of its depot maintenance programs.

Evidence: These concepts have been endorsed by the International Organization for Standards (ISO) ; and one depot has received an award for successful implementation.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:14%

Explanation: CNO receives monthly readiness reports. Department of the Navy Comptroller reviews performance information during the Navy midyear review, budget/requirement review and during the President's Budget review.

Evidence: The Navy has an Aviation Engine Management System output that is updated twice a month and contains information relating to all maintenance actions. This report is sent to the Chief of Naval Operations.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:14%

Explanation: The maintenance of U.S. military materiel is an inherently governmental function. Naval Air Systems Command, which manages this program, is held accountable via monthly readiness reports that are sent to the CNO. The Navy HQ also reviews performance information during the Navy midyear review.

Evidence: The Aviation Engine Management System allows logistics managers to review individual maintenance actions and hold managers responsible for them accountable for cost overruns or delays.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: Funds are obligated in a timely manner. While some carryover of maintenance funds is inevitable, the Navy maintains this amount within Defense Department guidelines. The Office of the Secretary of Defense conducts a "mid-year" review to determine whether funds are being executed according to requirements.

Evidence: The Navy Comptroller receives monthly reports (DD1002) from the Defense Finance and Accounting Service on current year obligations. Obligation data are also presented in the Navy's budget justification materials.

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:14%

Explanation: The Naval Air Systems Command and the Commander, Naval Air Forces manage process efficiencies for the aircraft depots through the Naval Aviation Readiness Integrated Improvement Program. The Navy is implementing an AIRSpeed process which examines a wide variety of performance metrics to identify interdependencies and processes that will improve maintenance efficiencies,

Evidence: The AIRSpeed Office has outlined its processes in a briefing outlining the AIRSpeed Enterprise architecture, which seeks to coordinate organic and contractor maintenance facilities to standardize practices that have resulted in increased efficiencies.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight:14%

Explanation: The Naval Aviation Readiness Integrated Improvement Program coordinates all aviation programs (e.g. Air Systems Support programs) within the Navy. The Navy collaborates with the maintenance programs of the other services through the Joint Depot Maintenance Activity Group.

Evidence: The Navy, as an active member of the Joint Depot Maintenance Activity Group, participates regularly in conferences and discussions with partners to develop joint performance metrics and to establish and adopt best practices.

3.6 Does the program use strong financial management practices? Answer: NO Question Weight:14%

Explanation: The Defense Department's financial management weaknesses are well-documented. While DoD continues to make efforts to improve it, the Department has yet to obtain an unqualified audit opinion. The Navy does not have audit reports demonstrating that its air depot maintenance program is free from internal weaknesses.

Evidence: Numerous audits document the Department's financial management weaknesses. Because of the magnitude of its problems, DoD is unlikely to obtain an unqualified audit for some time. GAO has specifically identified logistics and inventory control as one of the Department's weaknesses.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:14%

Explanation: The Naval Air Systems Command and the Commander, Naval Air Forces manage process efficiencies for the aircraft depots through the Naval Aviation Readiness Integrated Improvement Program. The Navy is applying Theory of Constraints, Lean, and Six Sigma concepts to increase the efficiency of its depot maintenance programs.

Evidence: The AIRSpeed Office has directed programs to adopt best practices from industry to reduce bottlenecks, decrease waste and better manage inventory. These practices have helped the Navy reduce cycle times and improved the quality of much of its depot-level maintenance work.

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: YES Question Weight 20%

Explanation: The program historically achieves CNO readiness goals. Naval assets continue to operate around the world at a high state of readiness due to previous and current maintenance methodology and practices.

Evidence: The Performance Criteria section in the Navy's Highlights of the Department of the Navy FY 2005 Budget book shows that the Navy is meeting its long-term goal of repairing 100% of Primary Authorized Aircraft for deploying squadrons.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight 20%

Explanation: The program historically reaches CNO readiness goals. The Navy is meeting its readiness goal of inducting 100% of primary authorized aircraft for deploying squadrons and exceeding its goals for Ready-For-Issue Engine spares.

Evidence: The Highlights of the Department of the Navy FY 2005 Budget book lists the Navy's key performance metrics and shows that it is meeting them.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: SMALL EXTENT Question Weight 20%

Explanation: LEAN initiatives are ongoing. In depots where LEAN is applied, it has reduced the direct labor hours per repair, which will reduce cost.

Evidence: The AIRSPeed Office has metrics showing improvements in quality of work and cycle times at various depots. But there are not meaningful aggregated metrics that would show increased efficiencies for the program as a whole.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight 20%

Explanation: Annual performance is similar to that achieved by the Air Force. There are no other federal programs that have similar purpose and goals.

Evidence: The Navy is consistently meeting its maintenance requirements. Its assets have achieved a high mission capable rate that compares favorably with assets of other services, such as the Air Force. Maintenance indicators and processes are shared with similar programs to achieve similar results with lower increases for inflation than programs that are similar to it.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: LARGE EXTENT Question Weight 20%

Explanation: There are no systematic evaluations by organizations independent from DOD. However, DOD routinely certifies Navy assessments of how well their training, equipment, and personnel can meet the requirements of real-world military missions. This assessment of Navy readiness is reported to Congress in classified form on a quarterly basis. Ongoing combat operations and these reports show that Naval units are ready to meet their real-world combat missions.

Evidence: The most recent quarterly readiness report to Congress and ongoing combat operations show that Naval forces are ready to meet their real-world military missions.

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

Measure: Airframes - Estimated Inductions. This measures the number of airframes that the Navy plans on sending to air depots for maintenance.

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	832	744	
2005	897	840	
2006	856		

Measure: Engines - Estimated Inductions. This measures the number of aircraft engines that the Navy plans on sending to air depots for maintenances.

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	1772	1593	
2005	1792	1649	
2006	1913		

Measure: Airframes - Deployed Squadrons Meeting Goal of 100% Primary Authorized Aircraft (PAA)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	172	150	
2005	162	143	
2006	139		

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

Measure: Airframes - Non-Deployed Squadrons Meeting Goal of 90% PAA

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	152	162	
2005	153	166	
2006	165		

Measure: Engines - Type Model Series Meeting Zero Bare Firewall

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	73	73	
2005	71	71	
2006	71		

Measure: Engines - Type Model Series Meeting Ready for Issue Spares Goal of 90%

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	72	73	
2005	70	67	
2006	61		

PART Performance Measurements

Program: Depot Maintenance - Naval Aviation
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	80%	

Measure: Aircraft Mission Capable Rate. This measures the percent of Naval aircraft that are capable of performing their designed missions. There will always be a percentage of aircraft not mission capable due to scheduled maintenance.

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	73%	73%	
2005	73%	73%	
2006	73%		

Measure: Percent of Navy Aircraft Fully Mission Capable

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	56%	56%	
2005	56%	56%	
2006	56%		

PART Performance Measurements

Program: Depot Maintenance - Ship
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	84%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The program has a clear and succinct mission. The purpose of the ship maintenance program is to manage the material condition requirements and configuration of Navy ships.

Evidence: DoD Directive 4151.18 outlines the general purpose of maintenance programs throughout the Department of Defense. The goal of Naval ship maintenance published in OPNAVINST 4700 follows: "The goal of Navy Ship Maintenance is to maintain the appropriate ship material condition and availability for operations (readiness)."

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: National defense is an inherently governmental function, of which naval power is a component. Periodic maintenance is required on all U.S. naval warships and service craft in order to keep the vessels mission ready and safe for continuous operations in support of national defense policy.

Evidence: The need for naval aviation is outlined in documents such as Naval Aviation Vision 2003 and Sea Power 21. Naval aviation is forward operating, allowing the U.S. to project offensive power from the sea and to extend defensive assurance throughout the world. DoD Directive 4151.18 outlines the need for maintenance to ensure that DoD materiel is kept in working order.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: No other federal, state, local or private organization plans, funds and conducts repairs on U.S. naval warships and support craft.

Evidence: While there is some similarity with Coast Guard ship maintenance the Navy has the unique Title 10 function of providing the U.S. government with expeditionary sea power and, therefore, has its own assets that require regular maintenance.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight 20%

Explanation: The Navy continuously reviews its maintenance procedures and models to increase their efficiency. The ship maintenance program allows naval vessels to operate in a high degree of readiness and has contributed to the Navy's ability to project American sea power around the world.

Evidence: A February 2004 Verification, Validation & Accreditation found no major flaws in the Ship Maintenance Model requirement projection process. Moreover, the ship maintenance program consistently meets the Navy's requirements.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?

Answer: YES

Question Weight 20%

Explanation: The program is well designed. Ship maintenance is a high priority within the Navy and funds are specifically targeted for it. The Office of the Secretary of Defense conducts a "mid-year" review to ensure that funds are being properly executed within the program.

Evidence: The ship repair financial resources are in a specific AGSAG (1B4B) and Congressional approval is required prior to moving more than \$15M from this program funding line. Within the AGSAG, resources are further allocated to each ship platform type by a unique program element.

PART Performance Measurements

Program: Depot Maintenance - Ship
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	84%	

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:13%

Explanation: Each ship class has a tailored maintenance program designed to keep it in a high state of material readiness. The Navy uses a Reliability-Centered Maintenance method to identify maintenance required to maintain ships at a minimal cost.

Evidence: Scheduled maintenance is identified in the Class Maintenance Plan (CMP) and Integrated Class Maintenance Plan (ICMP). Requirements are scheduled out to 2014 using the Fleet Modernization Program Management Information System.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:13%

Explanation: Maintenance actions are scheduled out to 2014.

Evidence: The Fleet Modernization Program Management Information System is a forward looking tool using inputs from known averages within the Navy Maintenance Requirement System in conjunction with OMB inflation projections to determine future requirements and and funding needs and goals for both.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:13%

Explanation: The program maintains numerous performance metrics. The Navy collects data on schedule performance and trouble reports that indicate whether ships are being repaired in a timely manner and whether those repairs are meeting the Navy's quality requirements.

Evidence: The establishment of limited annual performance measures is difficult because the ship maintenance program is tailored to many different ship classes. Nonetheless, the Navy maintains extensive measures of program performance.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:13%

Explanation: Baseline requirements are determined by ships' maintenance-cycles, which are developed according the the technical specifications for each ship-class. They are adjusted annually based on prior execution and adjustments to their operational schedule.

Evidence: Naval Sea Systems Command and echelon II commanders supply annual updates to baseline data through the Maintenance Requirement System (MRS). Data is used to update the Chief of Naval Operations instrcutions in OPNAVNOTE 4700, which delineates intervals, durations, maintenance cycles and repair mandays for availabilities of U.S. naval vessels.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:13%

Explanation: The Navy, as an active member of the Joint Depot Maintenance Activity Group, participates regularly in conferences and discussions with partners to develop joint performance metrics and to establish and adopt best practices.

Evidence: At its annual fleet maintenance conference, the Navy sets out its ship maintenance requirements for its partners. It works together with contractors and interdepartmental partners to determine private sector availabilities and to standardize methodologies.

PART Performance Measurements

Program: Depot Maintenance - Ship
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	84%	

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: YES Question Weight:13%

Explanation: Program reviews are conducted at least semi annually by type commanders and Fleets down to the individual asset. The Navy Budget Office conducts annual reviews and issues reviews as they arise. And the Naval Audit Service conducts annual reviews.

Evidence: Program reviews are conducted at least semi annually by type commanders and Fleets down to the individual asset. The Navy Budget Office conducts annual reviews and issues reviews as they arise. General Accounting Office conducted reviews in 2003, 2004, and Naval Audit Service conducts annual reviews.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: YES Question Weight:13%

Explanation: Budget requests can be tracked to a specific maintenance action or performing activity.

Evidence: Budget requests are made citing specific ship and hull number, maintenance location, maintenance type, start date, end date, estimated mandays, equipment alterations and material required to complete the requested action in the OP-30 exhibit.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: YES Question Weight:13%

Explanation: Although the ship maintenance program is very effective, the Navy recognizes that it can become more efficient. The Navy is taking steps to increase communication between maintenance centers and to develop standard processes to reduce maintenance costs.

Evidence: The Navy conducts continuous reviews of its ship maintenance program to increase its efficiency and effectiveness. It has adopted a "One Shipyard" concept that promotes communication between ship maintenance organizations. The Navy is also implementing metrics-driven processes, so can become aware of its status and progress at any given point.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight:14%

Explanation: Data including work accomplished, work deferred and work planned are regularly received from individual ships and afloat units in addition to regional and depot level maintenance facilities.

Evidence: Data collected from individual points are summarized within the MRS and reviewed at the Program Manager level.

PART Performance Measurements

Program: Depot Maintenance - Ship
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	84%	

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:14%

Explanation: All late work completions, mandays overages and cost overruns are reported and tracked on an individual action item that can be tracked to the specific ship in question.

Evidence: During each maintenance period the unit commanding officer is required to submit periodic overhaul progress updates that specifically identify any difficulties or actions that will cause delay or cost overruns. In addition shipyards or the Supervisor of Ship Repair submit midterm and completion reports that identify funds planned, funds exceeded (if any), lessons learned, and specific reasons for overages in any category.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: Funds are obligated in a timely manner. While some carryover of maintenance funds is inevitable, the Navy maintains this amount within Defense Department guidelines. The Office of the Secretary of Defense conducts a "mid-year" review to determine whether funds are being executed according to requirements.

Evidence: The Navy Comptroller receives monthly DD1002 reports on current year obligations from the Defense Finance and Accounting Service (DFAS). Obligation data are also presented in the Navy's budget justification materials.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:14%

Explanation: The Navy continuously reviews its ship maintenance procedures and models to increase their efficiency. It consistently refines its models to reduce premiums, reduce process cycle time, and improve personnel productivity.

Evidence: The Navy's main ship maintenance policy document OPNAVINST 4700.7K, states that Fleet Commanders are to provide resource expenditure feedback to the Maintenance and Material Management System "in detail sufficient to support refinement and validation of technical requirements, to perform engineering analysis, and to schedule subsequent maintenance actions."

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight:14%

Explanation: Within the Department of Defense ship maintenance is unique to the Navy. Nonetheless, the Navy collaborates with the maintenance programs of the other services through the Joint Depot Maintenance Activity Group.

Evidence: Ship Operations 1B1B program and Ship Maintenance use common data to determine operating months, a key component in prediction calculations. The Planned maintenance schedule in 1B4B is used to determine requirement levels of support in the 1B5B Ship Support program.

PART Performance Measurements

Program: Depot Maintenance - Ship
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	84%	

3.6 Does the program use strong financial management practices? Answer: NO Question Weight:14%

Explanation: The Defense Department's financial management weaknesses are well-documented. While DoD continues to make efforts to improve it, the Department has yet to obtain an unqualified audit opinion. The Navy does not have audit reports demonstrating that its ship maintenance program is free from internal weaknesses.

Evidence: Numerous audits document the Department's financial management weaknesses. Because of the magnitude of its problems, DoD is unlikely to obtain an unqualified audit for some time. GAO has specifically identified logistics and inventory control as one of the Department's weaknesses.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:14%

Explanation: Several shipyard efficiency programs are currently running in order to reduce overhead, reduce repair mandays required, and change repair procedures to reduce required materials needed.

Evidence: In FY04 several Intermediate Maintenance Activities (IMA's) are being combined under Regional Maintenance Activities' umbrella which is expected to reduce indirect labor overhead, and result in a more efficient use of available manning.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: YES Question Weight:25%

Explanation: Naval assets continue to operate around the world at a high state of readiness due to previous and current maintenance methodology and practices. The Navy is maintaining the number of ships it budgets for.

Evidence: Based on historical averages and current inputs into the MRS future maintenance requirements will be projected and planned for adequately.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight:25%

Explanation: Readiness goals are being achieved.

Evidence: In the past year, the Navy was able to support the efforts of the joint force commander in a rapid and effective manner. Ship Maintenance goals of inducting 97 maintenance availabilities in FY 2003 was met.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight:25%

Explanation: The program has shown a general trend toward improved schedule performance and decreased trouble reports. But schedule performance declined from 2003 to 2004. This was because maintenance actions were rescheduled to meet emergent wartime requirements, which caused an abnormal number of delays.

Evidence: Because the program must be responsive to the warfighter's needs, scheduling inefficiencies may arise as repair actions are adjusted because of changing national security needs. This happened in 2004 as the acceleration of ship maintenance on an aircraft carrier caused delays in other planned actions. The general trend since 2000, however, has been toward improved schedule adherence. Similarly, trouble reports have been decreasing over time.

PART Performance Measurements

Program: Depot Maintenance - Ship
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	84%	

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NA Question Weight: 0%

Explanation: The highly technical Naval ship maintenance program is a relatively unique within the public and private sectors.

Evidence: Technical and mechanical maintenance requirements for naval warships and other afloat assets in excess of standard civilian maintenance practices are defined in the Naval Sea Systems Class Maintenance Plan (CMP), OPNAVINST 4700K - Maintenance Policy for U.S. Navy Ships and OPNAVNOTE 4700 - Representative Intervals, Durations, Maintenance Cycles, and Repair Mandays for Depot Level Maintenance Availabilities of U.S. Navy Ships.

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: LARGE EXTENT Question Weight: 25%

Explanation: There are no systematic evaluations by organizations independent from DOD. However, DOD routinely certifies Navy assessments of how well their training, equipment, and personnel can meet the requirements of real-world military missions. This assessment of Navy readiness is reported to Congress in classified form on a quarterly basis. Ongoing combat operations and these reports show that Naval units are ready to meet their real-world combat missions.

Evidence: The most recent quarterly readiness report to Congress and ongoing combat operations show that Naval forces are ready to meet their real-world military missions.

PART Performance Measurements

Program: Depot Maintenance - Ship
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	84%	

Measure: Overhauls

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	3	3	
2005	4	4	
2006	4		

Measure: Selected Restricted Availabilities

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	53	59	
2005	63	58	
2006	66		

Measure: Planned Incremental Availabilities

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	2	3	
2005	2	3	
2006	7		

PART Performance Measurements

Program: Depot Maintenance - Ship
Agency: Department of Defense--Military
Bureau: Department of the Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	86%	84%	

Measure: Phased Maintenance Availabilities

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	13	18	
2005	21	22	
2006	22		

Measure: Schedule Adherence

Additional Information: Percentage of maintenance actions completed on time or early.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	Baseline	36.8%	
2005			
2006			

Measure: Trouble reports

Additional Information: A lower number is better

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	Baseline	59	
2005			
2006			

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The mission of the Defense Science and Technology (S&T) Program is to ensure that warfighters have superior and affordable technology to support their missions and provide revolutionary war-winning capabilities. Applied research is directed toward determining the specific operational parameters of potential technologies and developing and evaluating the feasibility and practicality of those technologies to military needs.

Evidence: The Defense S&T Strategy and Defense Technology Area Plan (DTAP) provide overarching goals and direction for the Applied Research Program. The work conducted by the Applied Research program is outlined in the Financial Management Regulation. Together, these plans provide the user community, S&T performer communities as well as S&T stakeholders with descriptions of military needs and specific objectives. SUPPORTING DOCUMENTATION: DoD S&T Strategy, DTAP, Financial Management Regulation.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: Overarching interests or needs are technologies to make forces lighter, more mobile and more lethal, with the ability to respond appropriately to a variety of threats and crises, as well as to prevent technological surprise by adversaries.

Evidence: The Defense Technology Area Plan (DTAP) and the Joint Warfighting S&T Plan document technology outline military requirements at a medium level of detail. The DTAP outlines an investment strategy for the Applied Research and Advanced Technology Development Programs in 12 relevant technology areas, including Materials and Processes, Sensors and Electronics, Space Technology, etc. Each area has sets of objectives for 5, 10, and 15 years. In addition to the DTAP, for some specific high priority initiatives, the DoD has developed more detailed roadmaps and conducted gap analyses. Three of these are the National Aerospace Initiative, Energy and Power Initiatives and Surveillance and Knowledge Systems. SUPPORTING DOCUMENTATION: Defense S&T Strategy, DTAP, Joint Warfighting S&T Plan

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: The Applied Research program is designed to ensure that DoD maintains its competitive edge over potential adversaries in the future, which is a DoD-unique mission. DoD outlines Defense Technology Objectives (DTOs) which make the research community aware of funding in particular technology areas that will help maintain that competitive warfighting advantage. Broad Agency Announcements (BAAs) also detail for researchers particular areas of interest by funding Service or Agency but allow researchers to propose specific topics and approaches. A goal of DoD's S&T integrated planning process - called Reliance - is to avoid redundancy and duplication. Specifics can be found in the DTAP by technology area, DTOs and in Broad Agency Announcements (BAAs), published by the individual Military Services and Agencies for response by research organizations interested in working as grantees.

Evidence: SUPPORTING DOCUMENTATION: DDR&E Directive (charter), Defense S&T Advisory Group charter, Reliance charter, Reliance Planning Documentation Preparation Manual, DTAP, DTOs

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: YES Question Weight: 20%

Explanation: The Reliance process attempts to match Science and Technology with military needs, and tries to limit redundancy and focus resources efficiently. A biennial review (Technology Area Readiness Assessment) assesses program strengths and weaknesses; provides recommendations for improvement; provides a technical, budgetary, and programmatic assessment; and reviews overall program balance, adequacy of the approach used, and progress to date. A weakness of the process is that Reliance is overwhelmingly a consensus process steered by committees with members, from the Services and DoD agencies, with missions that sometimes compete with one another. A better S&T program might result from a melded DoD program, with less ownership of efforts by individual military Services. However, there is no strong and clear evidence that another approach would improve the program in a major way.

Evidence: The military Services and DoD agencies are required to define and document their review processes. SUPPORTING DOCUMENTATION: Reliance Planning Document Preparation Manual.

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight: 20%

Explanation: The DoD process is built around announcements of research areas (Broad Agency Announcements--BAAs), and competition (submission of proposals) by potential researchers. Merit review of proposals follows identification of problems and specific research opportunities by proposers, including in-house researchers. Funds for these purposes are made available through the DoD military Services and agencies after review through the DTO-TARA-Program linkage process, which tries to link funds to military needs.

Evidence: SUPPORTING DOCUMENTATION: All BAAs can be accessed on www.cbd-net.com

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight: 11%

Explanation: DoD's Defense Technology Area Plan and the Joint Warfighting Science and Technology Plan (JWSTP), which address applied research, have goals for the various technologies supported by DoD. Applied research by its very nature is a somewhat long-term and speculative activity, so most long term goals are fairly general and the goals of the program as a whole represent a portfolio of many smaller and more specific sub-goals and targets that often are defined in the process of discovery.

Evidence: The Defense Technology Area Plan lays out goals by technology area. The DTOs often contain specific goals and objectives for individual technology projects. Also, Service or Agency BAAs articulate thrusts that are meaningful to potential researchers. SUPPORTING DOCUMENTATION: DTAP, JWSTP, DTOs, DoD Service and Agency BAAs (see, e.g., www.cbd-net.com).

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: YES Question Weight: 11%

Explanation: The DTAP establishes near-, mid- and long-term goals (5, 10 and 15 years, respectively) for the technology areas. The Defense Technology Objectives (DTOs) often present ambitious targets by specific timeframes, but the process is shaped by the process of scientific and technical discovery itself.

Evidence: SUPPORTING DOCUMENTATION: DTAP, DTOs

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:11%

Explanation: Many DTOs provide annual milestones that address technical progress. DoD established a metric to evaluate the progress of DTOs that is reported in the Annual Report to the President and Congress. This metric - Monitor the Status of DTOs - measures the percentage of DTOs that are progressing satisfactorily toward their established goals. This ensures DoD maintains a technological edge across a broad spectrum of warfighting capabilities.

Evidence: SUPPORTING DOCUMENTATION: Reliance Planning Documentation Preparation Manual, DTOs, Annual Report metrics.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:11%

Explanation: Milestones for DTOs are specifically outlined in many individual program descriptions. The goal for Monitoring the Status of DTOs is that 70% of DTOs are progressing satisfactorily.

Evidence: DOCUMENTS: Reliance Planning Documentation Preparation Manual, DTOs, Annual Report metrics.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NO Question Weight:11%

Explanation: Within the DTOs, all partners are held accountable for meeting the technical goals and funding requirements. Contracted efforts are documented in clearly defined statements of work with deliverables. Interagency agreements are documented by Memorandums of Understanding and Memorandums of Agreement. On the other hand, increasing numbers of recipients of Applied Research funds have sought Congressional earmarking assistance, thus circumventing in whole or in part, the merit-based award process, and DoD has not been notably successful in limiting them. In the long-term, the health of the research enterprise is greatly diminished by awards based on factors other than their potential contribution to the DoD mission, protecting the national security.

Evidence: SUPPORTING DOCUMENTATION: Memorandums of Understanding, DTOs

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: NO Question Weight:11%

Explanation: Independent review panels (Technology Area Reviews and Assessments--TARAs) assess each DTAP technology area biennially. The reviews assess program strengths and weaknesses; provide recommendations for improvement; provide another technical, budgetary, and programmatic assessment; and review overall program balance, adequacy of the approach used, and progress to date. The review panels are responsible for reviewing their entire technology area. Major action items are tracked and must be resolved as directed by departmental memorandum. At least 2/3 of the TARA Panel members are from outside DoD and outside of the Applied Research management chain. Most team members are recognized experts from organizations such as the National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, the Defense Science Board and the scientific advisory boards of the Military Departments. However, the Chair and the Executive Secretary are in the departmental management chain, and thus the panels cannot be considered to be independent.

Evidence: SUPPORTING DOCUMENTATION: TARA instructions, TARA Panel member lists, TARA major action items from 2002 and 2003.

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight:11%

Explanation: Annual and long-term goals for each Applied Research project are outlined in the budget justification books (Research and Development Descriptive Summaries) provided to Congress. Goals are also outlined in the DTOs, and the Components are held accountable for meeting the technical goals and funding requirements.

Evidence: SUPPORTING DOCUMENTATION: Annual Report metrics, DTOs, Research and Development Descriptive Summaries - www.dtic.mil/descriptivesum

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: NO Question Weight:11%

Explanation: The Director for Defense Research and Engineering publishes a strategic plan every four years. (The 2004 Research and Engineering Strategy should be available in August, 2004.) In addition, DoD's S&T planning process has been in place for about 10 years and is refined as improvements are identified. Many of these changes are documented in the annually published Planning Documentation Preparation Manual. Biennially, the DTAP Panels identify the strategy for the individual technology areas, flowing from the overarching S&T strategy. On the other hand, a major strategic planning deficiency is the annual addition of hundreds of projects by Congress that do not contribute fully to the national security mission (military planners and scientific and technical experts have specific technical approaches thrust upon them, rather than determine those efforts through a politically-independent process).

Evidence: SUPPORTING DOCUMENTATION: Defense S&T Strategy, DTAP, Planning Documentation Preparation Manual, conference reports accompanying annual appropriations bills/acts.

2.CA1 Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule, risk, and performance goals and used the results to guide the resulting activity? Answer: NA Question Weight: 0%

Explanation: •

Evidence:

2.RD1 If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals? Answer: NA Question Weight: 0%

Explanation: This program is largely unique to the Department of Defense.

Evidence:

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

-
- 2.RD2 Does the program use a prioritization process to guide budget requests and funding decisions?** Answer: YES Question Weight: 11%
- Explanation: The program has to compete anew each year for funds within the Department. When the funding total is determined, actual number of awards is adjusted to fit within the amount available.
- Evidence: SUPPORTING DOCUMENTATION: Quadrennial Defense Review, DoD annual funding guidance, Program Decision Memoranda leading to the President's Budget.
- 2.RG1 Are all regulations issued by the program/agency necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals?** Answer: NA Question Weight: 0%
- Explanation:
- Evidence:
- 3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight: 8%
- Explanation: There are several reviews of the Applied Research program. The OSD Comptroller reviews programs annually, and programs are subject to losing funds depending on their ability to perform financially. In addition, researchers are required to document their results in technical publications or summaries. Review panels for each of the Services, made up of academic researchers, industrial researchers, scientists from other Federal agencies and managers of the research program, review these materials by technical area, assess the quality of the research programs and make recommendations to improve the program.
- Evidence: SUPPORTING DOCUMENTATION: Program decision documents from annual agency-wide reviews, Reliance Planning Documentation Preparation Manual, technical publications,.
- 3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?** Answer: YES Question Weight: 8%
- Explanation: The research organizations within each Service and Agency are expected by the parent organizations to adhere to budgets and schedules, as underutilized funds are needed for other operational programs. Non-performing programs are likely to have funds taken away to meet more immediate needs. Many programs have been restructured or had funding reduced when financial reports indicate a pattern of slow performance or if the parent organization has reason to believe that the program is inadequately focused on the needs of the warfighter.
- Evidence: SUPPORTING DOCUMENTATION: Management Controls DoD Directive 5010.38, budget preparation documents (Program Budget Decisions).

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight: 8%

Explanation: DoD monitors obligations and expenditures by each Component. Each Component (DoD military Service or Agency) obligates and spends funds in a timely way.

Evidence: Obligation reports prepared by the financial processing centers of the Department show obligation rates at 90% in the first year of availability (funds available by law for two years).SUPPORTING DOCUMENTS: Financial reports from DoD accounting centers.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: NO Question Weight: 8%

Explanation: Managers use competitive award processes, mandated by statute and regulation, which result in program efficiencies. In addition, the Comptroller conducts annual program reviews and programs with low obligation rates or minimal progress are subject to reductions in funding. On the other hand, the level of Congressionally-directed solutions to real or asserted military problems has reached about 20% of the overall program, making it very unlikely that the program could efficiently achieve its goals, as outlined in Section 1.The Competition in Contracting Act (CICA) mandates that, unless otherwise directed by statute, all Applied Research efforts must be done using a competitive process. The competitive process tends to weed out bidders who clearly are not qualified, but due to technology-specific solutions directed by the Congress in annual appropriation conference reports, many awards are made to a very small field of competitors, who have questionable ability or willingness to serve the defense mission.

Evidence: SUPPORTING DOCUMENTATION: Competition in Contracting Act, Program Budget Decisions, annual Conference Reports accompanying appropriations acts (statutory laws).

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight: 8%

Explanation: DoD's S&T planning process ensures coordination of related efforts across the Services and Agencies. In addition, the biennial review panels (TARA Panels) also have observers from outside DoD; including the National Space and Aeronautics Agency, Department of Homeland Security, Federal Aviation Agency, Department of Justice, Department of Energy, Environmental Protection Agency; to ensure coordination across the federal government. DoD also has a large number of interagency agreements that document interagency coordination requirements.

Evidence: SUPPORTING DOCUMENTATION: TARA Major Action Items, Planning Documentation Preparation Manual, Memorandums of Understanding/Memorandums of Agreement

3.6 Does the program use strong financial management practices? Answer: NO Question Weight: 8%

Explanation: Financial reports often lag execution and significant funding cannot be positively accounted for in the overall DoD budget.

Evidence: SUPPORTING DOCUMENTATION: Management Controls DoD Directive 5010.38, Business Management Modernization Report to Congress, monthly and yearly financial reports.

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: NO Question Weight: 8%

Explanation: The program has implemented process improvements recommended by multiple ongoing and completed studies and initiatives. The Business Management Modernization Program, designed to improve financial systems and processes, is organized into 5 areas called "domains". The Acquisition Domain is assessing S&T as one of the key capabilities and is making recommendations to improve the management and financial systems. DoD also implements recommendations from the GAO, IG and review panels to improve the Applied Research program. In addition, through the Defense Acquisition Workforce Program, DoD created the S&T Manager career field to improve the training and education of S&T managers.

Evidence: SUPPORTING DOCUMENTATION: S&T Manager career field information, Acquisition Domain website - <http://www.acq.osd.mil/dpap/ebiz/index.htm>

3.CA1 Is the program managed by maintaining clearly defined deliverables, capability/performance characteristics, and appropriate, credible cost and schedule goals? Answer: YES Question Weight: 8%

Explanation: Deliverables, cost and schedule goals are defined in the grants or contracts with the performers.

Evidence: SUPPORTING DOCUMENTATION: Contracts and grants released by the Services & Agencies - www.cbd-net.com

3.CO1 Are grants awarded based on a clear competitive process that includes a qualified assessment of merit? Answer: YES Question Weight: 8%

Explanation: Competitive procedures are used for award of the contracts or grants (or cooperative agreements or other transactions).

Evidence: SUPPORTING DOCUMENTATION: See BAAs announced by each Service or Agency - www.cbd-net.com

3.CO2 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: NO Question Weight: 8%

Explanation: Contractors/grantees are expected to report regularly on their activities, as well as to file reports at the end of the work. In addition, spot audits confirm that declared efforts and procedures actually are practiced.

Evidence: NO DOCUMENTATION OFFERED.

3.CO3 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? Answer: NO Question Weight: 8%

Explanation: Grantee performance data is collected, but the results aren't made available to the public at large. Results of the supported research is available to DoD personnel, and selected others, through the Defense Technical Information Center. Some of the results are classified, others are unclassified but not widely disseminated.

Evidence:

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

3.RD1 For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality? Answer: YES Question Weight: 8%

Explanation: Grants and contracts both are generally executed through competitive processes.

Evidence: Title 10, U.S. Code, Section 2361 requires competition in some of these awards. Other Statutory provisions and regulations impose additional competition requirements.SUPPORTING DOCUMENTATION: 10 U.S.C. 2361

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: YES Question Weight: 25%

Explanation: The program has provided many options for improved DoD technologies over the years.

Evidence: SUPPORTING DOCUMENTATION: DTO Success Stories.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight: 25%

Explanation: The metric - Monitor the Status of DTOs - shows DTOs are progressing satisfactorily. In addition, TARA reviews have positively assessed the progress of technology in the DTAP technology areas. DoD's DTAP and JWSTP reviews also hold the managers of technology areas accountable for meeting the goals outlined in the DTAP report and DTOs.

Evidence: SUPPORTING DOCUMENTATION: Annual Report metrics, DTAP, DTOs.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NA Question Weight: 0%

Explanation:

Evidence: Program is executed efficiently from an administrative point of view.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight: 25%

Explanation: This program is largely unique to the Department of Defense, but there are overlaps with other government agencies and private sector applied research. Results of this program have included many technical breakthroughs, and the execution of the program compares well with these other efforts.

Evidence: SUPPORTING DOCUMENTATION: DTO Success Stories, Annual Report metrics.

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: NO Question Weight: 25%

Explanation: As of the time of the review, there are no independent evaluations of the program. (See question 2.6.)

Evidence:

4.CA1 Were program goals achieved within budgeted costs and established schedules? Answer: NA Question Weight: 0%

Explanation:

Evidence:

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

Measure: Reduce by half within three years, grant and contract award funding not (1) resulting from needs identified by military or technical experts within the Services or Agencies and (2) awarded through the merit-review process. Currently about \$1.0 B/yr.

Additional Information: Earmarks have risen dramatically in the past 10-15 years, with increasing numbers of awards being directed toward specific performers, or supporting specific technologies or thrusts that don't result from a priority-setting process conducted by military or technical experts.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2006	<\$800 M		
2007	<\$500 M		
2008	<\$500 M		

Measure: Percentage of ambitiously chosen Defense Technology Objectives (DTO) targets achieved.

Additional Information: Annual technology targets should be set ambitiously, but a significant portion of them should be met each year.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2005	70%		
2006	70%		
2007	70%		
2008	70%		
2009	70%		

Measure: Portion of external technology area review panels that are fully independent (all external reviewers).

Additional Information: Review panels should be informed by internal technical experts, but should be independent of them.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2006	100%		
2007	100%		

PART Performance Measurements

Program: DoD Applied Research Program
Agency: Department of Defense--Military
Bureau:
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Moderately
100%	67%	58%	67%	Effective

2008

100%

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not Demonstrated
60%	0%	43%	6%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: Program purpose is "that assistance be given to small-business concerns to enable them to undertake and to obtain the benefits of research and development in order to maintain and strengthen the competitive free enterprise system and the national economy." The commercialization of the results of the program is a key goal of the program.

Evidence: The purpose is set out in 15 United States Code (USC) 638 (a) and commercialization is made clear through 15 USC 638 (e) (4) (B) (i) and related subsections.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: "Research and development are major factors in the growth and progress of industry and the national economy. The expense of carrying on research and development programs is beyond the means of many small-business concerns, and such concerns are handicapped in obtaining the benefits of research and development programs conducted at Government expense. These small-business concerns are thereby placed at a competitive disadvantage. This weakens the competitive free enterprise system and prevents the orderly development of the national economy. It is the policy of the Congress that assistance be given to small-business concerns to enable them to undertake and to obtain the benefits of research and development in order to maintain and strengthen the competitive free enterprise system and the national economy. " In addition, the statute leaves the choice of projects up to the funding agency, indicating that the specific R&D problem to be addressed through project funding must match agency program (mission) needs.

Evidence: 15 USC 638 (a) and (g).

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: The program is in addition to many other opportunities for small businesses to engage in R&D of potential benefit to agencies of the U.S. government or to the small businesses themselves. Almost all of the early stage R&D programs of the Department are open to small businesses, many of them on a substantially equal basis compared with larger businesses. Venture capital organizations provide further opportunities for support without government assistance. However, this program is geared to lower any hurdles in Federal R&D contracting that small firms specifically may find too daunting to allow them to contribute to Federal mission success.

Evidence: Service and agency Broad Agency Announcements (BAAs) for non-SBIR and -STTR funded R&D.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: NO

Question Weight 20%

Explanation: As the award process is configured, many firms are considered fully strong candidates for future funding even through they may not have produced any commercialized products in many former SBIR/STTR contracts.

Evidence: SBIR commercialization database.

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: NO Question Weight: 20%

Explanation: DoD has set low standards for companies to compete successfully in future awards. Weaknesses in controls over multiple award applicants and beneficiaries ensure that companies have little incentive to perform.

Evidence: SBIR BAAs and SBIR commercialization database. The Commercialization Achievement Index (CAI) is used to judge the performance potential of proposed projects, but is so weakly applied as to be of little practical value.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: NO Question Weight: 9%

Explanation: Commercialization and commercialization of products that are bought by the U.S. military (without outside pressure being applied) are the main measurement tools. However, there are no strong performance measures (specific standards) against which performance can be measured.

Evidence:

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: NO Question Weight: 9%

Explanation: There are no long term targets, although with the commercialization database, it would be possible to construct some.

Evidence:

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: NO Question Weight: 9%

Explanation: Because the program has no long term measures, it has no annual sub-measures.

Evidence:

2.4 **Does the program have baselines and ambitious targets for its annual measures?** Answer: NO Question Weight: 9%

Explanation: No baselines or targets.

Evidence:

2.5 **Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?** Answer: NO Question Weight: 9%

Explanation: Each of the grantees is required to submit proposals based on potential application of results to DoD program needs (the defense mission).

Evidence: SBIR/STTR Solicitation announcements.

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

2.6 **Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?** Answer: NO Question Weight: 9%

Explanation: Independent studies haven't addressed the impact /value that the program would have with a different set-aside percentage. This is noteworthy, as a large portion of total program funding is awarded to companies that have received prior awards without being able to point to a strong record of commercialization successes. In addition, outside evaluations have not compared program successes quantitatively against successes of more conventional programs (with strong anecdotal evidence of promoting small businesses) that support large numbers of small businesses.

Evidence: Independent reports from NRC and GAO have not performed quantitative comparisons against apparently successful non-SBIR/non-STTR programs.

2.7 **Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?** Answer: NO Question Weight: 9%

Explanation: Per statute, funding is provided as a fixed percentage set-aside from extramural funding of overall R&D programs. When the Department of Defense attempted to fund the program through explicit line-items in the budget, Congress eliminated the separately identified funding and directed that the funding continue to be provided as fixed tax on each individual R&D program. Funding isn't required to be spent for the programs from which funding is derived, but is pooled for potentially broader application. In theory, this should make for a higher probability of success of commercialization (addressed through other questions and potentially able to provide YES answers elsewhere), but it loosens the connection with the funded activity and complicates the job of program managers, who must develop specific defense weapon systems and defend their budget requests based on their specific assigned missions.

Evidence: Explicit funding for the program is not displayed in the RDT&E Programs summary table (R-1) transmitted with the President's Budget, nor is it displayed in the Budget Justification materials transmitted with the Budget. SBIR and STTR funding is embedded in general extramural funding requests.

2.8 **Has the program taken meaningful steps to correct its strategic planning deficiencies?** Answer: NO Question Weight: 9%

Explanation: The Department implemented several changes to the program that were the first steps in improvement of commercialization and relevance to the Department's mission starting in 1995. This included implementation of the Fast Track program and establishment of a Commercialization Achievement Index (CAI) that could help weed out unproductive awardees, but significant additional adjustments were not made in more recent years (~1997-2002). A new program manager at the Departmental level has not had time to assess needs and initiate further adjustments.

Evidence: Memo from UnderSecretary of Defense Paul Kaminski of a Final Report of the Process Action Team on the SBIR program (02 June, 1995). National Research Council report "SBIR An Assessment of the Department of Defense Fast Track Initiative."

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

2.CA1 **Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule, risk, and performance goals and used the results to guide the resulting activity?** Answer: NO Question Weight: 9%

Explanation: Generally, DoD components see this program as an entitlement for small-business subsidies. Regardless of the performance of past awardees in terms of cost, schedules and performance, more money will become available next year, for which the same companies can compete.

Evidence: One DoD agency responded to this question with the answer: "Program implementation as required by public law does not allow trade-offs among cost, schedule, risk and performance. "

2.RD1 **If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals?** Answer: NO Question Weight: 9%

Explanation: DoD components have sometimes offered qualitative assessments, but specific quantitative evidence has not been submitted. Those comparisons that were alleged to have been made were very general and non-quantitative. Anecdotal evidence exists to indicate that small firms have done well in some other non-SBIR/STTR competitions. A more thorough examination of the two award processes (SBIR/STTR vs. non-SBIR/STTR) has yet to be made.

Evidence: DARPA non-SBIR/STTR successes include many small businesses that have become forces within their industry sectors, but there is no quantitative analysis comparing outcomes of the SBIR/STTR program against outcomes of DARPA non-SBIR/STTR programs.

2.RD2 **Does the program use a prioritization process to guide budget requests and funding decisions?** Answer: NO Question Weight: 9%

Explanation: Results are mixed. Proposals are rated and awards are made to the highest scoring proposers. However, a steady level of funding is made available for the program independent of year-to-year successes or failures.

Evidence: 15 USC 638(f).

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: NO Question Weight: 9%

Explanation: Much commercialization data is available, but little of it seems to be used to manage the program and improve overall program performance. An extreme example: one firm which has received funding for 20 Phase II projects has received a 95 percentile ranking in the Commercialization Achievement Index (due to capitalization funding received from various sources), making it highly competitive for future awards, in spite of having sold no products whatsoever to any Federal agency as a result of its SBIR supported programs.

Evidence: DoD SBIR commercialization database.

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight: 5%

Explanation: This is a mixed result. Awardees are held accountable for cost and schedule to the extent that results of Phase I investigations feed into the ratings for assessments for Phase II awards. However, firms with poor records of commercialization most often are competitive with other applicants in receiving additional funding for new projects due to the very low standards of commercialization expected in proposal assessments. Because the weakness of the computation and application of the CAI is addressed in several other questions, this PART rating emphasizes the Phase I aspects of the answer instead.

Evidence: SBIR/STTR Manager Desk Reference materials. Weighting is half that of the other elements in this section due to mixed result. The program receives partial credit based on positive aspects.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: NO Question Weight: 9%

Explanation: The majority of Phase I funds are obligated within 4 months of receipt. However, comparable Phase II data, which would address a larger portion of total funds spent, are not available.

Evidence: Obligation data provided to OMB.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: NO Question Weight: 9%

Explanation: Although data are gathered for the CAI that might provide some time series info, efficiencies are not generally assessed or monitored. The program spends approx. \$57 M annually to administer the contracts, but has little info on administrative efficiency improvements.

Evidence:

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight: 9%

Explanation: Individual DoD components do share data with each other, non-DoD SBIR agencies and SBA, but commercialization data or origination data from one source generally is not used to bar applicants from being considered elsewhere.

Evidence: Solicitation topics are generated in concert with each contracting office's parent organization.

3.6 Does the program use strong financial management practices? Answer: NO Question Weight: 9%

Explanation: The Department has a poor track record of posting and tracking funds obligation, use, and expenditure.

Evidence: Various DoD IG audits, GAO audits of funds tracking and expenditures.

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: NO Question Weight: 9%

Explanation: Program has taken some steps to address some deficiencies, but the potentially most valuable tool, the commercialization database (which uses the CAI), has been used very weakly to weed-out applicants only with extremely low commercialization potential.

Evidence: Commercialization database.

3.CA1 Is the program managed by maintaining clearly defined deliverables, capability/performance characteristics, and appropriate, credible cost and schedule goals? Answer: YES Question Weight: 9%

Explanation: Each contract includes clearly defined deliverables, which are monitored during execution. Phase I projects, in particular, result in deliverables that affect potential for receipt of a Phase II award. However, information on deliverables are often lost in the large pool of less significant data. For example, one firm which has received funding for 20 Phase II projects has received a 95 percentile ranking in the Commercialization Achievement Index, making it fully competitive for future awards, due to capitalization funding received from various sources, in spite of having sold no products whatsoever to any Federal agency as a result of its SBIR supported programs.

Evidence: SBIR Desk Reference Manual for program managers.

3.CO1 Are grants awarded based on a clear competitive process that includes a qualified assessment of merit? Answer: YES Question Weight: 9%

Explanation: Awards are made following a competitive review process.

Evidence: SBIR Desk Reference Manual.

3.CO2 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: YES Question Weight: 9%

Explanation: Proposals must include much information of use to review panels and government contract officials. Furthermore, awardees must provide information to update contract overseers.

Evidence: Federal Acquisition Regulations and Defense Federal Acquisition Regulations.

3.CO3 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? Answer: NO Question Weight: 9%

Explanation: Data are kept, but the public has access only to highly aggregated data.

Evidence:

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

3.RD1 For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality? Answer: NA Question Weight: 0%

Explanation: This is a competitive award program.

Evidence:

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight:16%

Explanation: Only a small part of the funded programs reach fruition, as determined by the marketplace.

Evidence: SBIR commercialization database. The part of the CAI dealing with sales provides evidence of program outcomes.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: NO Question Weight:16%

Explanation: No annual performance goals.

Evidence: See question 2.3 above.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: NO Question Weight:16%

Explanation: Administrative costs are outside of the realm of the set-aside funding, and are likely reasonably efficiently spent, but costs have not been tracked over time. The set-aside funding addresses supported R&D only and results, which though sometimes substantial, are infrequent.

Evidence:

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NO Question Weight:16%

Explanation: No quantitative evidence that it compares favorably.

Evidence:

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: SMALL EXTENT Question Weight:16%

Explanation: Many independent evaluations have been favorable, but are limited and incomplete, looking at the award process and pointing to occasional anecdotal successes. However, they have not compared results to other Federal and non-Federal programs, and have not seemed to look at the statistical results of the commercialization database. One Harvard study, which seemed to be the most complete of the external studies, found limited effectiveness.

Evidence:

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

4.CA1 **Were program goals achieved within budgeted costs and established schedules?**

Answer: NO

Question Weight:16%

Explanation: No goals.

Evidence: See questions 2.3 and 2.4 above.

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

Measure: Revise the Commercialization Achievement Index (CAI) to eliminate counting of investments as commercialization no later than three years after receiving the first Phase II support. After that, count competitive sales receipts only.

Additional Information: The CAI is used to document the success of a portfolio of past SBIR/STTR investments. Companies with five or more funded projects receive a CAI rating.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	All		

Measure: Budget for program administration as separate entries in budget justification materials.

Additional Information: This element allows full program costs to be known by taxpayers and policy makers

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2005	All		

Measure: Stop funding companies with more than 5 current or past Phase II awards in the last 5 years if the company is in the bottom quartile in the CAI.

Additional Information: Some multiple awardees have received millions of dollars in awards over many years but have produced a negligible value of commercial products.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2005	All		

Measure: Stop funding companies with more than 10 current or past Phase II awards in the last 10 years if the company is in the bottom 30 percentiles in the CAI.

Additional Information: Some multiple awardees have received millions of dollars in awards over many years but have produced a negligible value of commercial products.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2005	All		

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

Measure: Stop funding companies with more than 15 current or past Phase II awards in the last 15 years if the company is in the bottom 35 percentiles in the CAI.
Additional Information: Some multiple awardees have received millions of dollars in awards over many years but have produced a negligible value of commercial products.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2005	All		

Measure: Verify data submitted by a portion of companies submitting proposals for Phase II funding.
Additional Information: As standards for awards increase, companies will feel pressure to inflate claimed commercialization.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term (Efficiency Measure)
2004	0.05		
2005	0.1		
2006	0.15		
2007	0.15		

Measure: Verify data submitted by a portion of companies receiving awards for Phase II funding.
Additional Information: As standards for awards increase, companies will feel pressure to inflate claimed commercialization.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term (Efficiency Measure)
2004	0.1		
2005	0.2		
2006	0.3		
2007	0.3		

PART Performance Measurements

Program: DoD Small Business Innovation Research/Technology Transfer
Agency: Department of Defense--Military
Bureau: Research & Development
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
60%	0%	43%	6%	Demonstrated

Measure: Emphasize commercialization so overall competitively awarded sales to the government (direct or indirect) from resulting products is at least equal to new R&D investment (Phases I-III), as a portfolio of prior 3-8 year investments (rolling average).

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term (Efficiency Measure)
2004	0.15		
2005	0.2		
2006	0.3		
2007	0.5		
2008	0.7		

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

1.1 Is the program purpose clear?

Answer: Yes

Question Weight 20%

Explanation: To improve energy and water efficiency of existing Department of Defense facilities and minimize costs. Funding for this program was \$27 million in Fiscal Year 2002, \$35 million in Fiscal Year 2003, \$50 million in Fiscal Year 2004, and a proposed \$70 million for Fiscal Year 2005 so this program only addresses a small element of the overall program purpose.

Evidence: Department of Defense Instruction 4170.10 Energy Management Policy, August 8, 1991 establishes the policy to minimize the amount of energy used and its cost; Title 10 United States Code Section 2865 & 2866 authorizes Energy Conservation Investment Program for energy and water projects respectively.

1.2 Does the program address a specific interest, problem or need?

Answer: Yes

Question Weight 20%

Explanation: ECIP is a Military Construction (MilCon) program specifically designated for projects that save energy and water usage and reduce Defense energy and water costs. Reducing energy consumption will maximize cost avoidance applied to rising energy costs.

Evidence: Department of Defense facility energy consumption in 2002 (235 trillion British Thermal Unit (BTU)) was about 2.3% less than the consumption in 2001 (240 trillion BTU). Facility energy costs decreased from \$2,797M to 2.6363M avoiding a cost of \$160M.

1.3 Is the program designed to have a significant impact in addressing the interest, problem or need?

Answer: Yes

Question Weight 20%

Explanation: Energy Conservation Investment Program is a small, but key component of the Department's energy management strategy.

Evidence: Energy Conservation Investment Program projects make good business sense, historically obtaining about four dollars in life-cycle savings for every dollar invested.

1.4 Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?

Answer: Yes

Question Weight 20%

Explanation: The Energy Conservation Investment Program is a Military Construction (MilCon) program specifically designated for projects that save energy and water usage and reduce Defense energy and water costs.

Evidence: The Energy Conservation Investment Program is currently the only Defense-wide program using direct appropriation to achieve energy efficiency

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

1.5 Is the program optimally designed to address the interest, problem or need? Answer: Yes Question Weight: 20%

Explanation: Share-savings contracts are another contracting vehicle to obtain energy efficiencies through alternative financing in which private energy service companies or municipal utilities finance and perform energy savings retrofits with no up-front payments but instead are reimbursed from a share of the savings generated. However the cost for financing these share -shaving contracts increases the contract cost considerably as compared to direct funded energy conservation investment program projects. Additionally, private venture interests are only attracted to projects with high payback. Energy Conservation Investment Program complements the Department's energy management strategy by targeting more capital intensive projects that may not be attractive to private interest.

Evidence: Share-in savings contracts are estimated to cost 40% to 50% percent more on average than the up front funding of an Energy Conservation Investment Program project.

2.1 Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program? Answer: Yes Question Weight: 11%

Explanation: The long-term energy reduction goal of the Department of Defense is to reduce energy consumption on a British Thermal Unit (BTU) per square footage basis. The Department reports its progress in achieving this goal annually to the Department of Energy.

Evidence: Department of Defense Instruction 4170.10 Energy Management Policy, August 8, 1991 establishes Executive Order (EO) 12759 as minimum energy conservation goals; Executive Order 13123 supercedes EO 12759 and requires Federal agencies to improve energy efficiency in : 1) Federal buildings by 35% relative to 1985 levels by 2010 2) industrial and laboratory facilities by 25% relative to 1995 levels by 2020. Results are reported via the annual Department of Defense Annual Energy Management Report. In Fiscal Year 2002, the Department reduced energy consumption by 25 percent in buildings and 20.74 percent in industrial facilities.

2.2 Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals? Answer: Yes Question Weight: 11%

Explanation: The annual energy reduction goal for the Department of Defense to reduce energy consumption on a British Thermal Unit (BTU) per square footage basis consistently to achieve long term reduction reduction goals. The Department reports its progress in achieving this goal annually to the Department of Energy.

Evidence: Defense agencies report annually on improving energy efficiency: 1) Reduction of energy consumption in Federal buildings by 1.5% annually. 2) Reduction of energy consumption in Industrial and laboratory facilities by 1.5% annually. Results are reported via the annual Department of Defense Annual Energy Management Report. In Fiscal Year 2002 the Department reduced energy consumption in buildings by 2.5 percent and decreased energy consumption in industrial facilities by 0.5% from Fiscal Year 2001.

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

2.3 Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program? Answer: Yes Question Weight:11%

Explanation: The Assistant Secretary of Defense establishes Departmental conservation program goals, methods of measurements, and criteria for the execution of the Military Construction-funded Energy Conservation Investment Program. Department of Defense Components measure and report progress in meeting energy conservation goals annually as feeder information to the Department's Annual Energy Management Report..

Evidence: Department of Defense 4170.10 Energy Management Policy, August 8, 1991 establishes policies and provides guidance for the management of energy resources; Energy Conservation Investment Program Guidance, March 17, 1993 updates policy to meet the goals set by the Energy Policy Act of 1992 and for the continued management of the Energy Conservation Investment Program; Department of Defense attainment of energy reduction goals are reported via the annual Department of Defense Annual Energy Management Report.

2.4 Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives? Answer: Yes Question Weight:11%

Explanation: While Energy Conservation Investment Program is the only Defense-wide direct funded energy efficiency program, projects are validated to ensure that they are not duplicated by share-in savings contract vehicles for energy efficiency such as Energy Savings Performance Contract and Utility Energy Savings Contracts. Projects are reverified to avoid duplication and non-valid projects are removed from the Energy Conservation Investment Program list prior to issuance of the Congressional notification.

Evidence: Projects are validated on a Military Construction Data Sheet (DD Form 1391); A formal list of selected projects are submitted to congress via a Congressional notification for each Fiscal Year; The Department of Defense Annual Energy Management Report addresses all expenditures of funding and programs attributing to energy conservation.

2.5 Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness? Answer: Yes Question Weight:11%

Explanation: Evaluations are conducted on an as needed basis. In the past10 years, the General Accounting Office (GAO) and Department of Defense audit organizations issued 79 reports on Department of Defense energy management. Audits specifically incorporating Energy Conservation Investment Program include two from GAO, one from Department of Defense Inspector General and four from the Air Force Audit Agency with no major findings.

Evidence: Executive Summary of Department of Defense Inspector General Draft Report, Audit Coverage of Department of Defense Energy Management, Project No. D2002-D000CG-0047 did not indentify any major negative findings with the program.

2.6 Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known? Answer: No Question Weight:11%

Explanation: Obtaining energy conservation goals solely through the Energy Conservation Investment Program program would be cost prohibitive.

Evidence:

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

- 2.7 Has the program taken meaningful steps to address its strategic planning deficiencies?** Answer: Yes Question Weight:11%
- Explanation: Changes in guidance to correct strategic deficiencies are included in the annual call for program year projects. Allocation of funds and project prioritization were modified in 2000 for 2002 and beyond projects to encourage better obligation rates and use of more renewable energy projects.
- Evidence: Memorandum From Deputy Under Secretary (Installations) requesting Fiscal Year 2002 Energy Conservation Investment Program projects, prepared August 18, 2000
- 2.CAP1 Are acquisition program plans adjusted in response to performance data and changing conditions?** Answer: Yes Question Weight:11%
- Explanation: Allocation of funds to the Defense Components are determined by a formula that takes into account the component's previous years energy consumption and the obligation rates of unexpired Energy Conservation Investment Program funds for the last five years.
- Evidence: Department Memorandum requesting future Fiscal Year Energy Conservation Investment Program projects altered the funding allocation method from best savings to investment ratio by project to a "fair share" basis in order to take into account the Defense Agency's energy usage and past obligation performance.
- 2.CAP2 Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?** Answer: No Question Weight:11%
- Explanation: While an internal Office of Secretary of Defense program-wide review of Energy Conservation Investment Program scheduled for Fiscal Year 2002 has not occurred, each Energy Conservation Investment Program project is analyzed to considered economical alternatives. This analysis is included in the Military Construction Data Sheet (DD Form 1391) for each project.
- Evidence: Military Construction Data Sheet (DD Form 1391) prepared for each project includes a section discussing enconomical alternatives considered based on a Life-Cycle Cost-Analysis.
- 3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: Yes Question Weight:10%
- Explanation: The Defense Components provide periodic updates (annually at a minimum) to the program manager on obligation status on their projects . Obligation rates on unexpired funds are used to determine future allocation. Additionally, monthly financial reports are provided to show execution of funds.
- Evidence: Email dated August 6, 2002, subject "Energy Conservation Investment Program Obligation Worksheets"; requesting updated information on execution of projects. 1002 Accounting Report which shows obligation of projects as recorded in Defense Finance and Accounting System.

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

3.2 Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results? Answer: Yes Question Weight:10%

Explanation: Obligation rates on unexpired funds are used to determine future allocation. This allocation method awards timely execution performance by maximizing the future funding allocation and minimizes future funding allocation with poor execution performance

Evidence: Action Memo requesting Future Fiscal Year Energy Conservation Investment Program projects delinates the allocation of funding method in which consideration of energy usage and prior year obligation performance are applied.

3.3 Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: Yes Question Weight:10%

Explanation: Title 10 United States Code Section 2865 & 2866 requires congressional notification for each project prior to execution which ensures that funding is spent for intended purposes. Obligation rates for recent years has been hindered by delays in issuing funding to Defense components for execution. These delays resulted from determining intent of congressional language stipulating usage of funds other than what was requested in the Presidents Budget (\$6 million to conduct Service-wide renewable energy assessment in Fiscal Year 2002 and controls for Pentagon Renovation in Fiscal Year 2001). Energy Conservation Investment Program obligation rate for Fiscal Year 199 through Fiscal Year 2002 is 91% and is currently 65% for Fiscal Year 2003.

Evidence: Action Memos requesting future Fiscal Year Energy Conservation Investment Program projects stress the importance of timely execution obligation; Fiscal Year 2004 MilCon Appropriations Conference Report 108-132, Fiscal Year 2003 MilCon Appropriations Conference Report 107-731, Fiscal Year 2002 MilCon Appropriations Conference Report 107-246 and Fiscal Year 2001 MilCon Appropriations House Committee Report 106-614 direct use of Energy Conservation Investment Program funding.

3.4 Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: Yes Question Weight:10%

Explanation: Selection of Energy Conservation Investment Program projects is based on Savings-to-Investment Ratios (SIR) estimated through life cycle cost analysis. Historically, this program obtains about four dollars in life-cycle savings for every dollar invested. Fiscal Year 2003 projects had an average Saving-to-Investment Ratio of 3.4. Because investment in more renewable energy projects is desired, and given that renewable energy projects do not have as high an SIR as more traditional projects, In FY 2003, we began tracking another metric that reflects annual energy savings (BTU reduction) associated with the investment. Fiscal Year 2003 projects had an average of 17 MMBTUs reduction per \$1M invested.

Evidence: Action Memo requesting future Fiscal Year Energy Conservation Investment Program projects delinates allocation of funding based on enery usage and prior year execution; Saving-to-Investment Ratios, economical payback, and annual MBTU energy reductions based on Life-Cycle Cost-Analysis are developed for each project and submitted on a Military Construction Data Sheet (DD Form 1391) ;

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

3.5 Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels? Answer: No Question Weight:10%

Explanation: Program wide cost are not tracked, however administration cost and overhead on a project basis are estimated on the Military Construction Data Sheet (DD Form 1391) in determineing the amount for each Energy Conservation Investment Program MilCon project.

Evidence: Overhead and administration costs for each project are included in the Military Construction Data Sheet (DD Form 1391).

3.6 Does the program use strong financial management practices? Answer: No Question Weight:10%

Explanation: Obligation rates are determined by comparing Defense components independent reporting to Defense Finacing and Accounting Services reports. Department of Defense's overall financial management has problems, and does not receive a clean audit report.

Evidence: Executive Summary of Department of Defense Inspector General Draft Report, Audit Coverage of Department of Defense Energy Management, Project No. D2002-D000CG-0047 reported no major negative findings.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: Yes Question Weight:10%

Explanation: Consistently maintaining high obligation rates has been a challenge for the program in recent years. Program amounts were reduced in the Budget requests for Fiscal Year 2000 and Fiscal Year 2001 to encourage better program management and allow for outstanding projects to be completed. Additionally, allocation of funds and project prioritization were modified in Fiscal Year 2000 for Fiscal Year 2002 and beyond projects to encourage better obligation rates and use of more renewable energy projects.

Evidence: Program Budget Decision No. 377 reduced funding request to encourage better execution; Memorandum From Deputy Under Secretary (Installations) requesting Fiscal Year 2002 Energy Conservation Investment Program projects modified allocation method to encourage better obligation rate and use of more renewable energy projects.

3.CAP1 Does the program define the required quality, capability, and performance objectives of deliverables? Answer: Yes Question Weight:10%

Explanation: In Fiscal Year 2002 the Department reported a reduction in energy consumption in buildings of 25% since 1985 and 20.74% in Industrial facilities since 1990. Energy Conservation Investment Program is a small, but key component of the Department's energy reduction.

Evidence: The Fiscal Year 2002 Department of Defense Annual Energy Management Report detailed a reduction in energy consumption in buildings of 25% since 1985 and 20.74% in Industrial facilities since 1990.

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

3.CAP2 Has the program established appropriate, credible, cost and schedule goals? Answer: Yes Question Weight:10%

Explanation: Savings-to-Investment Ratios (SIR) estimated through life cycle cost analysis are a key component in selection of Energy Conservation Investment Program projects. Historically, the program obtains about four dollars in life-cycle savings for every dollar invested. Fiscal Year 2003 projects had average Savings-to-Investment Ratio of 3.4.

Evidence: Each project's Savings-to-Investment Ratios (SIR) estimated through life cycle cost analysis are in incorporated on a Military Construction Data Sheet (DD Form 1391); The Congressional notification of proposed projects for Fiscal Year 2003 identified an overall Savings-to-Investment Ratio of 3.4.

3.CAP3 Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit? Answer: Yes Question Weight:10%

Explanation: Each project's Military Construction Data Sheet (DD Form 1391) contains a Saving-to-Investment Ratio develop through Life-Cycle Cost Analysis and is validated by the components technical branch prior to be considered for the program.

Evidence: Each project's Saving-to-Investment Ratio develop through Life-Cycle Cost Analysis is included in Military Construction Data Sheet (DD Form 1391).

3.CAP4 Does the program have a comprehensive strategy for risk management that appropriately shares risk between the government and contractor? Answer: N/A Question Weight: 0%

Explanation:

Evidence:

4.1 Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)? Answer: Yes Question Weight:17%

Explanation: In Fiscal Year 2001 the Department reported a reduction in energy consumption in buildings of 25% since 1985 and 20.74% in Industrial facilities since 1990. Energy Conservation Investment Program is a small, but key component of the Department's energy reduction.

Evidence: Achievemnt of goals are reported via the annual Department of Defense Annual Energy Management Report. In Fiscal Year 2002 the Department reduced energy consumption by 25 percent in buildings and 20.74 percent in industrial facilities.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: Yes Question Weight:17%

Explanation: In Fiscal Year 2002 the Department reported a reduction in energy consumption in buildings of 2.5 percent from 2001 and a reduction of .5 percent in Industrial facilities from 200. The Department has already meet the Fiscal Year 2005 industrial goal. Energy Conservation Investment Program is a small, but key component of the Department's energy reduction.

Evidence: Achievemnt of goals are reported via the annual Department of Defense Annual Energy Management Report. In Fiscal Year 2002 the Department reduced energy consumption in buildings of 2.5 percent from 2000 and decreased consumption by 0.5 percent in Industrial facilities from 2001.

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

4.3 Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year? Answer: Yes Question Weight:17%

Explanation: In Fiscal Year 2002 the Department reported a reduction in energy consumption in buildings of 25% since 1985 and 20.74% in Industrial facilities since 1990. Energy Conservation Investment Program is a small, but key component of the Department's energy reduction.

Evidence: Achievemnt of goals are reported via the annual Department of Defense Annual Energy Management Report. In Fiscal Year 2002 the Department reduced energy consumption in buildings of 2.5 percent from 2001 and decreased consumption 0.5 percent in Industrial facilities from 2001.

4.4 Does the performance of this program compare favorably to other programs with similar purpose and goals? Answer: Yes Question Weight:17%

Explanation: Energy Conservation Investment Program projects make good business sense, historically obtaining about four dollars in life-cycle savings for every dollar invested. Fiscal Year 2003 Energy Conservation Investment Program projects had average savings-to-investment ratio of 3.4. Share-savings contracts are another contracting vehicle to obtain energy efficiencies through alternative financing, however the cost for financing increases the contract cost considerably. Share-in savings contracts are estimated to cost 40% to 50% percent more on average than an Energy Conservation Investment Program funded project over the life cycle of the equipment.

Evidence: The Congressional notification of proposed projects for Fiscal Year 2003 identified and average Savings-to-Investment Ratio of 3.4 percent.

4.5 Do independent and quality evaluations of this program indicate that the program is effective and achieving results? Answer: Yes Question Weight:17%

Explanation: In the past10 years, the General Accounting Office (GAO) and Department of Defense audit organizations issued 79 reports on Department of Defense energy management. Audits specifically incorporating Energy Conservation Investment Program include two from GAO, one from Department of Defense Inspector General and four from the Air Force Audit Agency with no major findings.

Evidence: The Executive Summary of Department of Defense Inspector General Draft Report, Audit Coverage of Department of Defense Energy Management, Project No. D2002-D000CG-0047, did not address any major negative findings of the Energy Conservation Investment Program.

4.CAP1 Were program goals achieved within budgeted costs and established schedules? Answer: Large extent Question Weight:17%

Explanation: Energy Conservation Investment Program obligation rate for Fiscal Year 199 through Fiscal Year 2002 is 91% and is currently 65% for Fiscal Year 2003. No cost over runs exceeding 25% have occurred.

Evidence: Action Memo requesting Fiscal Year 2005 energy Conservation Investment Program projects dated November 6, 2003 summarized an 84 percent obligation rate from Fiscal Year 1999 to 2003.

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

Measure: Reduce energy consumption in Department of Defense Buildings. The target is a 35% reduction by 2010 from a 1985 baseline.
Additional Information: Target: 35% reduction relative to 1985 levels by 2010. • Actual Progress achieved toward goal: Achieved a 25 percent reduction by Fiscal Year 2002

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2002			
2003			
2004			
2010	35%		

Measure: Reduce energy consumption in Department of Defense Industrial Facilities. The target is a 25% reduction from a 1990 baseline.
Additional Information: Target: 25% relative to 1990 levels by 2010. • Actual Progress achieved toward goal: Achieved a 20.74 percent reduction by Fiscal Year 2002

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
	13%	B	
25%		B	

Measure: Reduce energy consumption in Department of Defense Buildings: goal is a 1.5% annual reduction relative to previous year.
Additional Information: Performance Target: 1.5% annual reduction relative to previous year. • Actual Performance: Achieved a 2.5 percent reduction in building in Fiscal Year 2002 as compared to Fiscal Year 2001.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
1.5%	2.5%		

PART Performance Measurements

Program: Energy Conservation Improvement
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets & Service Acquisition

Section Scores				Rating
1	2	3	4	Effective
100%	78%	80%	95%	

Measure: Reduce energy consumption in Department of Defense Industrial Facilities

Additional Information: Performance Target: 1.5% annual reduction relative to previous year. • Actual Performance: Decreased consumption in Industrial Facilities by 0.5 percent in Fiscal Year 2002 as compared to Fiscal Year 2001.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
1.5%	0.5%		

OMB Program Assessment Rating Tool (PART)

Direct Federal Programs

Name of Program: Facilities Sustainment, Restoration, Modernization, and Demolition

Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The program has a clear vision and succinct mission statement. They are published as part of the Defense Facilities Strategic Plan in the Defense Installations Posture Statement for 2001. The Department of Defense (DoD) recently restructured this program to support the strategic plan unveiled in 2001. The Sustainment, Restoration and Modernization (SRM) program (formerly called the Real Property Maintenance program) and Demolition program together now take a longer-term view towards allocating resources for taking care of facilities to help ensure that DoD gets full return on its investment. The restructuring has improved the way DoD identifies funding requirements for routine facilities investments. It also has improved DoD's ability to track resources programmed for the day-to-day maintenance (sustainment) and the recapitalization (restoration or modernization, or substantial upgrade) of facilities.	The vision and mission statement as published in the Defense Installations Posture Statement for 2001 follow. Vision: "Installations and facilities are available when and where needed with capabilities necessary to effectively and efficiently support Department of Defense (DoD) missions." Mission statement: "Provide, operate, and sustain, in a cost-effective manner, the facilities necessary to support military forces in both peace and war." <i>(Note: for this assessment, the Sustainment, Restoration and Modernization program and the Demolition program are considered collectively as SRM/D.)</i>	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	America's security depends upon defense installations that are available when and where needed, and with the right capabilities to support current and future military requirements. Due to constrained funding over the past 15 or so years, frequent movement of funds out of facilities maintenance programs to pay other bills, as well as excess infrastructure, the Department has under-invested in facilities, leading to significant deterioration. Congress has raised concern over the magnitude of deterioration and the resulting decline in the ability of facilities to support adequately mission requirements. Congress has created reporting requirements to understand better the problem and help resolve it. DoD is dedicating more resources and has obtained Congressional approval for base closings and realignment to reduce excess infrastructure beginning in 2005.	The administration and Congress are concerned about the accumulation of inadequate facilities, and in particular, the impact this has on DoD's ability to perform its missions and maintain an acceptable quality of life. DoD must submit an annual report to Congress that describes the condition of its facilities. In 2002, DoD reported that sixty-eight percent of its facilities had significant or major deficiencies that affected the ability to perform missions. DoD recognizes the need to improve the condition of its facilities and has improved planning and made a long-term commitment to prevent such a significant level of deterioration from happening again.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	The program is designed to address and solve the problem in three distinct steps. Step 1: Sustain facilities to meet standards and halt deterioration. Step 2: Modernize facilities based on expected service lives to halt creeping obsolescence. Step 3: Restore readiness where affordable and necessary with targeted investments. (Based on the expected service life of facilities, the required recapitalization rate in DoD has been estimated to be 67 years, on average, for all of DoD. The 67-year benchmark assumes that all day-to-day maintenance requirements are funded (full sustainment) throughout the life of the building, and was derived using private sector standards. In the absence of full sustainment, the 67-year service life forecast is reduced. The lack of maintenance in the past has already reduced the expected service life for many facilities.)	Defense Planning Guidance, in support of the Defense Facilities Strategic Plan, provides resource allocation guidance to support these problem-solving steps. The military services and defense agencies use this guidance as they program and budget resources for facilities. These steps are documented in two recent reports: (1) Report to Congress, Identification of the Requirements to Reduce the Backlog of Maintenance and Repair of Defense Facilities, April 2001; and (2) Facilities Recapitalization Front End Assessment, August 2002.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	This program uniquely addresses military facilities maintenance and recapitalization needs. While not redundant with other programs, it does count on financial contributions occasionally from other users of these facilities, such as other federal agencies, state agencies and other nations.	Outputs from SRM/D models and metrics are adjusted to account for contributions from other federal and state agencies, from non-appropriated funding sources including private donations, and from host nations (such as Japan) and other international sources (such as NATO). One such model that accounts for outside contributions is the Facilities Recapitalization Metric. This metric relates planned investments to expected facility service (or useful) lives and is used as a management tool to program resources and track progress. It takes into account contributions from other countries and thereby reduces the requirement for spending U.S. appropriated funds.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	Overall, the program is well-designed, but there are elements that are not optimal. The program has a sound strategic plan and uses performance metrics and improved accounting systems. However, funding for the program is executed in a decentralized manner, which can put goal achievement at risk. Even after budgets have been set, the funding for this program can be moved around easily because funds are obligated in a decentralized manner. Managers from top to bottom can move funding out of, among and within the program without much oversight. This is a problem because if significant funds are moved out of the program to other needs, goals can not be met. Further, while the first two steps of the program (sustainment and modernization) generally are optimized--they are backed by good planning and management tools--the third step (restoration) uses subjective interpretations of facility conditions to influence resource allocation decisions.	The evidence is relatively straight forward. First, funds can be moved easily, making it hard to reach goals. Comparison of the amount of funds budgeted versus the amount spent shows this pattern occurs almost every year. Second, DoD's Installations' Readiness Report yields subjective assessments of the condition of facilities that vary considerably across the military services, but this report is used to allocate resources for restoring facilities. DoD is working to improve its condition reporting system to standardize assessments of facilities. Third, until new management approaches were developed recently, it was difficult to assess whether funds within the program were being spent on day-to-day maintenance or on major repairs of facilities. Now, separate budget categories have been set up so that it will be easier to identify within the program where funds get spent. Tools have been built to track optimum program mix but at this point the system does not always ensure that the right resources get allocated to the right facilities at the right time.	20%	0.0
Total Section Score					100%	80%

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Section II: Strategic Planning (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	There are four long-term, inter-related goals: 1. Right size and right place. Locate, size, and configure defense facilities to meet the requirements of today's and tomorrow's military force structures. 2. Right quality. Acquire and maintain defense facilities to provide quality living and work environments. 3. Right resources. Leverage resources-- money, people, and equipment--to achieve the proper balance between requirements and available funding. 4. Right tools and metrics. Improve facility management and planning by embracing best practices and taking advantage of modern asset-management techniques and performance-assessment metrics.	These goals are published in the Defense Facilities Strategic Plan.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	<p>There are specific objectives and target dates for performance metrics, aligned under the four long-term performance goals. SRM objectives primarily support the "Right Quality" long-term goal and indirectly support the "Right Tools and Metrics" and "Right Resources" goals.</p> <p>(Note: the Facilities Demolition initiative, re-structured as a separate program by the SRM initiative, supports the "Right Size and Place" goal and is an element of DoD's facilities strategic plan under the Government Performance and Results Act.)</p>	<p>Published Defense Planning Guidance includes the following target dates:</p> <p><u>FY2002</u>: Complete development of the Facilities Recapitalization Metric. (This metric relates planned investments to expected service lives of facilities and is used as a tool to track progress.)</p> <p><u>FY2004</u>: Achieve full sustainment (full funding of facility day-to-day maintenance needs) levels using the standard benchmarks contained in the Facilities Sustainment Model. (This tool generates an annual funding requirement for keeping facilities in good working order throughout a normal life cycle. It uses standard, auditable benchmarks.)</p> <p><u>FY2007</u>: Achieve a service-life based recapitalization rate (rate, expressed in years, in which facilities are upgraded substantially, given planned investment spending) using the Facilities Recapitalization Metric.</p> <p><u>FY2010</u>: Restore readiness to at least C-2 status (i.e., facilities have no significant or major deficiencies that affect DoD's ability to perform its missions), on average, with targeted investments in the near years.</p>	14%	0.1
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	<p>Military service and defense agencies, including the military reserve components, are partners and have been engaged throughout development of the Defense Facilities Strategic Plan, the various SRM/D initiatives, and the performance measuring mechanisms.</p>	<p>The Defense Facilities Strategic Plan, the Defense Planning Guidance, the Facilities Sustainment Model, the Facilities Recapitalization Metric, and the performance data collection processes and procedures have each been fully coordinated throughout DoD.</p>	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	The program collaborates with other programs or agencies on an as needed basis. For example, it shares facilities with other agencies such as the Department of State, which helps reduce redundancy of infrastructure investment across the federal government. Additionally, DoD receives financial contributions from host nations, such as Japan, and other international sources, such as NATO, that reduce the requirement for U.S. investment. The program also collaborates with other organizations to identify better ways to manage facilities.	Beyond working out facility-sharing arrangements, DoD has reached out to other government and private sector agencies to share what it has learned about managing facilities and to learn from others. The program manager has corresponded with NASA, DoE, Pacific National Lab, Smithsonian, GAO, and the Federal Facilities Council, for example. In addition, DoD created a Facilities Cost Factor Handbook designed to aid in planning that it has shared widely.	14%	0.1
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	The program is evaluated yearly in DoD's official "program review" and various elements of the program, such as the Facilities Sustainment Model (a management tool used to identify day-to-day facility maintenance requirements), have been subject to Independent Verification and Validation. The 2002 review produced a revised allocation of resources, and the 2003 review produced new improvements in the Facilities Recapitalization Metric (a management tool that relates planned investments to expected service lives) for use in 2004. Furthermore, many of the cost factors used in the Facilities Sustainment Model have been independently verified by Whitestone Research.	DoD's report titled "Facilities Recapitalization Front End Assessment" documents recent work. Unisys Corporation maintains records of its Independent Verification and Validation of the Facilities Sustainment Model and is currently conducting an independent assessment of military service and defense agency business rules for computing Plant Replacement Value, a measure used in determining the rate at which facilities are modernized, restored or replaced.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	The budget structure contained in the Future Years Defense Program has been altered throughout the military services and defense agencies for the express purpose of measuring resources relative to SRM/D goals, and to track execution performance. Specific program elements, or accounting categories, have been created recently to track sustainment, restoration and modernization, and demolition resources separately. This new structure makes it easier to see how funds actually get spent within the program, making it easier to assess how spending relates to the achievement of goals. Additionally, the Defense Programming Data Warehouse has been modified to support the SRM/D program. Budget exhibits and Chief Financial Officers Act formats have also been adjusted.	The budget structure is set up to track resources relative to program goals. For example, DoD can track spending against its target of funding one-hundred percent of day-to-day facility maintenance requirements. This funding rate is a key performance measure tied to DoD's goal of providing facilities that meet quality goals--less than one-hundred percent funding can lead to further deterioration of facilities. DoD now has financial management systems set up to track funds from the time they are programmed until they are spent. Recent changes to the Future Years Defense Program "program element" (accounting category) structure are documented in the archives of the Force Structure Management System, maintained by the defense program and analysis directorate, along with changes to the Defense Programming Database and feeder systems. Changes in budget exhibits and formats are maintained in the archives of the comptroller, and in DoD Financial Management Regulations.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	The SRM/D program as well as the overall facilities strategic plan are regularly reviewed and adjusted by the military services and defense agencies in conjunction with the Office of the Secretary of Defense. An Installations Policy Board meets monthly to deal with strategic planning and a Defense Facilities Strategic Plan Working Group is a standing committee under the board. The Installations Policy Board is the organization through which important issues affecting installations and facilities are discussed and key decisions are made. The Facilities Strategic Plan Working Group includes representatives from the engineering, financial-management, resource-planning and programming, and installation-management communities in the military services and defense agencies.	The Defense Facilities Working Group crafted the Defense Facilities Strategic Plan highlighted in the Defense Installations Posture Statement for 2001. The plan put a "stake in the ground" for achieving DoD's vision of modern, cost-efficient installations supporting operational readiness. The recent restructuring of this program to support the facilities strategic plan is an example of a change made to address deficiencies. As another example, in order to stem the drain of dollars on unneeded facilities, DoD created a facilities demolition initiative. Demolition of facilities over the period 1998-2000 allowed DoD to realize \$185 million in cost avoidance. Additional steps are captured in reviews and activities documented in the following: records of coordination for Defense Planning Guidance; minutes of the Installations Policy Board; and briefings and materials maintained by the Defense Facilities Strategic Plan Working Group.	14%	0.1
Total Section Score					100%	100%

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Section III: Program Management (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	DoD has an established planning, programming, and budgeting system (PPBS) that regularly reviews planning and execution data for this program. DoD also regularly collects information on facilities, such as the condition and capability of facilities to support military missions; a new consolidated inventory listing of all DoD facilities; and updated DoD-wide cost factors, based on private sector standards, for keeping facilities in good working order and for restoring or modernizing facilities. DoD uses some of this data as inputs to its newly developed management tools. The program also uses obligation data provided by the Defense Finance and Accounting Service to measure actual obligation of funds against plans. All this information is used to make program resource allocation decisions.	DoD uses its review process to adjust funding regularly. In one recent case, for example, a change in facility inventories revealed during the review process drove up facility day-to-day maintenance requirements, so DoD boosted funding in order to preserve gains recently made in the SRM/D program. Information collection policies, processes and data are either described by or included in the following: 1. Funding: Financial management regulations and related PPBS documentation, including Program Decision Memoranda and Program Budget Decisions, e.g. PBD 809. 2. Facilities: Annual real property inventories, annual Installations Readiness Reports, and inventory forecasts collected for operation of the Facilities Sustainment Model and Facilities Recapitalization Metric.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	No	Services and Agencies that do not properly sustain, restore or modernize facilities are not held accountable. SRM/D is funded with the same appropriation (Operation and Maintenance) that funds the Department's operations and training programs and base operations, and often the Services use SRM/D funds to finance other, higher priority requirements in these areas.	The backlog in restoration has grown since 1987. For the four military services, the backlog started to decline in 2002 due to efforts DoD is taking as part of the Defense Facilities Strategic Plan. However, those gains are likely to be reversed based on current plans for FY03, when the backlog will begin to climb again slightly. Other priorities or short term requirements often displace long term SRM/D program requirements. Over time, these tradeoffs have contributed to an accumulation of inadequate facilities.	14%	0.0
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	No	All funds generally are obligated by the end of the year. However, during the year DoD often takes funds away from this program to satisfy other higher-priority needs such as paying immediate bills like military contingency operations and increased protection of people on military installations due to new threats. In addition, because this account/program is considered a "bill payer" within the Department, meaning it has to offer up resources for other pending defense needs, the program often holds back obligating their program monies until there is a determination that those funds will not be needed elsewhere. Sometimes, as a result, some program monies do not get obligated in a timely manner.	Evidence is found by comparing budget plans to actual expenditures and in the Defense Finance and Accounting Service reports (DFAS 1002) that reflect movement of funds out of this program to other programs.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	The military services and defense agencies have some efficiency and effectiveness incentives and procedures in place; however there are no execution-year procedures in place that apply DoD-wide. There are a number of DoD-wide performance targets and IT improvements related to SRM/D for planning, but not execution, as execution in DoD is generally de-centralized for the SRM/D program.	While there are no specific DoD-wide execution-year efficiency measures in place, DoD is striving to improve management of the program. It is continuing to implement activity-based costing principles and performance-based metrics. This effort also includes, for example, a consolidated database that houses real property data from all the military services, and a funding requirements generation tool that uses standard costs that can be used consistently by all the military services and defense agencies. In addition, there are some specific efficiency initiatives. For example, DoD is demolishing facilities that it no longer needs to remove forever from the inventory obsolete and excess structures that drain resources. Also, DoD is pursuing ways to optimize the joint use (multi-military service, multi-military component) of facilities as well as ways to jointly procure facilities maintenance and repair services. These efforts are highlighted in budget exhibits and annual reports.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	While DoD estimates the full annual costs of sustaining and recapitalizing facilities, it does not budget for all these costs. DoD continues to under-fund the program in order to fund other higher priority defense programs. Nonetheless, DoD continues to improve its ability to estimate and track the full costs of taking care of facilities. Using recently developed management tools, requirements for routine facilities investment have been standardized throughout DoD based on types of assets on-hand, commercial unit benchmarks, expected service life, and forecasted inventories. Budget and accounting systems have been restructured, improving the ability to track resources programmed for sustainment and recapitalization of facilities. This has given DoD the ability to assess whether investments are adequate to meet program goals.	DoD missed its near-term goal in 2004 of fully funding day-to-day maintenance requirements. DoD funded 94 percent of the Facilities Sustainment Model generated requirement in 2004, despite setting a goal in the Defense Planning Guidance of funding the requirement at 100 percent. This under-funding could contribute to further deterioration of facilities, putting at risk the ability of DoD to achieve its long-term goals of bringing facilities up gradually to an acceptable condition. DoD's new management tools help managers assess the impacts of making such funding tradeoffs. Evidence can be found in outputs from the Facilities Sustainment Model and Facilities Recapitalization Metric, and budget exhibits.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Does the program use strong financial management practices?</i>	No	Centralized accounting data often is not useful to manage obligations for this program. This is because accounting systems do not always provide timely data, and while funding requirements for this program are generated centrally, obligations are made in a decentralized fashion. However, within that overall context, the SRM/D program has established many accounting improvements, including significant re-structuring of budget categories (discussed above in item II.6) to help track better and control where funds are spent. The program has also re-designed reporting to comply with the Chief Financial Officers Act. There are numerous documented deficiencies in DoD financial management systems overall; DoD is unable to get a clean audit opinion.	Financial reporting is often untimely and in the past, provided only limited details for this program. Certified accounting report data generally is not available until thirty to forty-five days after the end of the month in which funds are obligated. Also, accounting reports in the past did not show fully where facilities maintenance funds were being spent. DoD has developed new budget categories in its accounting systems, however, that will make it easier to see where programmed SRM/D funds are being spent. These restructured budget categories are reflected now in: the DoD Future Years Defense Program program management structure; Financial Management Regulations, Vol. 6, Chap 12; DoD Chief Financial Officers Act report, Required Supplemental Stewardship Information, RS-12.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	No	DoD has improved its planning, but to a lesser extent, its actual implementation. This is because the program is carried out by the military services and defense agencies in a decentralized fashion. The services and agencies, however, have taken some steps to improve SRM/D program management and execution. For instance, the Army is centralizing more of its installation management functions and has issued firmer guidance intended to restrict the movement of SRM/D funds to pay for other programs.	One example of an effort that, in part, will address SRM/D program management deficiencies is the Army's Transformation of Installation Management initiative. Transformation of Installation Management is an ongoing business reengineering effort that is intended to streamline headquarters and resources, create more agile and responsive staffs, reduce layers of review and approval, and allow mission commanders to focus on their core warfighting tasks. The Army activated the Installation Management Activity in October 2002, establishing a corporate structure focused on installation management. Its seven regional directorates will oversee the Army's day-to-day installation services, operations, and well-being programs--to include facilities sustainment, restoration and modernization efforts. This organizational structure will establish equitable standards at all Army installations worldwide and improve the delivery of services to commanders, soldiers, and their families.	14%	0.0
Total Section Score					100%	14%

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
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Section IV: Program Results (Yes, Large Extent, Small Extent, No)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large Extent	<p>1. <u>Right Size and Place</u>. DoD has gotten rid of a significant amount of obsolete and excess facilities that drain resources.</p> <p>2. <u>Right Quality</u>. The deterioration of facilities has slowed and facilities are in better working order.</p> <p>3. <u>Right Resources</u>. Increased funding for the program has improved the condition and quality of facilities. DoD has not met its goal of fully funding day-to-day maintenance (sustainment); however, DoD gradually has increased the percentage of maintenance funding. Also, DoD has boosted recapitalization investments, shortening the cycle between major facility upgrades.</p> <p>4. <u>Right Tools and Metrics</u>. DoD has improved significantly its information systems, databases, models, and performance-assessment metrics related to the SRM/D program over the past five years.</p>	<p>1. <u>Right Size and Place</u>. DoD demolished more than 80 million square feet between FY1998 and FY2003. Results are contained in Government Performance Results Act reports.</p> <p>2. <u>Right Quality</u>. The percentage of facilities having significant or major deficiencies has dropped from 69 percent in 2001 to 68 percent in 2002.</p> <p>3. <u>Right Resources</u>. Recapitalization investments have reduced the rate at which DoD modernizes, restores or replaces facilities from nearly 200 years to about 128 years; the target is 67 years.</p> <p>4. <u>Right Tools and Metrics</u>. DoD has developed several management tools as well as a consolidated database that includes real property data from all the military services.</p>	20%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Small Extent	<p><u>FY2002</u>: DoD completed development of the Facilities Recapitalization Metric, a management tool that relates planned investments to expected facility service lives.</p> <p><u>FY2004</u>: DoD did not achieve its target of fully funding facility day-to-day maintenance in the 2003 and 2004 budgets. However, DoD did preserve funding improvements made over the recent past. Continued under-funding could harm DoD's ability to achieve its long-term goal of improving the quality of facilities.</p> <p><u>FY2007</u>: DoD is decreasing gradually the rate, in years, in which facilities are upgraded substantially, on the way to a target of 67 years.</p> <p><u>FY2010</u>: Useful data is not available yet to determine if the condition of facilities can be improved to meet desired levels by 2010.</p>	<p><u>FY2002</u>: The Facilities Recapitalization Metric is described in the Facilities Recapitalization Front End Assessment released late in FY 2002. This management tool will improve the ability to track progress of major facility upgrade efforts.</p> <p><u>FY2004</u>: Facility day-to-day maintenance funding is programmed at 93 and 94 percent of requirements in 2003 and 2004, respectively.</p> <p><u>FY2007</u>: The recapitalization rate has dropped from 138 years in 2003 to 128 years in 2004.</p> <p><u>FY2010</u>: Achieving the desired condition of facilities by 2010 is at risk due to the under-funding of day-to-day maintenance requirements because the under-funding can lead to further deterioration of facilities.</p>	20%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	DoD lacks Department-wide efficiency and effectiveness measures because the military services and defense agencies implement the program in a decentralized manner. But DoD is making strides to improve its practices to achieve program goals.	For example, DoD raised the level of planned facility day-to-day maintenance (sustainment) funding from 84 percent in FY2002 to 93 percent in FY2003 without having to add significant resources. While some increase in funding was necessary, the overall requirement was greatly reduced by the removal of over 60 million square feet during the period FY1998-FY2001 through Base Realignment and Closure and demolition. If execution matches the plan, the higher sustainment levels will slow (though not stop) deterioration and the attendant reduction in expected facility service life, avoiding premature restoration costs in the future. The Army has undertaken a major effort to restructure the way it channels funding to installations (as part of Transformation of Installation Management) which should help establish consistent standards, achieve efficiencies, and help it benefit from economies of scale. Evidence can be found in: testimonies to Congress on the FY2003 budget; Demolition reports filed under GPRA; and budget exhibits and annual reports.	20%	0.0
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Yes	The "SRM/D" model has been presented in several cross-agency settings (and also in settings that include representatives from the private sector); DoD's approach has received favorable comment relative to other approaches in use in the government.	Evidence can be found in "Deferred Maintenance Reporting for Federal Facilities: Meeting the Requirements of Federal Accounting Standards Advisory Board Standard Number 6, As Amended," Federal Facilities Council Technical Report #141, National Academy Press, 2001.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	Initial evaluations from outside sources, including one from GAO, indicate that the SRM/D construct, plans, goals, and performance metrics can be effective, although the SRM/D program construct itself is too new to have a history of executed results.	Evidence is reflected in ongoing GAO evaluations.	20%	0.2
Total Section Score					100%	60%

OMB Program Assessment Rating Tool (PART)

Direct Federal Programs

Name of Program: Housing (Basic Allowance for Housing (Allowance), Military Construction, Privatization)

Section I: Program Purpose & Design (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The purpose of the program is to provide service members with adequate housing. DoD either provides: 1) an allowance for service members to live in adequate housing in the private sector or 2) free government-owned military housing in lieu of a cash allowance.	DoD's housing program is covered by several statutes. Authority to provide allowance is provided in 37 USC Sections 403, 403a, and 405 (b). Authority to construct military housing is provided in 10 USC, Subtitle A, Part IV, Chapter 169, Subchapter II & III. Authority to privatize military-owned housing is provided in 10 USC, Subtitle A, Part IV, Chapter 169, Subchapter IV.	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	Historically, providing adequate housing or housing allowance to military service members has been viewed by DoD as a necessity. DoD treats housing benefits as a part of service members' compensation package, which helps retain and recruit soldiers.	Service members have, since the founding of the United States, normally been furnished living quarters without charge. The history of the cash allowances can be traced back to 1878. A Congressional Budget Office report states that the high quality of today's armed forces suggests that housing benefits have met the needs of the members.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	About two-third of the budgetary costs cover allowances for living off-base in private housing. Currently, two-thirds of married members live off-base, and one-third live on-base. Approximately 60% of DoD's on-base housing is considered inadequate. Privatization has helped DoD utilize land and improvements to provide quality housing by soliciting private sector participation.	Currently, military household out-of-pocket costs for housing are 11.3% in '02 (7.5% projected in '03) when receiving an allowance and 0% when housed in government or privatized housing. Furthermore, DoD is using privatization to provide service members with larger, well-maintained housing units that are adequate.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	Allowances provide for housing without the government being the landlord. DoD conducts market analysis which indicates whether there is a need for government- provided housing or whether the private housing market is adequate. DoD uses this survey to determine the need for military construction and/or privatization, where suitable private housing is not available.	A recent RAND study, a research firm, shows that most military members prefer military housing when it is cheaper. However, if members are housed in the private sector, it is a lower cost alternative, even if DoD increases the housing allowance. It is expected that the increase in allowance will increase the reliance on the private sector.	20%	0.2
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	Quality housing can be provided efficiently by the private sector. To this end, DoD is increasing allowances and privatization and reducing military construction. DoD also spends around \$4 billion per year constructing and maintaining government-owned housing. Under an ideal economic situation, the government would principally rely on allowances (eventually making it part of salary) and allow most of the service members to live in the private sector or privatized housing.	DoD provides good quality housing in two ways: 1) DoD provides a cash allowance, which allows service members to rent from the local market or privatized housing; and 2) DoD provides free-government housing in lieu of a cash allowance.	20%	0.2
Total Section Score					100%	100%

Section II: Strategic Planning (Yes,No, N/A)						
	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	The goal of the program is to provide quality housing or to provide allowances for members to find adequate housing in the private sector. For government-owned housing, DoD's goal is to eliminate inadequate houses by 2007. DoD is also increasing reliance on the private sector to eliminate inadequate housing by privatizing government-owned housing. DoD is increasing the allowance each year to reduce out-of-pocket housing expense to 0% by 2005.	These goals are clearly stated in the President's budget and the Secretary's Planning Guidance.	20%	0.2
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	DoD has a goal to decrease members' out-of-pocket housing costs to 11.3% in FY02 and 7.5% in FY03. For on-base housing, DoD has a year by year plan to eliminate inadequate housing. DoD plans to use both military construction and privatization to achieve this goal, with an increasing reliance on privatization.	The allowance goal is published in the President's Budget. Each year, DoD determines the annual amount of inadequate housing it plans to eliminate.	20%	0.2
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	Contractors do not participate in program planning efforts. Military construction and privatization projects are only competed if there is a need to construct houses. Once the need is determined, and the goals of the project are set by DoD, the contractor is expected to deliver as required by the contract.	N/A	0%	
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	N/A	The military housing program is not related to any other federal program with a similar goal. No other program is funded to meet the same needs, directly or indirectly.	N/A	0%	

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	General Accounting Office (GAO), Congressional Budget Office, Congress, and DoD Inspector General have evaluated the program and DoD has taken action to improve the program. In addition, DoD relies on private sector financial experts to assist in the privatization program and to ensure privatization deals are valid and accurate.	GAO has completed its third evaluation of the privatization efforts (June 2002). Moreover, each privatization project is evaluated by OMB and the Congress to ensure that they are scored and evaluated properly. Companies such as Ernst and Young (consultants), Jones Lang LaSalle (construction/financing) have added value by evaluating privatization projects.	20%	0.2
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	The results of increasing the housing allowance to the national median housing expenditure can be readily observed. Any funding provided for military construction or privatization is allocated by project since each project requires congressional authorization.	For the allowance, annual decreases in out-of-pocket housing expense reflects budget alignment. DoD's budget justification materials sent to Congress with the 2003 President's budget displays military construction funding project by project.	20%	0.2
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	Every year, DoD undertakes a program review effort to evaluate the program and then links the review to the budgetary decisions. In addition, DoD periodically assesses its program when an audit reveals criticism or suggestions.	Two years ago, DoD was criticized for having allowances that did not take into account high and low cost areas. Thus, service members were paying a higher percentage of housing expenses out of their pocket than others. DoD took steps to improve the allowance program by adjusting the allowance formula. GAO has criticized DoD for not having a robust methodology for computing housing needs. DoD has taken steps to improve the methodology by standardizing the models among services. Furthermore, DoD judges on-base housing requirement by looking to the local market instead of basing it on demand for on-base housing. Recently, the privatization program did not have a program evaluation in place and DoD now semi-annually evaluates performance and the lessons learned from on-going projects for use in upcoming privatization efforts.	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Total Section Score				100%	100%

Section III: Program Management (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	For every project, the Service requesting the project has to justify the expenditure based on housing market analysis. Once the project is awarded, project supervisors in the supervision and administration office (Corp of Civil Engineers or Air Force Civil Engineers) monitor the project to ensure that the project is proceeding as planned (from architectural drawings to foundation).	DoD publishes a master plan each year to assess the need for housing and the number of current inadequate housing units and everytime construction is required, it must be supported with current market analysis. For instance in the Kirkland privatization project, the scope of the construction project was reduced based on the timely data DoD collected. In government construction, DoD uses supervisors to monitor the projects by adjusting drawings to meet government needs or reworking the contract to deal with mold and asbestos issues. Thereby, ensuring that the program purchases good housing.	14%	0.1
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	Some projects contain incentives to improve the performance or delivery of the project. These include cash bonuses for contractors for completing projects on/ahead of time or below cost. Furthermore, past performance is a criteria on when construction/privatization projects are awarded. Construction contracts have to comply with Federal Acquisition Regulation (FAR) and anti-deficiency rules.	FAR and anti-deficiency rules hold contractors accountable. Legal documents spell out the incentive awards. Construction contracts are subject to random reviews by internal auditors at DoD. In privatization, the relationship is primarily between developer and the renter. However, government interests are protected.	14%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Housing allowances are paid to service members every month. Military construction funds expire in five years and DoD closely monitors the funds and progress of various projects.	DoD spends all allocated funds in a timely manner. The obligation/outlays rates are monitored through monthly reporting. Any funds that are not spent are re-allocated yearly through the reprogramming, reappropriation, or reauthorization process.	14%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	Yes	The on-base housing program makes effort to privatize government-owned housing. DoD has used IT (i.e. the internet) to improve the housing referral system to help service members with relocation efforts.	For each privatization project, DoD assesses the cost having the government vs. the private sector construct a home. Construction costs for privatized housing are cheaper and of better quality than government-owned housing. DoD is working with the private sector to create a web-based referral system, thereby, reducing the need for housing personnel.	14%	0.1
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	DoD has not yet budgeted for the complete elimination of out-of pocket housing expenses. However, the goal is to achieve it by 2005. For military construction, the budget fails to completely include operation and maintenance costs and thus the buildings are not completely sustained and restored.	In order to properly account for the full cost of the program, DoD has to track direct and indirect costs to judge the performance of the program. In order to budget completely for operations and maintenance, sufficient funds have to be allocated for this effort. The master plan indicates that adequate funds are not set aside because of other priorities.	14%	0.0
6	<i>Does the program use strong financial management practices?</i>	No	DoD continues to receive disclaimers by auditors on the financial statements for the agency as a whole.	Though there are no audit reports of the housing program that illustrate management deficiencies, it is not clear that the financial data is accurate and compliant with federal management standards. DoD has yet to receive a clean audit.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	DoD operates its housing program from three different offices (allowances, construction, privatization). However, each office reviews their data collection methods and quality control systems each year and coordinates public policy efforts. DoD is currently considering ways of improving management by placing all three areas of the program together.	DoD issues an internal report and takes steps to improve management deficiencies such as undertaking program evaluations, housing requirement studies, and increasing housing allowances. Given budgetary constraints, DoD is forced to manage and plan wisely.	14%	0.1
Total Section Score					100%	71%

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Large extent	DoD has a challenging goal of eliminating inadequate housing units by 2007. DoD is making progress toward this goal by increasing privatization and the cash allowance. Out-of-pocket housing expenses are being reduced annually.	DoD's budget documents show DoD's progress toward eliminating inadequate houses, the level of privatization, and increases in allowance.	25%	0.2

Long-Term Goal I:	Completely eliminate inadequate units by 2007
Target:	Completely eliminate inadequate units by 2007
Actual Progress achieved toward goal:	Currently 60% of DOD-owned housing are inadequate
Long-Term Goal II:	Rely on privatization where feasible
Target:	Rely on privatization where feasible
Actual Progress achieved toward goal:	The FY 2003 and FY 2004 goal is to privatize more than 76,000 family housing units
Long-Term Goal III:	Eliminate out-of-pocket housing expenses to zero by FY 2005
Target:	Eliminate out-of-pocket housing expenses to zero by FY 2005
Actual Progress achieved toward goal:	Reduced out-of-pocket costs to 11.3% in FY 2002 and to 7.5% in FY 2003

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score																																																															
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	Large extent	Out-of-pocket housing expenses decreases annually. The two ways in which DoD plans to eliminate inadequate DoD housing is to increase construction spending and increase privatization. Construction funding has been limited given other pressing needs. Thus, DoD has increased privatization.	Performance measures reflect Administration goals and objectives. The Secretary's Planning Guidance continue to track DoD's performance. Progress has been made.	25%	0.2																																																															
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3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Large extent	DoD has increased privatization and created projects that are individually self-funding projects that require minimal government capital. The government through privatization is able to buy 8 houses for the same price of buying one house through government construction.	Recent market surveys done for privatization projects indicate that surplus housing exist on bases and thus projects have been reduced in scale (e.g. draft of the Kirkland project). Less government housing means less costs to the taxpayer.	25%	0.2																																																															
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N/A	There is no other program in the federal government in scale that is comparable to the military housing program.		0%	0.0																																																															
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Large extent	DoD's program performance is audited by GAO periodically.	GAO overall believes the housing privatization program to be successful. However, it believes that the housing requirement process has faults and thinks that privatization and construction may be occurring in locations that are unnecessary. DoD has taken technical steps to improve the calculation of project life-cycle costs and is conducting a privatization program evaluation every six months.	25%	0.2																																																															

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Total Section Score				100%	67%

PART Performance Measurements

Program: Housing
Agency: Department of Defense--Military
Bureau: Military Personnel
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	71%	67%	Effective

Measure: Reduce the number of inadequate houses to zero by 2007

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2002	153,249	163,195	
2003	125,366		
2004	98,953		

Measure: Number of housing units privatized

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2002	13,905	10,284	
2003	34,649		
2004	41,258		

Measure: Percent of service members out-of-pocket housing expenses as a fraction of the national median housing costs

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2002	11.3%	11.3%	
2003	7.5%		

PART Performance Measurements

Program: Housing
Agency: Department of Defense--Military
Bureau: Military Personnel
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	100%	71%	67%	Effective

2004 3.5%
2005 0%

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 25%

Explanation: The purpose of military force management is to provide requisite military manpower to execute National Military Strategy (NMS). This requires recruiting, compensating, and retaining both active and reserve components to conduct prompt, sustained combat operations on land, in the air, and at sea per direction from the National Command Authority, plus transitioning those personnel upon separation/retirement into reserve force/civilian life.

Evidence: A basic tenet of an all-volunteer force is rewarding those who serve with financial incentives and payment in recognition of their service and the potential hazards of that service. Also, the Department of Defense Personnel & Readiness Strategic Plan 2001-2006, pg 2 notes the requirement to "Attract, retain, and motivate a high quality, diverse, and sufficiently sized force to meet mission requirements." Similarly, the purpose of the Reserve Components can be found at 10 USC 10102.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 25%

Explanation: The US military has a continuing need to replenish its force due to retirements and separations. Changes in military roles and missions also require continuing force management, as do changes in the national economy.

Evidence: There is significant competition from colleges and other employment opportunities for young adults as well as significant monetary incentives outside the military for more experienced military members. Adequate compensation is critical to retain personnel with needed skills. Both by law and policy, the Services must continually replenish and manage the human capital of the armed forces. Constraints on end strength, length of service, promotions, and other personnel management policies require the personnel life cycle to perpetuate.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: NA

Question Weight: 0%

Explanation:

Evidence:

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight 25%

Explanation: No major flaws identified. Force management is dynamic; therefore, the Department and Service components conduct continuous reviews of requirements based on Quadrennial Defense Report, Defense Planning Guidance, Service Long-Range Plans, Program Objective Memoranda (POM), and Budgets.

Evidence: The military services are able to recruit and retain the bulk of their requirements. Even in bad years, the shortages are not insurmountable and the critical needs of the military have always been filled with active duty manpower or activated reservists. Continuous monitoring/improvement processes are in place (e.g. Balanced Scorecard, Unified Legislation and Budgeting Process) to respond to issues as they arise.

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight:25%

Explanation: DoD and Service components carefully structure compensation and benefit programs to ensure that military manpower meets the required force profile.

Evidence: Military compensation is designed to foster and maintain the concept of the profession of arms as a dignified, respected, sought after, and honorable career. Special and incentive pays are specifically targeted to meet current accession/re-enlistment requirements, either to fill priority skills, even-flow the training base, promote longer enlistment contracts, and shape the force by providing additional incentives to induce members of the armed forces to volunteer for certain career fields that would, without those incentives, experience manning shortfalls.

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:14%

Explanation: The long term outcome is force manning: DoD measures or plans to measure it through the following measures: 1. "End"-Strength met "continuously" 2. Manpower mix (military manpower reallocation) 3. NCO grade/experience mix measure

Evidence: DoD has been able to maintain forces for all its commitments, including fighting a major engagement in Iraq, without the use of conscription. Units are sufficiently manned and able to perform their jobs, and the services are still able to maintain current operations including training, education, and other commitments, while engaged in a major war.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:14%

Explanation: DoD wants to have the right personnel in each year group promoted and available to fill all requirements. It uses a wide variety of compensation tools designed to retain the proper number of people, with the proper skills, for the entire force. It has been able to do so successfully, using bonus and pay authorities to retain its required force and meet validated requirements.

Evidence: DoD is transforming its personnel structure to adapt to the dynamic changes in the world and warfighting. These changes require DoD to have planning and management tools that can respond to this fluid environment. It currently tracks each skill to ensure that a sufficient number of personnel are available for each field and tracks the overall numbers and retention to ensure that critical billets are filled. The general overall measure for all services, personnel readiness, is as high as it has ever been.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:14%

Explanation: Yearly recruiting and retention goals comprise annual end strength levels which build to long term sustainment of the force. The annual goals are: (End) Strength - Active and Reserve Recruiting quantity - Active and Reserve Recruiting quality - Active and Reserve

Evidence: The long term goal is retention of military forces of sufficient quantity and quality, along with the proper mix of skills. The annual goals, which help build to the long term goals, are recruiting a sufficient number and retaining the proper personnel. These goals are not directly linked, but do create the long term environment for success.

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:14%

Explanation: Recruiting and retention are constrained by Congress, as DoD must meet the personnel requirements outline in its yearly authorization bill. Internally, DoD has to keep its skill and grade mixes relatively constant in order to ensure readiness is maintained and an available pool of personnel are available to fill in in case of personnel losses or unavailability. DoD does have quality and quantity baselines for both recruiting and retention.

Evidence: Achieving 100% of their yearly goals is all that is required to effectively man the force. DoD is already achieving the quality and quantity of recruits desired. It is also retaining the quality and quantity of personnel needed, and has many tools available to ensure it meets its skill requirements. Changes are marginal, at best. Furthermore, legislative caps constrain the number of people the services can have on board.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NA Question Weight: 0%

Explanation:

Evidence:

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:14%

Explanation: Independent evaluations of the Force Management Program are conducted as needed, typically in support of a Congressional inquiry or to provide information of concern to leadership or other interested parties. These evaluations are relatively frequent and generally focused on particular sub-programs.

Evidence: The General Accounting Office, Congressional Research Service, DoD Inspector General, the Office of Management and Budget, and the Office of the Secretary of Defense review parts of this program each year. RAND corporation initiates and publishes many studies each year on various aspects of Defense compensation and personnel management policy. Congress directs the Department to do studies each year and the Department submits a large legislative program to address issues raised during these reviews.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight:14%

Explanation: Consistent with the Planning, Programming, Budget and Execution System, Service budget submissions support the five-year manpower and personnel programs. Compensation programs are scrutinized both internally and externally during various budget cycles throughout the year.

Evidence: The majority of personnel costs are, in effect, fixed. The only way to achieve significant savings is reducing end-strength, a task not easily accomplished due to mission requirements and legislative impediments. Funding is viewed as though it were a must-pay bill, and it is difficult to achieve significant economies, short of reductions in benefits or differentiation of benefit structures, both of which are difficult to achieve. Since only small amounts of compensation are not set by statute and thus are discretionary, it is hard to use compensation programs to affect budget policy, except at the margins.

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:14%

Explanation: Processes are already in place to pre-emptively identify issues and take corrective action.

Evidence: Every year, a package of 100 or more personnel-related legislative proposals is forwarded to OMB and later Congress for review. This package addresses situations which arise due to conflicting entitlements or problems in current law. Among the continuing assessments are the Planning, Programming, Budgeting and Execution process, the Military Human Resources Strategic Plan, the Quadrennial Defense Review, the Quadrennial Review of Military Compensation, the Annual Defense Reports, and the Defense Manpower Requirements Report.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:14%

Explanation: Strength, recruiting, attrition, retention, and other force management measures are reported monthly.

Evidence: Updated manpower data are collected and archived by Defense Manpower Data Center (DMDC) and Washington Headquarters Services. Relevant data are then retrieved and reported, both for recurring tracking purposes and for ad hoc analytical queries. Most data series appear monthly, allowing the military services to respond to emerging needs. For example, after 9/11, all the services needed more security forces, so bonus funding and recruiter efforts flowed toward that specialty to ensure enough recruits were brought in to fill the school.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:14%

Explanation: Performance measures and other topics are reported to the Under Secretary of Defense for Personnel and Readiness (USD P&R) regularly (normally quarterly) in the Balanced Scorecard and Monitoring the Status of the Force briefings. Regularly scheduled (normally weekly) meetings with Service Assistant Secretaries for Manpower and Reserve Affairs and uniformed personnel chiefs and Senior Leader Review Group are forums for Services to share information and be accountable for their performance.

Evidence: Managers responsible for Military Force Management are held accountable for their performance results. For example, recruiters, trainers and commanding officers are held accountable in reviews. In addition, advertising agencies generally provide service based a performance based contract directly tied to recruiter production. However, while performance goals are measured closely, the efficiency of the programs is less apparent. Thus, efficiency rankings are largely unavailable for the purposed of making specific budget tradeoffs.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: Budgets are generally executed without problem. Congressional delays in approving budget can be problematic, as can Congressional restrictions on thresholds for reprogramming.

Evidence: Although there are localized issues with pay and reimbursements, DoD surveys show general satisfaction with pay and benefits processing. Much of the funding involves pay, and problems are dealt with quickly.

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: NO Question Weight:14%

Explanation: The goal of the program is manning the force in order to meet operational requirements; efficiency and cost effectiveness are not the primary considerations. Status of Forces Surveys provide leading indicators of potential issues for early remediation. Special and incentive pays are very cost effective tools for improving retention (proactive approaches are more cost-effective than reactive approaches).

Evidence: None of the programs are implemented under controlled conditions. For example, pilots may get not only an increase in basic pay, but also accelerated buydown of their housing costs, while at the same time legislation is being proposed to increase aviator-specific pays. The effects of other changes are not adequately considered when community or skill-specific improvements are being proposed.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: YES Question Weight:14%

Explanation: DoD collaborates and coordinates with programs within several other departments of the federal government. DoD is a large provider of health care and education, a large property owner and manager, and deals with significant environmental issues. It also maintains personnel all over the world, either in standalone facilities or with other government agencies like the State Department, the CIA, and the NSA. It also maintains relationships with State and territorial National Guard units and provides significant community support throughout the country and overseas. It works in concert with the Office of Personnel Management and the Department of Veterans' Affairs to share personnel data.

Evidence: DoD works with many other agencies on issues relating to personnel management. It interfaces with The Department of Homeland Security on Coast Guard issues; Department of Labor - collaboration/cooperation in unemployment compensation, workers compensation; Department of Veterans Affairs - cooperation/collaboration on Servicemembers Group Life Insurance, Dependents Indemnity Compensation, educational benefits; Bureau of Citizenship and Immigration Services (BCIS): dedicated BCIS processing support of DoD applications for citizenship; Department of Agriculture - foodstamps, Women Infants & Children. Unfortunately, there is not an easy metric by which to judge the quality of these collaborations. However, since these are entitlement and benefits issues, most are worked out within a decent time frame by the agencies involved.

3.6 Does the program use strong financial management practices? Answer: YES Question Weight:14%

Explanation: DoD has not yet received clean audit opinions for its financial statements. However, strong financial management is evident in this program in the accounting procedures that pay 1.4M AC personnel twice/month (and 0.9M RC personnel monthly) with limited errors.

Evidence: Although there are localized issues with pay and reimbursements, DoD surveys show general satisfaction with pay and benefits processing.

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: NO Question Weight:14%

Explanation: GAO has issued several reports recently on reserve pay administration, the Selective Reenlistment bonus, information technology systems for pay and personnel, and other programs which have generally been critical of DoD management.

Evidence: DoD has generally agreed with many of GAO's finding, but has sufficient flexibility in the short term to address the problems identified and is working on longer term information technology solutions and performance metrics to better evaluate its programs.

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: YES Question Weight 20%

Explanation: Past performance of long-term goals shows in how the military has managed to downsize the force without compromising mission capabilities. The military is currently in the initial stages of transformation. As a result, future long-term goals are still in their infancy.

Evidence: Critical needs are filled. Current reviews indicate overages of military members in some skills but few undermanned skills. Sound business practices indicate that retention goals should be adjusted in these skills in order to reduce overages; however, the uncertainty for future commitments of our forces will require that these type of decisions be tempered and flexibility maintained to ensure force readiness is not denegated. DoD has proposed new programs to buy out some of its longest tenured personnel in order to shape the force appropriately during this transformation. These tools would complement other efforts to allow experienced and skilled service members currently in overage skills to be retained, if qualified, in the shortage skills.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight 20%

Explanation: End-strength has consistently been sufficient - recently above/near flex constraint because of stop loss programs to ensure sufficient personnel for current operations. Recruit quality remains strong and numeric goals are met. Retention has been strong - partially because of stop loss programs, but mostly because of aggressive Service retention programs. Target shortfalls have been few and modest in size.

Evidence: The primary annual goal is end-strength, which is a simple function of recruiting and retention. Both recruiting and retention are directly related to compensation and quality of life. Each year DoD makes additional progress on improving these programs, leading to success in achieving end-strength.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight 20%

Explanation: Special pays are justified and targeted to be cost-effective. A-76 studies have been done to examine military-to-civilain billet conversions. DoD recently conducted a comprehensive evaluation of all military personnel assigned to work outside the DoD and identified and eliminated or continue to examine those billets not working on DoD-related efforts or in tasks that required specific DoD-skills.

Evidence: Since each bonus program and special pay are separately evaluated, rather than as part of a compensation package, the analytical process provides very little relational budget planning in the DoD system. For example, in any given year, DoD might propose increasing avaiation pay, without close consideration of the size of that year's basic pay increase, reduction in out of pocket housing costs or other compensation changes. Within the special pays and incentives, there are often proposed solutions to individual problems.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight 20%

Explanation: U.S. military force managers maintain a force that sets the international standard for operation of an all-volunteer force.

Evidence: Requests from foreign military departments--including those from the former Soviet Union--to provide instruction, training, materials on how to produce an all-volunteer, professional force, particularly a professional non-commission officer corps serve as evidence of U.S.military performance. The U.S. sets the gold standard for an all-volunteer force. There is no other pension plan in the world which offers noncontributory inflation-adjusted pensions after 20 years of service, free health care for life, including prescription drug coverage, and other benefits. While some military members are less well paid than their counterparts, there are few skill sets which are significantly undermanned or hard to retain.

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: YES Question Weight 20%

Explanation: Operation Iraqi Freedom was the best independent evaluation of how Military Force Management is meeting its outcome goals, i.e., providing a trained and ready force with personnel of the right skills and the numbers to execute operations in support of our National Military Strategy; Continuous, ad hoc reviews of individual programs of Military Force Management are used to refine and evaluate the overall program. The Defense Science Board Task Force on Human Resources Strategy (Feb 2000), p.v.: "The United States continues to maintain a high quality force. Professional, highly trained, and well equipped, the force has performed successfully in many and varied operations during the last decade.... Even with a several fold increase in operational tempo, the force has continued to respond to U.S. interests worldwide.", p. vi.: "The task force believes that the All-Volunteer Force remains the correct vehicle to support the nation's national security requirements."

Evidence: In addition to these organizations, military personnel policy is often reviewed in the court of public opinion, the press, politics, and other arenas.

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

Measure: "Continuous" or "Average" Strength
Additional Information: Frequency (within the year) that Services/Components meet authorized Strength levels

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2001			

Measure: Efficient manpower mix (military manpower reallocations)
Additional Information: % military manpower reallocated as planned; UNDER DEVELOPMENT: Measure being developed in the Shape the Force of the Future quadrant of the DoD Balanced Scorecard.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term (Efficiency Measure)
2001	TBD		

Measure: NCO grade/experience mix
Additional Information: UNDER DEVELOPMENT, will focus on how closely retention programs (experience pyramid) correspond to manpower demands (grade pyramids).

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term (Efficiency Measure)
2001			

Measure: Active Duty End-Strength - percentage of manning goal achieved
Additional Information: % of authorized strength

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	99.5% to 102%	102.3%	
2002	99.5% to 102%	101.8%	
2003	99.5% to 102%	103.2%	
2004	99.5% to 102%		

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

Measure: Reserve End-Strength
Additional Information: % of authorized strength

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	>99.5% & <102%	1.0022	
2002	>99.5% & <102%	1.0111	
2003	>99.5% & <102%		

Measure: Active Duty Recruiting - yearly percentage of required accessions achieved
Additional Information: Enlisted accessions to Active Duty, % of mission

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	100.0%	100.5%	
2002	100.0%	100.5%	
2003	100.0%	101.0%	
2004	100.0%		

Measure: Efficient manpower mix - percent of military manpower realigned as planned to achieve a more efficient force. Will be applied to both individual and unit formations
Additional Information: % military manpower reallocated as planned; UNDER DEVELOPMENT: Measure being developed in the Shape the Force of the Future quadrant of the DoD Balanced Scorecard.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term (Efficiency Measure)
2001	TBD		

PART Performance Measurements

Program: Military Force Management
Agency: Department of Defense--Military
Bureau:
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	93%	

Measure: Active Duty Recruiting - Quality
Additional Information: % HSDG (Tier 1), % Cat I-III in enlisted accessions to Active Duty

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	90% / 60%	91% / 66%	
2002	90% / 60%	92% / 70%	

Measure: Reserve Recruiting - Quality
Additional Information: % HSDG (Tier 1), % Cat I-III in enlisted accessions to National Guard and Reserve

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	90% / 60%	89% / 64%	
2002	90% / 60%	89% / 66%	

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The purpose of the missile defense program is clear, has broad consensus, and has been formalized in legislation.

Evidence: The National Missile Defense Act of 1999 (PL 106-38) mandates the Administration deploy a missile defense system as soon as technically feasible. Policy statements in National Security Presidential Directive (NSPD) 23, 16 Dec 2002, require DoD to develop and deploy as soon as possible a ballistic missile defense drawing on the best technologies available.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: The intelligence community has identified specific ballistic missile threat systems (from short to intercontinental range) which pose risks to U.S. forces and national territory. The missile defense program is intended to counter these threats.

Evidence: Deployment of a national missile defense has been identified as a specific national policy goal by the National Missile Defense Act of 1999 (PL 106-38), and reaffirmed by NSPD-23. In addition, the Strategic Planning Guidance for FY2006 - 2011 specifically states that U.S. missile defense goals remain as articulated [in related documents].

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: The missile defense program is unique. No other federal agency or effort duplicates DoD's missile defense efforts. Within DoD, the Missile Defense Agency (MDA) is the single focal point for development of all missile defense systems

Evidence: The Secretary of Defense memorandum of January 2, 2002 and the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum of February 13, 2002, established the Missile Defense Agency as the sole development organization for missile defense. Subsequently, DoD Directive 5134.9, 9 Oct 2004, subsumed the earlier documents and formally established the MDA as an Agency with responsibility for managing, directing, and executing the development of the BMDS in accordance with NSPD-23.

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

1.4 **Is the program design free of major flaws that would limit the program's effectiveness or efficiency?** Answer: NO Question Weight 20%

Explanation: BMDS Integrated Program Policy, Integrated Management Plan, Integrated Master Test Plan, Capability Verification and Assessment Plan, Block Activation Plan and subsequent documents provide an effective organizational structure for rapidly developing missile defenses using a wide-range of complex technologies. Each year, MDA assesses the capabilities being developed and makes recommendation(s) regarding the potential to field additional capabilities. Funding decisions will be made at the departmental level when MDA receives approval to begin fielding additional capabilities. At that time, MDA will either be provided with identified funding required to field the capability, or will be required to rebalance funding between developing and fielding capability. To date, the President has approved MDA deployments consistent with goals developed for Development and Fielded Configuration SOGs for Blocks 04 and 06, which require funding through FY2010 to complete. However, DoD has only provided funding through FY2007, bringing into question the ability to meet these goals.

Evidence: DoD Program Decision Memorandum - II (Jan 13, 2003), BMDS Integrated Program Policy, Integrated Management Plan, Integrated Master Test Plan, Capability Verification and Assessment Plan. Developmental SOGs for Block 04, 06, 08 and 10. Fielded Configuration SOGs for Blocks 08 and 10. Fielded Configuration Baselines for Blocks 04 and 06 will be completed and forwarded with the MDA PB06 budget submittal.

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight 20%

Explanation: The Missile Defense Agency and U.S. Army (PAC-3) control nearly all of DoD's missile defense efforts. All budgeted funds are targeted to a small number of RDT&E program elements. The program elements' definitions align with the Missile Defense Agency (MDA) Work Breakdown Structure (WBS). Funds are distributed within MDA and tracked via a Program Budget Accounting System to ensure that resources are effectively targeted in high-payoff investments.

Evidence: The Secretary of Defense memorandum of January 2, 2002 and the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum of February 13, 2002, established the Missile Defense Agency as the sole development organization for missile defense. Subsequently, DoD Directive 5134.9, 9 Oct 2004, subsumed the earlier documents and formally established the MDA as an Agency with responsibility for managing, directing, and executing the development of the BMDS in accordance with NSPD-23.

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
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Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: YES Question Weight:11%

Explanation: MDA is updating its SOGs for the POM 06 cycle. The new BMDS Baseline Package package will contain: (1) Fielded Configuration Baselines, which will track key cost, schedule and performance parameters for the fielded Block 04, and 06 BMDS; (2) Fielded Configuration (FC) SOGs which will capture the fielding goals and associated performance parameters (based on MDP III initial guidance) for Blocks 08 and 10; (3) Development SOGs for Blocks 04, 06, 08, and 10 which will characterize the BMDS RDT&E through CY 2011; and (4) appendices describing adversary parameters that the BMDS will be able to address, detailed Block cost breakdowns and BMDs verification and assessment measures. Outcome goals are expressed in terms of Engagement Sequence Groups (ESGs) that are developed and demonstrated for approved Blocks and specific performance parameters based on the MDA Technical Objectives and Goals, or TOG (Defended Area, Launch Area Denied, Probability of Engagement Success and Raid Size Capacity, and Countermeasures and Environmental Resistance) that are derived from these ESGs.

Evidence: Completed and signed Block 04, Block 06 and Block 08 DSOGs; completed and signed Block 04 and Block 06 Field Configuration SOGs. Block 04, and 06 Fielded Configuration baselines will be completed and forwarded with the MDA PB06 submittal.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: YES Question Weight:11%

Explanation: Targets and timeframes for long-term measures will be captured in this year's BMDS Baseline Package, to include Development SOGs for Block 04, Block 06, Block 08 and Block 10; Fielded Configuration Baselines to cover the fielded portions of the BMDS for Block 04, and 06; and Fielded Configuration SOGs that characterize the possible fielding decisions, based on initial Missile Defense Plan (MDP) III guidance for Blocks 08 and 10. This BMDS Baseline Package will cover planned missile defense program cost, schedule and performance goals through the end of CY 2011.

Evidence: Completed and signed Block 04, Block 06 and Block 08 DSOGs; completed and signed Block 04 and Block 06 Fielded Configuration SOGs. Block 04, 06 and 08 Fielded Configuration baselines will be completed and forwarded with the MDA PB06 submittal.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: YES Question Weight:11%

Explanation: MDA is now developing Fielded Configuration baselines to improve program management in accordance with GAO recommendations and the specific language of the 2005 Defense Authorization Act. These Fielded Configuration baselines will cover the key cost, schedule and performance parameters of the fielded portions of the BMDS for Block 04, and 06, and are an integral part of the overall BMDS Baseline Package which is currently in draft and scheduled to be officially released with MDA's PB 06 submission.

Evidence: Completed and signed Block 04, Block 06 and Block 08 DSOGs; completed and signed Block 04 and Block 06 Fielded Configuration SOGs. Block 04, and 06 Fielded Configuration baselines will be completed and forwarded with the MDA PB06 submittal.

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:11%

Explanation: MDA reviews and revises its goals each year in consultation with the missile defense oversight structure currently in place, based on developmental progress. MDA identifies these changes in its budget documentation and briefs these changes to OSD, OMB, and the Congress. MDA has begun efforts to revise the SOGs in an effort to develop a requirement reporting document/vehicle that is better equipped to more accurately portray BMDS development in a top-level, "baseline" manner and alleviate existing concerns with the current process. MDA is now developing Fielded Configuration baselines to improve program management in accordance with GAO recommendations and the specific language of the 2005 Defense Authorization Act. These baselines will cover the key cost, schedule and performance parameters of the fielded portions of the BMDS for Block 04 and 06, and are an integral part of the overall BMDS Baseline Package which is currently in draft and scheduled to be officially released with MDA's PB 06 submission. This BMDS Baseline Package will include: (1) the current SOG format for each Block (both DSOG, Fielded Configuration Baseline and Fielded Configuration SOG) updated to reflect the latest state-of-play for MDA's development and fielding endeavors; (2) An in-depth Introductory section that will contain summaries of the new Systems Engineering Process and International Participation in BMDS Development; (3) an Adversary Benchmark Appendix that highlights the actual specific threats and countermeasures that the BMDS can negate for Block 04 and 06; (4) a BMDS Verification and Assessment Annex that maps specific MDA test events (flight tests, ground tests, war games, M&S, etc) to the ESG's they help validate/verify; and (5) a detailed Cost Breakdown Appendix of each Block (to include, LCC, O&S, etc.)

Evidence: Completed and signed Block 04, Block 06 and Block 08 DSOGs; completed and signed Block 04 and Block 06 Fielded Configuration SOGs. Block 04 and 06 Fielded Configuration baselines will be completed and forwarded with the MDA PB06 submittal.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NO Question Weight:11%

Explanation: Currently MDA and Services are collaborating to determine the responsibilities for funding outyears. Funding for O&S in FY05 is the responsibility of the Services, while funding for Contractor Logistics Support (CLS) will remain the responsibility of MDA through FY11 (FYDP). MDA has updated O&S estimates for inclusion in POM 06. CARDS and Life Cycle Cost estimates are being completed and CAIG ICE will be conducted Summer 04. The budget will be adjusted appropriately to satisfy this requirement. MDA is negotiating InterService Support Agreements (ISSAs) with the various installations to fund base level support. In addition, the process and overall concept for transitioning MDA elements to the services as they mature and become "operational" has been developed and is in the process of being implemented. However, this process remains problematical and will take a number of years to evolve.

Evidence: MDA has effective military service and industry partner coordination. DoD's Missile Defense Support Group provides internal coordination of MDA activities and each service has provided a team to work inside MDA headquarters. These efforts have solidified coordination processes between key government stakeholders. MDA has completed ISSA negotiations with the Army for Ft Greely (FGA) base support, and with the Air Force for Vandenberg Air Force Base (VAFB) base support. MDA has applied \$3.7M to the current ISSA governing Eareckson Air Station (EAS). This ISSA will be renegotiated in FY05. However, at lower levels, the understanding and implementation processes have not been fully developed. At the current time, MDA/TR has developed a framework and a transition approach, which includes a transition IPT. This IPT is to address and consolidate multiple stovepiped functional and organizational (both internal and external) stakeholder issues and elevate them in a consistent, transparent, and methodical manner to the MDA-Service Boards of Director Meetings. MDA/TR briefed the Army and the Navy Boards of Directors on the transition framework and approach on November 22, 2004 and December 14, 2004, respectfully. The same information is also pending release to HASC staffers.

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:11%

Explanation: MDA is subject to detailed annual external oversight by the Government Accounting Office (GAO), as specified previously in the FY2002 Defense Authorization Act and currently in the FY2005 Authorization Act. MDA is also subject to internal oversight, some of it legislated. The Director, Operational Test & Evaluation, completes annual reviews of MDA's progress toward fielding new capabilities, and assists in establishing adequate test goals and procedures. Effective April 2003, the OSD Cost Improvement Analysis Group will be providing independent cost estimates for major MDA programs, to include the AEGIS sea-based and Ground-Based Midcourse Defense programs. Analyses of Military Utility will be accomplished by JTAMDO and STRATCOM. Finally, the PART evaluation process is also an independent evaluation, and it helps the Agency by providing "outside eyes" into management areas that can be improved.

Evidence: Congress has required annual external evaluations of MDA by the GAO and DoD test community. These were incorporated in public law in Sec 232, of the FY2002 Defense Authorization Act and reinforced by additional language in the FY2003 Defense Authorization Act. The latter focused on expanding DoD staff oversight of missile defense activities. In addition, an April 2003 Memorandum of Agreement between MDA and the DoD Cost Analysis Improvement Group established procedures for independent cost estimates of major missile defense programs.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: NO Question Weight:11%

Explanation: Each Development and Fielded Configuration Statement of Goals is tied explicitly to a "cost" goal which in turn drives a budget request. MDA reviews and revises its goals each year based on developmental progress in consultation with the missile defense oversight structure currently in place. MDA identifies these changes in its Selected Acquisition Report (SAR) and budget documentation and briefs these changes to OSD, OMB, and the Congress. No decisions have been made concerning the fielding of capability beyond Block 06, although completing the current Block 06 operational configuration requires funding through FY2010. To date, DoD has only provided funding to execute the Block 06 program through FY2007. This funding approach is inconsistent with DoD's and OMB's funding policy, and puts at risk the ability of MDA to field operational capabilities.

Evidence: DoD Program Decision Memorandum - II (Jan 13, 2003), FY05 President's Budget and Congressional justification materials

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: NO Question Weight:11%

Explanation: See previous question. Although MDA has reorganized in an effective manner, and appears to be taking positive steps to keep programs aligned and prioritized, their major strategic deficiency is failure to fund future missile defense deployments and operations. This strategic planning deficiency is a DoD issue, not MDA's, but has the potential to adversely affect missile defense efforts if not corrected.

Evidence: DoD Program Decision Memorandum - II (Jan 13, 2003), GAO Report on "Missile Defense: Knowledge Based Practices are Being Adopted, but Risks Remain,"(April 2003), DoD Financial Management Regulation (FMR), and DoD 5000.1 (May 12, 2003)

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

2.CA1 **Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule, risk, and performance goals and used the results to guide the resulting activity?** Answer: YES Question Weight:11%

Explanation: MDA does not use formal and structured DoD Analysis of Alternatives. Broadly, the MDA Intergration Board (MIB) oversees all aspects of missile defense from the BMDS to the Elements. The MIB ensures that relevant planning, programming, and technical issues are reviewed and trade-offs adjudicated in a timely manner. More specifically, in the systems engineering process, MDA regularly analyzes alternatives and makes trade-offs over cost and capability. Similarly, the Configuration Control Board makes tradeoffs between cost and capability. In 2002, the Defense Science Board performed an analysis of future investment strategies in MDA, and determined that MDA was "on the right track". The DSB study was also related to the 2002 Summer Review that resulted in the first BMDS deployment decisions. The Summer Review conducted an analysis of alternatives as to what could be fielded - per direction in the FY04-09 DPG - to counter a specific threat. Technical results were balanced against programming constraints to produce the first deployment decisions. DoD subsequently conducted two technical studies (summer of 2003 and of 2004) to refine the options and recommend deployment funding. MDA has conducted an investment analysis-of-alternatives to define the Block 06 architecture and has a similar analysis underway for Block 08.

Evidence: Summer of 2002 SEC and MDSG deployment alternatives studies. DSB final recommendations from August, 2002. On-going MDA future investment alternatives studies (as briefed to the MDSG). Charter of the MDA Integration Board.

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:14%

Explanation: At weekly System Element Reviews (SERs), MDA collects and disseminates performance data on one of the Elements or projects to provide information about how resources are being used to achieve program objectives, to include: key accomplishments, technical performance measures, schedule status, risks, earned value, and budget/financial execution. Projects within the BMD Program are assigned to executing managers who are accountable for project performance. Performance reporting is accomplished through quarterly performance reviews, end-of-day and end-of-week status reports, contract deliverables, and routine and ad hoc analysis products. Integrated Program Assessments are prepared monthly on each Element to give program status and insight into issues. MDA has established other review forums/fora to permit the leadership to hear and evaluate the data provided by element and functional managers. The Financial Control Board conducts monthly Financial Execution Reviews, and addresses necessary funding actions as a result of the approval of Engineering Change Proposals at the CCB. At Program Reviews, MDA executives review and discuss the status of key issues/watch items. Contract Execution Reviews are conducted to keep abreast of key contract issues and changes. Senior decision makers use this information to assess program status and make changes to program plans to improve performance.

Evidence: MDA collects and reports program performance data monthly, quarterly and annually. (1) Program cost, schedule, performance and risk are reviewed by MDA leadership quarterly in System and Element Reviews; (2) Program status is presented to Congress via the Selected Acquisition Report; (3) Specific aspects of the program are reported to GAO in support of their annual assessment; (4) Director or SEO briefs USD(AT&L) and MDSG quarterly on the BMDS progress, status, and issues, and enable the MDSG to render advice; (5) Director briefs the Senior Executive Council (SEC) at least annually on the health of the BMD program, and present the BMD program as described in the upcoming President's Budget to gain SEC approval of BMD program content and direction; (6) Earned Value Management System data are reported to MDA leadership and to the external Missile Defense Support Group (MDSG) on a monthly basis in the Contract Assessment Report. The Director of MDA has also instituted a "Flash Reporting" requirements for timely earned value data to serve as a principal tool in managing the MDA program.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:14%

Explanation: MDA element performance through FY04 appeared sound. All the Elements use earned-value analysis to provide details about their cost and schedule variances, and this information is provided monthly to program executives. MDA element managers also provide event and financial status in a monthly Contract Execution Review (CER), which provides support to integrated management decisions. In addition, element managers report on their programs' progress once a quarter in System and Element Reviews. Monthly, the Program Integration office conducts Integrated Program Assessments of cost, schedule & performance progress for all of the BMDS elements, and provides the assessments to MDA executives for review.

Evidence: Selected Acquisition Reports (SARs) on missile defense; Contract Assessment Reports; quarterly MDA System and Element Reviews; and missile defense Quarterly Program Reports (forwarded to the MDSG)

PART Performance Measurements

Program: Missile Defense
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Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: Based on the most recent financial reports, the MDA programs met or exceeded the DoD goals for obligation and expenditure rates for FY04 .

Evidence: FY04 end-year execution review. DoD Comptroller Form 1002s on the financial status of each major program.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:14%

Explanation: Overall progress in the BMDS is driven by technical and verification issues, which may require the fielding of capabilities to be replanned over time (spiral development). Work and content are adjusted, and therefore may experience some instability. Under spiral development, with schedule instability, it is difficult to achieve significant cost efficiency improvements. However, efficiency goals are in draft for the Ground Based Mid-Course Defense (GMD) and Sea-based missile defense production efforts. The Director has established broad goals to expand efficiency criteria in all production and support contracts, and uses an MDA "Acquisition Support Cadre" to promote and track these acquisition initiatives.

Evidence: The MDA Implementation Plan and associated program office supporting documents provide an organizational goal of improving production and process efficiency. Current examples are still limited to the PAC-III production program, but MDA is working to expand efficiency goals across multiple missile defense programs as they transition into production. MDA actions to achieve efficiency in program execution also encompass the activities of the Contract Change Board (KCB). The KCB works to ensure that all BMDS efforts that are being negotiated and contracted for are in harmony with the overall BMDS acquisition strategy and that the specific contract actions optimize BMDS performance, schedule and cost management opportunities.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NA Question Weight: 0%

Explanation: DoD missile defense efforts are unique - no other departments, agencies, or branches of government are involved in missile defense.

Evidence: N/A

3.6 Does the program use strong financial management practices? Answer: YES Question Weight:14%

Explanation: MDA's internal budgeting and accounting procedures and their financial interface with DoD (Comptroller) appear sound. The MDA Financial Control Board conducts monthly financial execution reviews. Obligations and Expenditures meet DoD goals. Quarterly financial statements are submitted to DoD (Comptroller) within the specified time frames, and semi-annual briefings are provided to DoD (Comptroller) on overall financial status. MDA is working towards an unqualified audit opinion in FY2007 in accordance with OSD guidance, which entails specific line item assertions in FY2004 and FY2005. DoD IG will hire external auditors to perform an assessment of the financial statements in FY2006, and a formal audit of the financial statements in FY2007. MDA's current plan is to assert the Fund Balance with the Treasury, Accounts Receivable, Accounts Payable, and Environmental Liabilities by October 2004. No material weaknesses noted in the past fiscal year.

Evidence: Monthly 1002 Reports for FY2003 and FY2004; Quarterly Financial Statements; CFO Compliance Plan; and Mid Range Financial Improvement Plan; Charter of the MDA Financial Control Board.

PART Performance Measurements

Program: Missile Defense
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Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:14%

Explanation: Life cycle cost estimates are being developed (i.e., development, fielding, and operations and sustainment) for the blocks of the BMDS for which a fielding decision has been made. For all other blocks, estimates are focused on development only. The life cycle costs include the firm quantities of units to be fielded. The cost estimating community will develop models that support the requirement to estimate both fielding and O&S costs. Upon the linkage of strategic plans and performance plans to budget projects, MDA will link obligations and expenditures to performance. MDA is constrained in improving cost effectiveness and program stability by the nature of spiral development. Capability milestones become firm in the near term, but not necessarily in the out years. It is not known in advance with any certainty which technologies will mature sufficiently in the future to be fielded in a specific year. Thus the program will continue to be constrained in its ability to improve overall cost efficiency.

Evidence: The FY05 President's Budget shows the RDT&E cost, schedule, and performance goals that MDA has identified in the Development and Operational Alert Configuration SOGs for Blocks 04 and 06 which are funded through FY07. DoD has fully funded Missile Defense Plan I/Block 04 (MDA development program and Initial Defensive Capability/Initial Defensive Operations). Costs associated with MDP II are funded except for FY08-10. Operations and sustainment costs are partially funded for MDP I and II. MDA is in process of updating O&S estimates so that total costs can be budgeted, whether by MDA or the appropriate Service. The budget will be adjusted appropriately to satisfy this requirement. MDA has rigorous internal management controls that enable the agency to monitor program execution, as well as identify opportunities for technology insertion, and adjust plans accordingly. MDA makes the necessary adjustments internally to ensure the program remains executable.

3.BF1 Does the program have oversight practices that provide sufficient knowledge of grantee activities? Answer: NA Question Weight: 0%

Explanation:

Evidence:

3.BF2 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? Answer: NA Question Weight: 0%

Explanation:

Evidence:

3.CA1 Is the program managed by maintaining clearly defined deliverables, capability/performance characteristics, and appropriate, credible cost and schedule goals? Answer: YES Question Weight:14%

Explanation: MDA reviews and revises its goals each year in consultation with the missile defense oversight structure currently in place, based on developmental progress. MDA identifies these changes in its budget documentation and briefs these changes to OSD, OMB, and the Congress. MDA has begun to institute baselines (in the context of our SOG efforts) to satisfy the requirements of the Defense Authorization Act of 2005. (See answer for question 2.1). As noted in the answer to question 2.1, Fielded Configuration Baselines will track key cost, schedule and performance parameters for the Block 04 and 06 BMDS being fielded.

Evidence: Completed and signed Block 04, Block 06 and Block 08 DSOGs; completed and signed Block 04 and Block 06 Fielded Configuration SOGs. Block 04 and 06 Fielded Configuration baselines will be completed and forwarded with the MDA PB06 submittal.

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
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-
- 3.CO1** **Are grants awarded based on a clear competitive process that includes a qualified assessment of merit?** Answer: NA Question Weight: 0%
- Explanation:
Evidence:
- 3.CO2** **Does the program have oversight practices that provide sufficient knowledge of grantee activities?** Answer: NA Question Weight: 0%
- Explanation:
Evidence:
- 3.CO3** **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** Answer: NA Question Weight: 0%
- Explanation:
Evidence:
- 3.CR1** **Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?** Answer: NA Question Weight: 0%
- Explanation:
Evidence:
- 3.CR2** **Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government?** Answer: NA Question Weight: 0%
- Explanation:
Evidence:
- 3.RD1** **For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality?** Answer: NA Question Weight: 0%
- Explanation:
Evidence:

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
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3.RG1	Did the program seek and take into account the views of all affected parties (e.g., consumers; large and small businesses; State, local and tribal governments; beneficiaries; and the general public) when developing significant regulations?	Answer: NA	Question Weight: 0%
Explanation:			
Evidence:			
3.RG2	Did the program prepare adequate regulatory impact analyses if required by Executive Order 12866, regulatory flexibility analyses if required by the Regulatory Flexibility Act and SBREFA, and cost-benefit analyses if required under the Unfunded Mandates R	Answer: NA	Question Weight: 0%
Explanation:			
Evidence:			
3.RG3	Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals?	Answer: NA	Question Weight: 0%
Explanation:			
Evidence:			
3.RG4	Are the regulations designed to achieve program goals, to the extent practicable, by maximizing the net benefits of its regulatory activity?	Answer: NA	Question Weight: 0%
Explanation:			
Evidence:			
4.1	Has the program demonstrated adequate progress in achieving its long-term performance goals?	Answer: LARGE EXTENT	Question Weight: 17%
Explanation: MDA is on-schedule for implementing its highest priority goal of Initial Defensive Operations in FY2004. Recent discussions with MDA Leadership has characterized IDO progress as within 30-60 days of project schedule. This assessment is based on material availability, capability assessment, and Doctrine, Organization, Training, Material, Logistics, Personnel and Facilities (DOTMLPF). However, testing lags behind in adhering to physical implementation timeline.			
Evidence: Program Decision Memorandum II (Jan 03) directed only Block 04 funding - outyear procurement and support funding was not addressed. FY2005 budget decisions did not fund future procurements or support requirements through the FYDP. In-flight testing schedules have repeatedly slipped since FY2002, forcing a heavier than planned reliance on ground testing.			

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: SMALL EXTENT Question Weight:17%

Explanation: Block 04 development remains challenging. GMD attained the status required for an Initial Defensive Capability with 5 GBIs. Due to an industrial accident, GMD will field only one of the two planned developmental boosters in Block 04. AEGIS BMD will meet Block 04 goals, but will deliver fewer SM-3s than planned. ABL has been restructured. The Forward Deployable Radar will provide contingency capability in Block 06. The Army ran a successful PAC-3 intercept test in Sept. There are no known impediments to meeting Block 06 and beyond goals. Most testing goals are being met, however the key IFT-13c and other FY04 intercept tests for GMD were slipped into FY05. In the final weeks of the FY, testing was performed on the most challenging aspect of the end-to-end system, which is the integration of sensor data with C2BMC to rapidly hand off target & characterization data. Twelve ground tests or exercises were performed examining the performance of the end-to-end system.

Evidence: The following are the FY04 completed tests and/or exercises (along with the associated systems tested) that evaluated and reported on performance of the most difficult aspect of the end-to-end system - rapid sensor data hand off: (1) C2BMC Spiral 4.3 Software testing - C2BMC-AEGIS-GMD; (2) Wargame IMD 04.4a GMD-AEGIS-C2BMC;(3) Pacific Explorer II - GMD-AEGIS; (4) Pacific Explorer III - GMD-AEGIS;(5) Pacific Explorer IV - GMD-AEGIS; (6) GMD System Integration Checkout (SICO) 6A - AEGIS-C2BMC-Patriot; (7) Missile Defense Integration Exercise (MDIE) 04b - GMD-AEGIS-C2BMC; (8) Integrated Ground Test 2 - CD-AEGIS-Beale-Vandenburg; (9) Integrated Ground Test 4a - CD-AEGIS-Beale-Vandenburg; (10) Wargame IMD 04.4b - GMD-AEGIS-C2BMC; (11) System Integration Checkout SICO 3(12) System Integration Checkout SICO 5; System and Element Review (SER) briefings; Form 1002 execution data; Statement of Goals; Test and Evaluation Schedules.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight:17%

Explanation: The BMD Program will largely meet Block 04 SOG cost and schedule goals. Contract cost performance on MDA's largest development contracts is adequate. Cost performance on five prime contracts (Sensors, THAAD, C2BMC, Targets, Aegis BMD) is somewhat under or over cost. Two others have new or restructured contracts and baselines, and cost variance measurement is too early to be useful. The challenging requirements associated with fielding GMD components resulted in cost growth, but this growth has been addressed within MDA's TOA.

Evidence: All BMD prime contracts are Cost Plus Award Fee and contain clauses to incentivize achievement of cost and schedule goals. System and Element Reviews and Financial Execution Reviews are held regularly to monitor achievement of program cost and schedule goals. Earned Value Management is used on all large, medium/high-risk BMD contracts. The System Engineering process sets achievable as well as stretch goals.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: YES Question Weight:17%

Explanation: MDA and Army missile defense programs are similar to other large defense programs, in terms of delivering capabilities on cost and schedule. Although only the PAC-III missile defense program has proceeded through the entire acquisition cycle, there are currently no significant differences in cost, schedule, and performance results between missile defense and the broader DoD.

Evidence: MDA financial reporting documents; Missile Defense Selected Acquisition Report (2003); program update briefings and annual Congressional Budget Justification Briefings

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: SMALL EXTENT Question Weight:17%

Explanation: Of the six reports GAO has completed so far in FY04 that evaluate MDA goals or performance, three address program effectiveness in detail. In their report dated February 2004, GAO found that actions are being taken to address DOT&E testing recommendations, but an updated assessment is needed. This report addresses MDA progress on implementing 50 recommendations made in a DOT&E report published in 2000. In their report dated April 2004, GAO found that actions are needed to enhance testing and accountability. This report fulfills a Congressional mandate to annually review the extent to which MDA is meeting program goals. In their report dated April 2004, GAO reviewed cost increases and military utility of the Airborne Laser element. This report addressed specific Congressional questions concerning ABL performance and military utility. MDA generally concurs with most GAO recommendations and is taking steps to implement them. The OSD Cost Analysis Improvement Group (CAIG) is preparing independent cost estimates for the GMD and THAAD elements. These cost estimates will include Life Cycle Costs.

Evidence: GAO reports released in Feb and April (2 reports) of FY2004, primarily "Missile Defense: Actions Are Needed to Enhance Testing and Accountability", published April 2004.

4.CA1 Were program goals achieved within budgeted costs and established schedules? Answer: LARGE EXTENT Question Weight:17%

Explanation: The missile defense program generally achieved its goals in FY04. In the Block 04 development program, the AEGIS sea-based program had a successful intercept test in Dec 2003, but of three GMD integrated flight tests planned for FY2004 none had occurred by Oct 1. Significant ground test objectives were achieved. Construction of the Initial Defensive Operations (IDO) facilities were within 30 - 60 days of planned schedule. The overall pace of the Block 04 program appears adequate at this point, although continued slips in planned Integrated Flight Tests put at risk the operational credibility of the IDO system. In addition, the Army began modifications to the PAC-III system to correct deficiencies in target identification that were apparent in Operational Iraqi Freedom.

Evidence: OIF Lessons Learned reports; MDSG status briefings; MDA PART evaluation briefings and support data.

4.RG1 Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits? Answer: NA Question Weight: 0%

Explanation:

Evidence:

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

Measure: Successfully demonstrate Engagement Sequence Groups (ESGs), which represent different combinations of interceptors, sensors, & targets. The following are required: 2004 - demonstrate operational GBI in-flight engagement; complete IDO; 2005 - demonstrate 3 ESGs (GBI engage on CD/UEWR, GBI Launch on Aegis, GBI Engage on Aegis); 2006 - demonstrate 7 ESGs

Additional Information: Successfully demonstrate Engagement Sequence Groups (ESGs), which represent different combinations of interceptors, sensors, & targets. The following are required: 2004 - demonstrate operational GBI in-flight engagement; complete IDO; 2005 - demonstrate 3 ESGs (GBI engage on CD/UEWR, GBI Launch on Aegis, GBI Engage on Aegis); 2006 - demonstrate 7 ESGs

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	Reach IDO	2005	
2005	Demo 3 ESG		
2007	Demo 7 ESG		

Measure: Block development and deployment cost targets: Cost effectively field new "Blocks" of missile defense capabilities. Funding targets represent total cost of the missile deployment block from the year of approval through final completion. Note: Block 04 completes deployment at the end of 2005; Block 06 completes at the end of 2010.

Additional Information: Meet block development and deployment cost targets. Note: Block 04 completes deployment at the end of FY05; Block 06 completes at the end of FY10.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2005	<\$7.4B		
2010	<\$16.0B		

Measure: Field new missile defense capabilities in a timely manner. Meet critical developmental timelines.

Additional Information: Meet critical developmental timelines.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
Sep, 2004	Reach IDO	2005	
Sep, 2005	Finish Blk 04		
Sep, 2007	TBD		

PART Performance Measurements

Program: Missile Defense
Agency: Department of Defense--Military
Bureau:
Type(s): Capital Assets and Service Acquisition

Section Scores				Rating
1	2	3	4	Moderately
80%	67%	100%	61%	Effective

Measure: Accomplish planned annual major test requirements. Major tests are currently defined as in-flight intercepts involving GMD, AEGIS, or THAAD programs. Annual tests are measured from those planned at the start of a fiscal year compared to those accomplished.

Additional Information: List number of planned GMD, AEGIS, & THAAD in flight tests accomplished on an annual basis

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	4 major tests	1 major test	
2005	9 major tests		

Measure: Meet annual budget targets

Additional Information: Do not exceed planned program totals for all "blocks" within the fiscal year

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	<\$5.79B		
2005	<\$6.94B		
2006	<\$5.72B		

Measure: Reduce production costs of missile defense interceptors

Additional Information: Unit costs of subsequent production "blocks" of PAC-III, GMD, and AEGIS interceptors should drop by (x) percent per year.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	TBD		
2005	TBD		
2006	TBD		

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: This program provides for all aspects of ship operations required to continuously deploy combat ready warships and supporting forces in support of national security objectives: to deter potential adversaries, support allies, defend freedom of navigation, and to strike and defeat adversaries without the need to rely on foreign bases.

Evidence: The missions of the ship operations program are consistent with the statutory charges to the Department of Defense (DOD) and the Navy to deploy combat ready forces in support of U.S. national security objectives. The Navy Posture Statement describes in detail the purposes of the ship operations program and the Congressional Budget Justification Books (CBJB), section 1B1B Op-5, provides a definition of operations financed. Title 10, USC, Subtitle C, sections 5013, 5032, 5062 provide the statutory basis for the program.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: Programs supported include operating tempo, fleet and unit training, operational support such as command and control, pier side support and port services, organizational maintenance, and associated administrative and other support needed to deploy combat ready ships.

Evidence: CBJB, section 1B1B Op-5 - provides a definition of operations financed. Title 10, USC, Subtitle C, sections 5013, 5032, 5062. Also, the Defense Planning Guidance (DPG) instructs the purposes to which the program is targeted.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: The Navy ship operations program funds a deployable battle force of 290 ships in FY 2005. The Naval combat mission is not duplicative of any other Federal, state, local or private effort.

Evidence: The establishment of the Navy (deploying combat ready ships being its main mission) dates in statute to 1775, and is today codified in Title 10, USC. The roles and missions of the Navy are further clarified in DOD Directive 5100.1, section 6.6.2.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight 20%

Explanation: At the levels of both the Fleets and the Department of Navy, verification, validation and accreditation of the ship operations model is an ongoing process to identify the resources required, and the outputs needed to produce desired outcomes. The ability to effectively re-orient funding enables the Navy to address any change of circumstances during the year of execution from those used when the ship operations model generated requirements for the budget year.

Evidence: The Ship Operations Model provides the basis for estimating the inputs required to generate the outputs (i.e. combat ready, deployable ships) which produce the desired outcomes (e.g. a maritime environment in which U.S. interests are secure). The Navy's directorate for Resources, Requirements and Assessments (N81) is responsible for accreditation reports to provide objective reviews of the program and its effectiveness. Quarterly and monthly readiness reports to Congress indicate that the ship operations program is effectively producing combat ready deployable ships.

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight:20%

Explanation: The program is well designed. Ship operations funds are fenced within the Operation and Maintenance, Navy (O&M) appropriation to the element and special interest code levels within the budget activity group. This ensures that appropriated funds must be spent in support of the program. This program is one of the Navy's top priorities and ensuring that it is properly resourced is of paramount importance. DOD and the Navy also perform a mid-year review to evaluate the execution of the program against the planned performance and to ensure that it remains properly resourced.

Evidence: In formulating the budget, the Ship Operations Model, which targets resources to the program, is critical. The Program Budget Information System/Navy Budget Tracking System, 1B1B Performance Criteria in the OP-5 budget exhibit demonstrate what the program plans to spend to accomplish its mission objectives each year. Reports of certified obligations are provided monthly from each Fleet (Atlantic & Pacific) via the Defense Finance and Accounting System (DFAS) to track budget execution during the year.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight:13%

Explanation: Program performance goals include the Chief of Naval Operations (CNO) established the goal of being able to employ the fleet in a "6+2" paradigm. That is the Navy must be able to deploy 6 carrier strike groups (CSGs) within 30 days of an order, and be able to follow on with 2 more CSGs by 90 days from the initial order. This new training and deployment concept is known as the Fleet Response Plan (FRP). Ultimately, deterring or prevailing in conflicts is the desired outcome.

Evidence: The FRP brief to Congress and OMB and the National Military Strategy support this conclusion.

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: YES Question Weight:13%

Explanation: The program supports key elements of the Navy's vision statement for the 21st Century - Sea Power 21, which challenges the Navy to assure access for Joint Forces to coastal areas, protect freedom of navigation, fight and win conflicts, and continue to transform the operational concepts and business practices of the Navy. The FRP embodies ambitious goals since the previous operational concept called upon the Navy to have 3 CSGs deployed at any given time, with the ability to surge 1 or 2 more. The "6+2" goal of the FRP is much more ambitious than the previous operational concept.

Evidence: Worldwide military exercises called Sea Pulse during FY 2004 will put the performance of the ship operations program and the FRP concept to the test when 7 CSGs are deployed simultaneously in several locations. Program targets for the next 5 years are identified in the Program Objective Memorandum (POM) and are adjusted every 2 years as part of DOD's Planning, Programming, Budgeting and Execution System (PPBE).

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight:13%

Explanation: Annual program performance goals include maintaining the ability to meet the CNO's FRP goal of being able to employ the fleet in a "6+2" paradigm. Achieving the desired readiness levels in ships (both in deployed and non-deployed phases of their training and maintenance cycles) to enable the fleets to stay in a "6+2" posture is funded in the program's budget.

Evidence: Performance criteria of CBJB section 1B1B Op-5 exhibit (deployed/non-deployed steaming data), and the Department of the Navy FY05 Budget Highlights Book support this conclusion.

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

2.4 Does the program have baselines and ambitious targets for its annual measures?

Answer: YES

Question Weight:13%

Explanation: FRP readiness targets are very ambitious when compared against the baseline of the old Cold War legacy rotational deployment operational concept that it replaced in FYs 2003-2004. The targets have been developed in light of known missions, historical data and force structure requirements.

Evidence: Performance criteria of 1B1B Op-5 (deployed/non-deployed steaming data) and actual deployments of the fleet which demonstrate the sustainability of the FRP concept (e.g. 6 or more CSGs underway simultaneously).

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?

Answer: YES

Question Weight:13%

Explanation: Ship Operations Capability plan is based on input from the Fleet commanders, and is not exclusively a top-down plan and so it has buy-in from the major partners.

Evidence: The Ship Operations Capability Plan and other POM related processes incorporate lessons learned from program partners and identify any changes to requirements needed to meet current program goals.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?

Answer: YES

Question Weight:13%

Explanation: An Annual Ship Operations conference is held to review and validate programmatic requirements for the ship operations program.

Evidence: Ship Operations Capability Plan (January 2004). Draft GAO audit of FRP (Spring 2004), and N4 Sponsor Program Proposal (SPP), which is a document that outlines the prioritized requirements of the ship operations program; both those requirements that are funded and request which are unfunded within the existing and planned budgetary resources.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?

Answer: YES

Question Weight:13%

Explanation: Program operations of 12 CSGs and 12 expeditionary strike groups (ESGs), composed of large-deck amphibious assault ships, other combat and support ships. The DOD PPBE requires the Department to budget based upon a determination of the resources needed to achieve the required operating tempo (e.g. steaming days) based upon the approved mission requirements.

Evidence: Performance criteria of 1B1B OP-5 (deployed and non-deployed steaming data) demonstrate the funded level of activity for both ships which are in training and those actually deployed. OP-41 also displays ship type, hours of operation funded and cost estimate for each fiscal year. The data on previous year resource execution in the CBJB is verified by the Defense Finance and Accounting Report 1002s.

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:13%

Explanation: The Navy reviews on a continuous basis its past and current operations and future requirements for the ship operations program, and annually engages in a comprehensive validation of requirements to balance operational risks with program levels.

Evidence: Integrated Readiness Capabilities Assessment (IRCA) is an iterative process designed to incorporate the latest changes in price estimates and operational requirements to the Navy's long-term plans and budget estimates.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:17%

Explanation: Certified monthly obligation data provided by Fleets to Navy Headquarters. This information is analyzed and recommendations are made to Navy and DOD senior leadership for execution and programmatic decisions.

Evidence: Execution and readiness reports are sent to senior Navy leaders. Specifics may be classified, but e.g. reduced readiness in a certain area may indicate that funds should be realigned to address a shortcoming. Also data is systematically collected and reported in the Standard Accounting and Reporting System - Fleet Level (STARS-FL).

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:17%

Explanation: Quarterly allocations from OSD based upon current year execution data. Senior program managers (Type Commanders, Fleet Commanders, CNO, SecNav etc') are also required to testify before Congress regarding the readiness of the Navy. Additionally, OSD and OMB hold mid-year execution reviews to analyse the obligation rates and make necessary adjustments.

Evidence: Title 10, USC, section 5025. Annual execution phasing plans provided by Budget Submitting Offices, and certified obligations are reported monthly. Also, DoD Directive 7045.14.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:17%

Explanation: Since O&M is 1-year money, the program must obligate it in a timely manner. Restrictions on below-threshold-reprogrammings (no more than \$15 M in a SAG) prevent funds from being used for purposes other than for which they have been appropriated. In addition to routine monthly reviews of execution by financial personnel at the unit, command, Fleet and Navy Comptroller levels, a comprehensive mid-year execution review is undertaken. Navy, DoD and OMB participate in the review which monitors the major programs' obligation rates and determines what corrective actions are required to properly align remaining resources with projected needs for the balance of the year.

Evidence: Title 10, USC, section 5025. Annual execution phasing plans provided by Budget Submitting Offices, and certified obligations are reported monthly. DFAS 1002 reports.

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:17%

Explanation: Budget execution data are compared to readiness output and deficiencies are brought to the attention of Navy leadership and DOD.

Evidence: Performance criteria of 1B1B Op-5 are measures.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NA Question Weight: 0%

Explanation: The Navy's core mission fulfilled by the ship operations program is unique (i.e. providing combat ready ships available for worldwide deployment). While there are related programs which support the combat effectiveness of the fleet, such as the depot maintenance program, and although the U.S. Coast Guard deploys vessels in homeland security/law enforcement/search and rescue missions, there are no other programs providing a full spectrum of expeditionary naval combat power to collaborate with the Navy.

Evidence:

3.6 Does the program use strong financial management practices? Answer: NO Question Weight:17%

Explanation: The DoD, while making strides to improve its financial management systems, can not yet produce an unqualified audit opinion.

Evidence:

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:17%

Explanation: The Navy convenes an Annual Ship Operations conference to review and validate programmatic requirements. Operationally, the FRP represents a major effort by the Navy to more effectively manage its fleets of aircraft and ships to place more combat capabilities at the Nation's disposal on short notice, which is a major departure from the management of the program when it was oriented along Cold War lines.

Evidence: The Ship Operations Capability Plan takes stock of available data and program managers and stake holders determine what changes are required in the ship operations model. Improvements to the model increase its accuracy to factor in new pricing data, policy decisions and management improvements related to the program.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: LARGE EXTENT Question Weight:25%

Explanation: This sub-activity group provides for all aspects of ship operations required to continuously deploy combat ready warships and supporting forces in support of national objectives and the Naval related aspects of the National Military Strategy.

Evidence: Section 1B1B Op-5, of the CBJB provides a definition of the operations financed and carried out by the ship operations program.

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: YES Question Weight 25%

Explanation: Historical optempo data (e.g. number of days steamed per quarter) demonstrates that the Navy ship operations program is meeting or exceeding its goals.

Evidence: Performance Criteria are reported annually in section 1B1B Op-5, of the CJBs.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: LARGE EXTENT Question Weight 25%

Explanation: this is the case to a large extent, due to the annual comprehensive validation of requirements undertaken by the Navy to balance operational risks with program funding levels, and ongoing efforts to improve the efficiency of operations.

Evidence: Integrated Readiness Capabilities Assessment supports this conclusion.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NA Question Weight: 0%

Explanation: Ship Operations of a battle fleet is a mission or activity unique to the Department of Defense.

Evidence:

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: YES Question Weight 25%

Explanation: Program review and assessment is accomplished through the Navy's vigorous accreditation and validation process for program requirements and objectives. The Navy directorate which undertakes these evaluations is independent of the ship operations program managers. Assessments of Naval readiness are also performed by DOD and reported to Congress in classified form on a quarterly basis. Ongoing combat operations related to the Global War on Terror and these readiness reports demonstrate that the Navy's fleet is ready to meet its real-world combat missions.

Evidence: OPNAV N81 Accreditation Report and Quarterly Readiness Reports to Congress

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

Measure: Ship Years Supported

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	256	266	
2005	271		
2006	261		

Measure: Days Underway Per Quarter (Deployed/Non-Deployed)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	51/24	60/33	
2005	51/24		
2006	51/24		

Measure: Ship Operating Months (Deployed/Non-Deployed)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	566/1,284	523/2,242	
2005	698/2,031		
2006	591/1,962		

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

Measure: Ship Steaming Days Per Quarter (Deployed/Non-Deployed)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	2,355/2,585	2,176/2,731	
2005	2,552/2,442		
2006	2,173/2,324		

Measure: Underway Steaming Hours (Deployed/Non-Deployed)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	207,926/215,292	191,488/227,219	
2005	225,350/194,457		
2006	191,810/183,904		

Measure: Barrels of Fossil Fuel Required (000s)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	11,441	11,148	
2005	11,574		
2006	9,910		

PART Performance Measurements

Program: Navy Ship Operations
Agency: Department of Defense--Military
Bureau: Department of Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	83%	84%	

Measure: Nuclear Material Consumption (\$000)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	8,907	7,273	
2005	8,714		
2006	9,219		

Measure: MSC Charter Inventory

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	42	42	
2005	45		
2006	47		

Measure: MSC Per Diem Days Chartered (ROS/FOS)

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2004	12932/1098		
2005	12775/1825		
2006	13719/1400		

PART Performance Measurements

Program: Navy/Marine Corps Air Operations
Agency: Department of Defense--Military
Bureau: Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The program is unambiguous in terms of its purpose and mission -- to provide expeditionary air power in support of national security objectives: to deter potential adversaries, support allies, defend freedom of navigation, and to strike and defeat adversaries without the need to rely on foreign bases. Air Operations provides resources for the active general-purpose forces (Navy and Marine Corps), reserve aviation forces (Navy and Marine Corps), and Strategic Communication forces. General-purpose forces have been further sub-divided into the components of Tactical Aviation (TACAIR), Fleet Air Support (FAS), and Fleet Air Training (FAT). These resources are provided for four major claimants: Commander Atlantic Fleet (COMLANTFLT), Commander Pacific Fleet (COMPACFLT), Commander Naval Forces Europe (COMNAVEUR) and Commander Naval Reserve Force (COMNAVRESFOR).

Evidence: The missions of the air operations program are consistent with the statutory charges to the DoD and Navy to deploy forces in pursuit of the Nation's security objectives. The particular purposes of this program are documented in the Navy's Posture Statement and the Naval Aviation Vision statement. The purposes funded are described in detail in the Congressional Budget Justification Book for the Operation and Maintenance, Navy account.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: It is in direct support of the Global Naval Force Presence Policy (GNFPP), which balances the allocation of Naval forces (principally carrier strike groups and expeditionary strike groups) to our regional Combatant Commanders in furtherance of U.S. national security objectives, including training with allies, deterring potential adversaries, and striking enemies.

Evidence: The flying hour program supports the ability of the Navy to meet the GNFPP (classified), and fulfill its roles pursuant to the DoD's Defense Planning Guidance (DPG) and the Quadrennial Defense Review (QDR) .

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: Navy/Marine Corps Air Operations are unique maritime/expeditionary missions that support joint operations from deployable, sovereign U.S. assets (i.e. aircraft carriers and amphibious assault ships).

Evidence: The Navy's "Sea Power 21" document outlines the Sea Basing concept which states that enhanced support for joint forces will be provided by networked, mobile, secure and sovereign platforms (e.g. aircraft carriers and amphibious assault ships) operating from the sea. The DOD Directive 5100.1 specifies that a primary mission of the Navy is to organize, train and equip aviation forces for the Navy and U.S. Marine Corps. The flying hour program provides the qualified, capable, proficient pilots that are essential for fulfilling this mission. No other program within the Federal Government trains pilots for these naval aviation combat missions.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight 20%

Explanation: Navy/Marine Corps air operations Flying Hour Program (FHP) is designed to support pilot readiness that is directly linked to combat effectiveness.

Evidence: Quarterly and monthly readiness reports to Congress indicate that the FHP is effectively producing trained pilots and ready squadrons.

PART Performance Measurements

Program: Navy/Marine Corps Air Operations
Agency: Department of Defense--Military
Bureau: Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

1.5 **Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?** Answer: YES Question Weight:20%

Explanation: Air Operations mission funds are fenced within the Operation and Maintenance, Navy (O&M) appropriation such that appropriated funds must be spent in support of the program. This program is one of the Navy's top priorities and ensuring that it is properly resourced is of paramount importance. DOD and the Navy also perform a mid-year review to evaluate the execution of the program against the planned performance, and to ensure that it is properly resourced.

Evidence: Budget appropriation and execution data including 1002 reports and the Navy Financial Management Regulation, the 3013, support this position. Navy utilizes an air operations model to formulate its budget requests so that the units will be properly resourced to achieve their performance goals which contribute to readiness levels.

2.1 **Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?** Answer: YES Question Weight:13%

Explanation: The program performance is measured by tracking the number of hours flown per crew per month, and comparing that against notional requirements for the pilots of various types of aircraft. The hours flown contribute to a training, or "T" rating. These measures are used by combatant commanders and each Service to assess the readiness of units and also by congress to assess if program resources are being applied correctly by the Services.

Evidence: The Program Objective Memorandum (POM) for FY2004-2009 and the Fleet Response Plan (FRP) establish desired outcomes for the Flying Hour Program. Specifically, the FHP must be able to provide carrier air wings to meet the Navy's "6+2" goal; being able to deploy 6 carrier strike groups within 30 days of notice and to follow on with 2 additional strike groups within 90 days of notification. The POM establishes the planned level of resources needed in the FHP to meet the FRP goals looking out at least five years into the future. Achieving and maintaining the correct number of ready forces is the desired output of the program, deterring or winning conflicts is the desired outcome.

2.2 **Does the program have ambitious targets and timeframes for its long-term measures?** Answer: YES Question Weight:13%

Explanation: Targets for the FHP are based on readiness goals established by each Service that meet training requirements for combat and other critical missions. These targets are based upon anticipated future mission/training requirements and are revisited in an iterative process as doctrine, force structure, mission requirements, and the global security situation evolves.

Evidence: Targets for the next 5 years are identified in the Program Objective Memorandum (POM) and are adjusted every two years as part of the DOD's Planning, Programming, Budgeting and Execution (PPBE) System.

2.3 **Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?** Answer: YES Question Weight:13%

Explanation: The Department annually publishes Air Operations performance measures in exhibits which are used to support the President's Budget, including the number of flying hours funded by the program. Execution of the Flying Hour Program is reported monthly/quarterly/annually and measured against the planned program.

Evidence: Measures can be found in the Department of the Navy OP-5 budget exhibits and annual Budget Highlights book.

PART Performance Measurements

Program: Navy/Marine Corps Air Operations
Agency: Department of Defense--Military
Bureau: Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: YES Question Weight:13%

Explanation: Baselines and targets are determined by the Chief of Naval Operations (CNO) Readiness goals. The targets are developed in light of known missions, historical data and force structure requirements.

Evidence: The targets are identified in the POM and presented in justification materials to Congress. In addition, there are quarterly and monthly readiness reports to congress.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight:13%

Explanation: The Department of Defense's planning, programming and budgeting process requires that all stakeholders coordinate on final program position each year. In addition to Navy budgeting guidance, the FHP is coordinated by the Naval Aviation Readiness Integrated Improvement Process (NAVRIIP).

Evidence: The NAVRIIP charter memo.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:13%

Explanation: In addition to Navy's internal accreditation reports, external evaluations are conducted periodically by the Center for Naval Analysis, the Navy Audit Service, GAO and Congressional committess via hearings and questions for the record (QFRs). These audit agencies are independent and of high quality.

Evidence: Within the Department of the Navy, the directorate for program assesments, N81, performs accreditation reports and external to the Navy various audits by GAO and the Center for Naval Analysis.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: YES Question Weight:13%

Explanation: Budget requests are built based on program requirements that are generated by a model which directly links program to desired levels of performance in terms of hours flown per crew, per aircraft type-model-series. The DoD Program Planning and Budgeting System (PPBS) requires budgeting based upon a determination of the resources needed to achieve the required flying hours and flying OPTEMPO within the overall flying operational program based on the approved mission requirements.

Evidence: Congressional Budget Justification Books, including the OP-20 exhibit, and the Air Operations Model. The President's Budget justification materials identify the performance goals and the resources necessary to accomplish them. These goals match the requirements that were generated by the Flying Hour Model. These justification materials also provide the actual execution for the fiscal year two years prior to the budget request. The data on previous year resource execution in the justification books is verified by the Defense Finance and Accounting report 1002s.

PART Performance Measurements

Program: Navy/Marine Corps Air Operations
Agency: Department of Defense--Military
Bureau: Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:13%

Explanation: The Navy reviews on a continuous basis its past and current operations and future requirements for the flying hour program. Since 2001 no fewer than seven Navy forums have focused senior leadership on identifying and proposing solutions to strategic planning deficiencies in the Air Operations program.

Evidence: The Navy has formed executive steering groups that make strategic decisions such as NAVRIIP. The Propulsion Management Board demonstrates the Navy's commitment to effective strategic planning.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:14%

Explanation: Data are collected by various sources daily, weekly, monthly, quarterly and annually by several automated and manual systems. This information is analyzed and recommendations are made to Navy and DOD senior leadership for execution and programmatic decisions.

Evidence: Weekly execution reports to senior Navy leadership. Specifics may be classified, but e.g. reduced readiness in a certain warfare area may indicate that funds be realigned to address shortcomings. Also, performance data is systematically collected and reported in Budget Operation Reports, Naval Aviation Logistics Computerized Management Information System (NALCOMIS), Standard Accounting and Reporting System (STARS), DFAS reports, Flying Hour Cost Reports and Readiness reporting.

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results? Answer: YES Question Weight:14%

Explanation: The Navy's Senior leaders are required to testify in front of Congressional committess on every aspect of the program. The Fleet and Type Commanders are responsible for ensuring that units under their command are employing resources properly to achieve their program objectives.

Evidence: DOD Directive 7045.14 specifies that Planning, Programming, and Budgeting System process will involve centralized planning and oversight and decentralized execution. This process allows the Navy, at a corporate level, to manage the process. However, it lays responsibility on all subordinate "partners" to perform in order for the entire program to achieve its desired results. The NAVRIIP process provides another level of review and accountability within the Navy for the Naval aviation program. Execution of the program is monitored for each fleet and compared to the planned program and will be reviewed by Navy and DOD leadership.

PART Performance Measurements

Program: Navy/Marine Corps Air Operations
Agency: Department of Defense--Military
Bureau: Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: YES Question Weight:14%

Explanation: Since O&M is 1-year money, the program must obligate it in a timely manner. Restrictions on below-threshold-reprogrammings (no more than \$15 M in a SAG) prevent funds from being used for purposes other than for which they have been appropriated. In addition to routine monthly reviews of execution by financial personnel at the unit, command, Fleet and Navy Comptroller levels, a comprehensive mid-year execution review is undertaken. Navy, DoD and OMB participate in the review which monitors the major programs' obligation rates and determines what corrective actions are required to properly align remaining resources with projected needs for the balance of the year.

Evidence: 1002 Reports show the actual level of obligation for this program activity.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:14%

Explanation: Budget execution data are compared to readiness output and deficiencies are brought to the attention of Naval leadership.

Evidence: Weekly execution reports to senior Navy leadership. Specifics may be classified, but for example, reduced readiness in a certain warfare area may point to a need to redistribute funds within the program. NAVRIIP holds monthly leadership forums to assess program performance, incentivize efficiencies and provide guidance for improvement.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NO Question Weight:14%

Explanation: While the Navy coordinates extensively with other military aviation organizations through the Joint Aeronautical Commander's Group (JACG), which has representatives from all five branches of the Armed Forces plus the Defense Logistics Agency, the Defense Contract Management Agency, the Federal Aviation Administration, and NASA, the Navy Flying Hour Program is independent of these other actors. The programs are complimentary in nature, but not collaborative.

Evidence: The FY2004-2009 Program Objective Memorandum incorporates coordinated positions.

3.6 Does the program use strong financial management practices? Answer: NO Question Weight:14%

Explanation: The DoD, while making strides to improve its financial management systems, can not produce an unqualified audit opinion.

Evidence: DoD Financial Management Regulations and Navy financial regulations.

PART Performance Measurements

Program: Navy/Marine Corps Air Operations
Agency: Department of Defense--Military
Bureau: Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

3.7 Has the program taken meaningful steps to address its management deficiencies? Answer: YES Question Weight:14%

Explanation: Since 2001 no fewer than seven Navy forums have focused senior leadership on identifying and proposing solutions to strategic planning deficiencies in the Air Operations program. The Navy continues to evolve its warfighting doctrine to meet the requirements of the day. The FRP represents a major effort by the Navy to more effectively manage its fleets of aircraft and ships to place more combat capabilities at the Nation's disposal on short notice, which is a major departure from the management of the program when it was oriented along Cold War lines.

Evidence: The Fleet Response Plan concept was effectively implemented in FY 2004. This was demonstrated by summer 2004 exercises, in addition to papers and modified guidance stemming from these CNO forums.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: YES Question Weight:25%

Explanation: While the Department continues to struggle with challenges due to aging aircraft issues and high operating tempo in support of the Global War on Terror, it has made great strides in achieving performance goals despite these challenges.

Evidence: FY2005 President's Budget OP-5 Performance Criteria and the CNO's Readiness Book.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: LARGE EXTENT Question Weight:25%

Explanation: While the Department continues to struggle with challenges due to aging aircraft issues and high operating tempo in support of the Global War on Terror, it has made great strides in achieving performance goals despite these challenges.

Evidence: Navy can show actual vs. planned levels of hours/per crew/per month over a 3 year period

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year? Answer: YES Question Weight:25%

Explanation: While routine increases in cost-per-hour are to be expected, (due not only to inflationary factors, but significantly in some cases due to the aging of the aircraft fleet and to the addition of new combat systems to various weapons platforms) the Navy has created a working group called the Joint Council on Aging Aircraft (JCAA) to address the issues related to cost and aging. Navy continues to tackle other issues within its control through the NAVRIIP and the Integrated Readiness Capability Assessments (IRCA). Through the NAVRIIP and IRCA, the Department has been able to identify several hundred million dollars of annual cost mitigation initiatives which have restrained the rates of program cost growth.

Evidence: Information from the IRCA process demonstrates hundreds of millions of dollars in increased efficiencies in the FHP over the past few years.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals? Answer: NA Question Weight: 0%

Explanation:

Evidence:

PART Performance Measurements

Program: Navy/Marine Corps Air Operations
Agency: Department of Defense--Military
Bureau: Navy
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Effective
100%	100%	71%	92%	

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results? Answer: YES Question Weight 25%

Explanation: Naval aviation units routinely assess how their training, equipment, and personnel can meet the requirements of real-world military missions. These assessments are reported to Congress on a quarterly basis and show that in FY2003, these units were ready to meet their military missions.

Evidence: The most recent Quarterly Readiness Reports demonstrate that naval aviation maintains the ability to meet its real-world military missions.

Measure: Flying Hours (000s)
Additional Information: TACAIR/Support Hours Flown

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2003	Baseline	791	
2004	672	689	
2005	656		
2006	782		

Measure: Readiness Level T-rating takes into account the average number of hours per month flown by crews for various aircraft types, and compares them to notional standards. Lower T-ratings relate to higher levels of readiness.

Additional Information: T-rating

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2003	Baseline	T-2.02	
2004	T-2.6	T-2.2	
2005	T-2.5		
2006	T-2.5		

OMB Program Assessment Rating Tool (PART)

Direct Federal Programs

Name of Program: Recruiting

Section I: Program Purpose & Design (Yes, No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	Recruiting is responsible for providing a sufficient number of physically and mentally qualified young Americans to ensure the continuation and abilities of the U.S. armed forces.	Manpower is a primary requirement of the armed forces. Manning the force is required under Title 10, U.S. Code.	20%	0.2
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	The United States Armed Forces must be manned with quality personnel. The recruiting program is designed to place the right person at the right place with the right skill-set, to enhance the readiness and institutional strength of the armed forces.	The Armed Forces need thousands of new members each year and must fill many different positions requiring a wide variety of skills, necessitating a process of matching interested and qualified youth with the needs of the Department of Defense (DoD)	20%	0.2
3 <i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	All the services require new high quality personnel annually to sustain force levels to meet mission requirements both domestically and abroad. The program addresses those manpower needs.	Recruiting was established specifically to provide manpower for the Armed forces. Recruiting, for example, annually provides the Army and Army Reserve approximately 120,000 new recruits and all the military services combined with more than 200,000 recruits.	20%	0.2
4 <i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	Each of the services has different personnel requirements for their jobs. Recruiting allows them to meet their manning requirements.	The Services must recruit more than 200,000 personnel each year. This is a DoD-specific mission ordinarily performed by uniformed military recruiters. However, to test other methods of addressing the need, Army is conducting a Congressionally mandated test using civilian contract recruiters to enlist personnel in the Army.	20%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5 <i>Is the program optimally designed to address the interest, problem or need?</i>	No	The recruiting program must be constantly adjusted to react to changing factors influencing its success, i.e., youth unemployment, economic conditions, current or imminent war efforts. However, the Services regularly evaluate their programs covering to see if the right mix of tools is being used. The Army, for example, is experimenting with recruiter selection/screening initiatives and advances in informational technology to further develop recruiter efficiencies and effectiveness.	The services continuously adjust the mix of funding between advertising, bonuses, number of recruiters, and other factors to try to reach the program goals. There are not, however, program efficiency measures in place which can provide easy modeling for success. The services have generally increased spending on advertising, added recruiters, and/or increased or added bonuses at the same time, making it impossible to determine the relative value of each initiative.	20%	0.0

Total Section Score	100%	80%
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Section II: Strategic Planning (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	yes	All of the services want to effectively manage their force with the proper quality, quantity, and skill mixes. There are excellent program performance goals, but few program efficiency goals.	The military services constantly track their needs and apply resources where necessary to plug holes in the recruiting program. Performance goals are only adjusted annually, as the yearly requirements change. The real goal for each service is meeting its yearly requirements. Currently, the program does not compare its yearly results against prior years' results.	14%	0.1
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	yes	Base line annual performance is measured against the official service goals for quality and quantity of new personnel.	Basic program goals include the required number of recruits per service and the quality of those recruits, as measured by percentage of high school graduates and scores on aptitude tests. Other annual performance goals include changing demographics such as "Increase in College representation to 15,800 contracts" or "Increase Hispanic contracts to 12,320 contracts". Again, while program performance goals are clear, there are no year-to-year measures which could track program improvement.	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	yes	Partners, such as advertising agencies and contracted recruiters, provide quarterly updates and are integrated in the development of the strategic objectives and annual goals/objectives. In the Army, contract recruiting companies are measured on a monthly basis against their mission achievements. All partners support achieving the yearly goals.	Ad agencies are involved with the development of strategic objectives and programs. The Army, for example, awards quarterly incentives to its partners based upon their ability to achieve their portion of the recruiting program's goals and objectives. Contracts are generally performance-based, compensating partners based on their ability to deliver good products.	14%	0.1
4 <i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	yes	There are no external programs that have a similar size and scope. Closest analogies are probably the Peace Corps and/or Americorps. Both of these, however, are dwarfed by the Services' need for hundreds of thousands of people each year. The services do have good internal coordination and information sharing.	Navy, for example, shares information within the Reserve Officers Training Corps, United States Naval Academy and Joint Accession group. Also, several summits are held each year to ensure that the Navy evaluates how well it accesses and shares data to ensure best working effort. The other services have similar programs, and all services meet together several times a year to share best practices.	14%	0.1
5 <i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	yes	This program is reviewed for effectiveness by many sources. Program results are published in the newspaper and trumpeted on Capitol Hill and elsewhere. In this way, performance is adequately reviewed. However, efficiency and productivity measures are rarely, if ever, examined.	Although the program is examined by many groups, most reviewers are either within the service (e.g. Navy budget) or independent within the service (e.g. Army IG). OSD and OMB does review the program, generally for effectiveness rather than efficiency. GAO also occasionally audits the program. And the Congress also looks at the program. But there are no non-governmental evaluations.	14%	0.1

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6 <i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	yes	Recruiting budget models are determined using past financial data and revised cost factors for program elements like the number of recruiters, amount of advertising, and recruiting incentives. Based on the increased or lowered recruiting missions, different resources will be varied, changing budget requirements. Resource amounts are changed in response to legislative, policy or other changes.	Various tools available to enhance program performance. For example, the Air Force missed its goals in 1999 and began national advertising, which had a measurable impact. Changes in the available tools (enlistment bonuses, college funds, advertising) can be targeted to ensure both quality and quantity requirements for all services. Generally, however, there are no tradeoffs made between these tools and no information about which tool would be a more effective tool for addressing the issues. Each element of the program competes for available funding from outside, not inside, the program. For example, if the Administration wanted to use the available funding more efficiently, there is no central evaluation point to determine the best use of that funding. Instead, each part of the program would argue that it had to keep all of its resources and any additional requirements or increased productivity would require external funding.	14%	0.1
7 <i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	yes	From an effectiveness standpoint, yes. From an efficiency standpoint, no.	The services continuously review their personnel requirements, skill mixes, the country's demographics and youth trends and attitudes; adjust recruiter staffing to cover the most fertile recruiting areas of the country, and adjust their monetary and other tools to fulfill the mission. There are not, however, long-term goals designed to make the process more efficient.	14%	0.1
Total Section Score				100%	100%

Section III: Program Management (Yes,No, N/A)					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	yes	Recruiting is examined monthly or even more often to ensure the yearly goals, for both quality and quantity of recruits, are met.	Updated information on recruits appears monthly or more often, allowing the services to respond to emerging needs. For example, after 9/11, all the services needed more security forces, so bonus funding and recruiter efforts flowed toward that specialty to ensure enough recruits were brought in to fill the school.	14%	0.1
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	yes	For military and civilian personnel, program effectiveness is evaluated. Efficiency, while reviewed each year, does not appear to influence significant program decisions. Outside contractors are being held to a higher standard and performance measures.	Recruiters, trainers and commanding officers are held accountable in reviews. In addition, advertising agencies generally provide service based a performance based contract directly tied to recruiter production. But, while performance goals are measured, the efficiency of the program itself is not.	14%	0.1
3 <i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	yes	Funds are obligated as planned and spent for intended purposes with only limited amount of funding held back for contingencies. In one of the programs, this was not the case, but corrective action has now been taken.	All funds are obligated by the end of the year. Execution is monitored very closely, since the funding lapses each year.	14%	0.1
4 <i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	no	There are no efficiency goals in the program itself. There is a single measure of the cost of recruiting, but this "cost per recruit," is not used as a benchmark for efficiency. It can be difficult to create benchmarks, because of the variable nature of the manning needs, which fluctuate each year, but generally, there are few, if any, reductions or efficiencies from year to year.	There are some efficiencies - joint buying of prospect lists, an executive agent for facilities, and attempts to collocate or consolidate facilities for all the services. Also, some of the services use incentives to get recruits to enter services evenly throughout the year and ensure the training pipeline stays as full as possible. But there are no specific efficiency goals.	14%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5 <i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	yes	Resources for military recruiting are spread among several accounts. The vast majority of cost data is available but is not budgeted in a single place nor identified as a single number. DoD does track the budgeted costs of recruiting in its "804 report." It does not tie funding levels to program performance.	The function is spread through Operations and Maintenance and Military Personnel accounts. Building maintenance costs are not included, although leased building costs are. The Military Personnel Procurement Resources Report (Report 804) does collect most of the total cost of recruiting and separates it by enlisted, officer, and medical recruiting efforts. There is no Congressional or internal budget hearing solely devoted to recruiting, as it is segmented among appropriations. Two or three hearings are held with OSD and OMB per year to assess program performance.	14%	0.1
6 <i>Does the program use strong financial management practices?</i>	no	This program is not itself audited. The program managers say they are able to track their obligations but do not always get good data from their accounting systems. DoD is unable to get a clean audit opinion.	Financial reporting is often unreliable. The recruiting commands track their own obligations, rather than relying on the certified accounting reports. Real-time financial information as a management tool does not exist.	14%	0.0
7 <i>Has the program taken meaningful steps to address its management deficiencies?</i>	yes	Since the program is effective, there is little incentive to change or even seek out efficiencies. There are not significant management difficulties, but efficiency is only now beginning to be more of an issue.	Program managers continuously adjust their strategies to ensure success based on the such measures as the quality and quantity of recruits. Long-term success is reflected in the attrition and retention rates for enlisted personnel. From an efficiency standpoint, the services are focused on inputs - giving recruiters better tools (laptops, cars, cell phones) and special and incentive pays rather than examining the tradeoffs which should occur with greater usage of technology. They are continuing to look at some efficiencies in the areas of facilities and information sharing.	14%	0.1
Total Section Score				100%	71%

Section IV: Program Results (Yes, Large Extent, Small Extent, No)					
Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	yes	Military services have generally achieved the quality and quantity of forces needed to be fully ready and well manned.	Services are manned to their legislated end strengths. Accession mission in some services is being reduced due to the success of both the recruiting and retention programs.	25%	0.3
<p>Long-Term Goal I: Manning the force Target: Achieve quality and quantity of persons needed by the armed forces. Actual Progress achieved toward goal: Achieved quality/quantity goals for FY 2002, for all services and increased the number of recruits already in the pipeline for next year.</p> <p>Long-Term Goal II: Enhance marketing and diversity efforts Target: Increased propensity to serve among youth and especially among a diverse youth population. Actual Progress achieved toward goal: Propensity to enlist has increased slightly and marketing efforts are now targeted at more diverse communities and using newer mediums like the internet.</p> <p>Long-Term Goal III: Increase program efficiency and joint administration of the program. Target: Recruiting stations collocated, manned, and staffed efficiently, and technologically up to date. Actual Progress achieved toward goal: Trend is toward fewer, larger stations. Electronic transfer of recruit data being explored to eventually provide for seamless data transfer as recruits join the military. Services will continue to maintain their own processes, so the environment will never truly be joint.</p>					
2 <i>Does the program (including program partners) achieve its annual performance goals?</i>	yes	Military services have generally achieved the quality and quantity of forces needed to be fully ready and well manned.	Services are manned to their legislated end strengths. Accession mission in some services is being reduced due to the success of both the recruiting and retention programs.	25%	0.3
<p>Key Goal I: Number, quality, and diversity of recruits. Performance Target: More than 200,000 recruits, 95% or more high school degree graduates, increase underserved communities Actual Performance: All Services will meet goals, with quality even higher than expected. Sample stats: Active Army accession mission of 79,500 and the Army Reserve accession mission of 28,825 both made; Improved Army quality marks to 91.24% High School Degree Graduates, 68.17% CAT I-III, and 1.38% CAT IV and Reserve marks to 95.4% HSDG, 69.64% CAT I-III and 0.61% CAT IV (Both estimates contain Accessions plus Remaining Delayed Enlistment Program for FY02). Hispanic representation increased to nearly 12,000 contracts.</p> <p>Key Goal II: Increase use of technology Performance Target: Equip recruiters with laptops and other technology tools to increase productivity. Actual Performance: No clear measure of productivity increase. Anecdotal evidence that recruiters use the tools and find them helpful.</p> <p>Key Goal III: Efficient use of bonuses and other incentives Performance Target: Meet critical skills accession needs Actual Performance: While the year is not over, services were able to target incentives to hard-to-fill specialties and were able to recruit enough quality personnel to fill more than 90% of the critical skill needs.</p>					

Footnote: Performance targets should reference the performance baseline and years, e.g. achieve a 5% increase over base of X in 2000.

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3 <i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	no	No coherent measures of efficiency or cost-effectiveness.	Cost per recruit has continued to rise, driven by advertising, among other things. The program focus is only on performance outcomes; little thought is given to managing the program or even determining efficiency goals. Some consolidation in recruiting locations has occurred, but there is no way of measuring either the impact on recruiting or savings attributable to these consolidations and no recognition of this type of efficiency initiative as a program performance measure. The Administration proposes to create such performance measures.	25%	0.0
4 <i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N/A	There are no external programs of this magnitude to compare against.	Americorps, for example, brings in a few thousand folks (compared to more than 200,000 for the armed services) at a cost of around \$19,000 per person, including lodging and subsistence for the year. There is no directly comparable figure for DoD.	0%	
5 <i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	yes	All the evaluations of the program are positive in terms of effectiveness.	The force is has the necessary quantity and quality of recruits.	25%	0.3
Total Section Score				100%	75%

OMB Program Assessment Rating Tool (PART)

Capital Assets & Service Acquisition Programs

Name of Program: Shipbuilding

Section I: Program Purpose & Design (Yes,No)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	Yes	The Shipbuilding Program is required to maintain a Navy of a specific fleet size. This program expressly addresses building ships for the Navy.	A navy requires a fleet of ships. The U.S. Constitution Article I, Section 8 authorizes Congress to "provide for the common Defense and general Welfare of the United States" as well as "To provide and maintain a Navy".	20%	0.2
2	<i>Does the program address a specific interest, problem or need?</i>	Yes	Navy ships and the equipment on them provide capabilities that defend the nation. Navy ships are constructed to last between 30-50 years. As ships are phased out of the fleet, the Navy needs to maintain a fleet size that provides enough capability in order to perform its mission.	The active Navy fleet will shrink by 12 ships from 2002 to 2003. However, three new guided missile destroyers and one aircraft carrier will enter the fleet for service in 2003.	20%	0.2
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	New ships deliver capabilities to the Navy in carrying out its defense of the nation. Funding for this program has a direct impact on the number and capability of the ships procured.	For example, the DDG-51 class of destroyers is a multi-mission ship that can defend itself and other ships against submarines, aircraft, and advanced anti-ship systems. Additionally, it can provide support to ground forces through fire support and command and control.	20%	0.2
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	There are no other federal programs that build ships with specific warfighting capabilities and purposes.	The U.S. Coast Guard is the only agency with a similar program; however, the missions of the Navy and the Coast Guard are separate and distinct from each other.	20%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	The Navy is challenged to procure the right mix of ships it needs to provide a base force. For example, although the fleet of surface combatants is relatively young, the Navy's budget reflects early retirement of Spruance class destroyers and Perry Class frigates, in part to fund the procurement of DDG-51 destroyers. Additionally, it appears that submarines are being procured in insufficient numbers to maintain a long-term force level of 55 attack submarines. Industrial base, political, and budgetary considerations confound the Navy's ability to achieve an optimally designed shipbuilding program.	DoD 2001 Quadrennial Defense Review shows a baseline force structure of 12 aircraft carriers, 12 amphibious ready groups, 55 attack submarines, and 116 surface combatants. A comparison the baseline to the actual planned force structure provided by the FY 2003 Budget shows disconnects between what is required and what the Navy has/will have. By the time the Navy commissions ships budgeted in FY 2003, it will have more surface combatants and less combat logistics force ships than the required force structure. At the current procurement levels, the Navy will also be challenged to sustain the submarine and amphibious force levels in the long term.	20%	0.0

Total Section Score					100%	80%
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Section II: Strategic Planning (Yes,No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	The 2001 Quadrennial Defense Review describes a "baseline" force needed to fulfill DoD's strategic plan. This was also outlined in the FY 2002 Annual Defense Report. Additionally, the Navy must monitor the shipbuilding industrial base, which is heavily dependent upon Navy shipbuilding to remain viable.	The 2001 Quadrennial Defense Review states that the Navy shall maintain now and in the future 12 Aircraft Carriers, 12 Amphibious Ready Groups, 55 attack submarines, and 116 surface combatants. This baseline has been determined to deliver sufficient capabilities to the Navy to perform its mission.	15%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	Each ship under construction has specific annual construction schedule, cost, and performance goals.	The President's Budget justification provides details on estimated costs, contract award dates, and delivery schedules of each ship program. Selected Acquisition Reports show deviations between cost estimates and actual costs.	15%	0.2
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	N/A	There are no true "partners" due to the unique nature of the shipbuilding program. DoD enters into a contractual relationship with industry, which then produces the number/type of ships the Navy pays them to build.		0%	
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	N/A	There are no similar programs that share similar goals and objectives.		0%	
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	By statute and regulation, DoD conducts evaluations of individual ship programs on a regular basis. These evaluations are meant to assess program progress against cost, schedule, and performance criteria.	DoD develops an Acquisition Program Baseline that sets out the cost, schedule, and performance goals for each ship construction program. Actual costs and schedules are compared to this baseline to measure progress. Two reports, the Annual Selected Acquisition Report and the Quarterly Defense Acquisition Executive Summaries summarize program performance and compare actual results to the baseline.	15%	0.2

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	Yes	The DoD budget process formulation allows for sufficient analysis of requirements and costs for acquisition programs including ships. The budget for new ships is arranged in such a way that the impact of funding or policy changes is known.	Budget justification outlines specific cost elements that make up the program. DoD's Planning, Programming, and Budgeting System is a rigorous process that enables the Department to scrutinize the shipbuilding budget plan and assesses funding and policy changes in each ship program. For example, the FY 2003 Appropriations Act decreased the request for the Virginia Class submarine program by \$15 million. Because of this, the Navy will have to take off specific Command, Control, Communications, and Intelligence equipment from the FY 2003 submarine.	15%	0.2
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	The Navy routinely reviews the Shipbuilding program and works with the Office of the Secretary of Defense to overcome operational challenges posed by any lags in the near-term shipbuilding plan.	Shipbuilding is examined as a whole at several levels, including the Naval Sea Systems Command and the Deputy Assistant Secretary of the Navy for Acquisition of Ship programs. Furthermore, the Planning, Programming, and Budgeting System process clarifies the tradeoffs among different naval communities, such as surface, subsurface, and amphibious concerns. An example of operational changes the Navy recently made to compensate for planning deficiencies is the basing of three submarines on Guam to reduce operational stress on submarines in the Pacific Fleet.	15%	0.2

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
8 (Cap 1.) <i>Are acquisition program plans adjusted in response to performance data and changing conditions?</i>	Yes	Through quarterly and other acquisition reviews, DoD has a good sense of where programs are having problems and develops solutions to fix them.	The Navy had experienced schedule and cost problems in its LPD-17 Class Amphibious ship construction program. One of the Navy's responses to this problem was a recently signed Memorandum of Agreement with the two builders of the LPD-17 Class of ships, Bath Iron Works and Ingalls/Avondale shipyards, that "swaps" ships from one company to another. This was done because the Navy knew that Bath Iron Works was going to face challenges in building the LPD-19 and three other LPDs similar to the Ingalls Shipbuilding experience with the LPD-17 and LPD-18. Therefore, the Navy "swapped" the Bath Iron Works LPD work for additional DDG-51 destroyer work, for which it has years of experience. Furthermore, Avondale Shipbuilding will build the four LPDs and forgo some DDG-51 work that would have been built at Bath Iron Works. Through this arrangement, the Navy has been able to protect the LPD-17 Class construction program cost and schedule, increase production efficiencies, and stabilize shipyard workload. This example shows how DoD adjusts acquisition programs to cha	15%	0.2
9 (Cap 2.) <i>Has the agency/program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule and performance goals?</i>	No	Shipbuilding, as a program, has not been the subject of a formal Analysis of Alternatives, which would compare different ship platforms costs and performance to generate an optimal and most economic mix of ships. However, individual programs are subject to such analysis during DoD's acquisition process.	The annual vetting of the overall shipbuilding program through the Planning, Programming, and Budgeting System process provides a limited forum to trade-off capabilities -- which explains the lower weighting than other questions. However, this question does reveal that DoD lacks an in-depth study of tradeoffs within the shipbuilding program.	10%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Total Section Score				100%	90%

Section III: Program Management (Yes,No, N/A)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	DoD has an extensive system in place to collect and assess performance information of individual programs. Defense Acquisition Executive Summaries and Selected Acquisition Reports report each platform's progress either quarterly or annually. When put together, these reports provide a comprehensive picture of the shipbuilding program at that time.	For example, the DDG 51 destroyer Selected Acquisition Report (Dated: 31 December 2001) explains the status of the program and progress on ships currently under construction. It identifies any breaches of schedule, cost, performance as compared to the program's current baseline.	13%	0.1
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	Acquisition directives assign accountability to program managers for cost, schedule, and performance. Ship contract requirements are stated in performance terms.	An October 30, 2002 acquisition guidance memorandum addresses internal charters that give authority, responsibility and accountability to individual Program Managers.	12%	0.1
3 <i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Funds are obligated and expended in a consistent manner.	Defense Form 1002, provided by the Defense Financing and Accounting Service, shows all obligation data by line item; and the data reveal that the funds have been obligated for shipbuilding activities.	5%	0.1
4 <i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	Although specific programs have goals to achieve unit cost efficiencies, Shipbuilding does not have overall efficiency goals. Shipbuilding does not make the most efficient use of the dollars associated with it for a number of reasons stated elsewhere in this assessment (i.e. industrial base).	While, the Navy does look for efficiencies and has had success with individual programs (DDG-51 destroyer contract negotiations, Virginia Class submarine design), it does not look at shipbuilding from a macro or comprehensive perspective. In recognition of this, a lower weighting was given to this question.	5%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	DoD budgets for all costs associated with the program.	The shipbuilding budget exhibits provide a breakout of what the funding is supporting. Examples of cost elements include design costs, construction costs, propulsion equipment, electronics equipment.	5%	0.1
6	<i>Does the program use strong financial management practices?</i>	No	DoD as an organization is years away from auditable financial statements.	There are Department-wide internal financial reporting weaknesses.	12%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	DoD uses an earned value management system to track program performance. It also has quarterly reporting of a platform's performance, and what the program is doing about fixing problems,	Quarterly Defense Acquisition Executive Summary Reports discuss programmatic weaknesses. As each report is published, the progress of rectifying known deficiencies is reviewed.	12%	0.1
8 (Cap 1.)	<i>Does the program define the required quality, capability, and performance objectives of deliverables?</i>	Yes	In order to ensure the overall capability of the fleet, the DoD acquisition process requires a document that states the required capability and performance measures the capabilities for each platform.	Each platform has a Mission Needs Statement that outlines key performance parameters. Performance characteristics and a mission description are included in the annual Selected Acquisition Report reports.	13%	0.1
9 (Cap 2.)	<i>Has the program established appropriate, credible, cost and schedule goals?</i>	No	DoD does have a process to determine an baseline for each platform that includes schedule, performance, and cost. Selected Acquisition Report documentation captures whether or not the individual platforms are in compliance with this baseline. However, DoD has experienced cost and schedule delays in a number of shipbuilding programs calling into question the credibility of initial goals and estimates.	The Acquisition Program Baselines are revised several times during the life of a platform, which masks how well programs perform relative to initial expectations of cost, schedule and performance. For example, the shipbuilding program has had some significant cost increases on ships already under construction in the last several years, which has diverted funds from the construction of new ships. However, in the last two years, DoD has been budgeting to higher cost estimates-the effect of which will not be visible for another year or so.	10%	0.0

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
10 (Cap 3.) <i>Has the program conducted a recent, credible, cost-benefit analysis that shows a net benefit?</i>	N/A	Since this review is at the macro sense, shipbuilding provides a net benefit without question--it provides a needed capability that is required for national defense.			
11 (Cap 4.) <i>Does the program have a comprehensive strategy for risk management that appropriately shares risk between the government and contractor?</i>	Yes	DoD has risk management plans for all acquisition programs.	Every major shipbuilding program has a risk management plan and program managers use earned value management data to monitor cost and schedule performance. Mature programs such as DDG-51 destroyers are negotiated using Fixed Price type contracts that share over target cost growth risk between the government and the contractor/shipbuilder.	13%	0.1
Total Section Score				100%	73%

Section IV: Program Results (Yes, Large Extent, Small Extent, No)

Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score																		
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Yes	The Navy is maintaining its force structure. In some cases, the Navy has made plans to reduce risk by changing operational procedures. The Navy makes a conscious effort to balance risk, force structure, and capabilities.	The Navy's force structure plan, that tracks ship commissionings and decommissionings, shows an adequate fleet size through 2012, although the mix of ships may not be optimal beyond 2012 as more ships built in the 1980's are decommissioned.	20%	0.2																		
<table border="1" style="width: 100%;"> <tr> <td style="width: 30%;">Long-Term Goal I:</td> <td colspan="5">Fund shipbuilding for sufficient numbers to maintain DoD's prescribed force structure.</td> </tr> <tr> <td>Target:</td> <td colspan="5">The Navy shall have 12 Aircraft Carriers, 12 Amphibious Ready Groups, 55 attack submarines, and 116 surface combatants.</td> </tr> <tr> <td>Actual Progress achieved toward goal:</td> <td colspan="5">The FY 2004 budget provides for a force structure fairly compliant with the goal through 2012. Beyond 2012 there may be problems maintaining an adequate attack submarine and amphibious ship force.</td> </tr> </table>						Long-Term Goal I:	Fund shipbuilding for sufficient numbers to maintain DoD's prescribed force structure.					Target:	The Navy shall have 12 Aircraft Carriers, 12 Amphibious Ready Groups, 55 attack submarines, and 116 surface combatants.					Actual Progress achieved toward goal:	The FY 2004 budget provides for a force structure fairly compliant with the goal through 2012. Beyond 2012 there may be problems maintaining an adequate attack submarine and amphibious ship force.				
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2 <i>Does the program (including program partners) achieve its annual performance goals?</i>	Small extent	Ships currently under construction are on schedule for on-time delivery. However, significant prior year bills and cost overruns of five percent or less are commonplace in the shipbuilding program.	The President's Budget shows the estimated delivery date of each ship under construction. Selected Acquisition Report data provides the information to calculate cost deviations from individual Acquisition Program Baselines.	20%	0.1																		
Annual Goal I:		Minimize deviations between actual cost and Acquisition Program Baselines in annual Selected Acquisition Reports																					

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
			Target: <10%			
	Actual Progress achieved toward goal:	Mature programs have a cost deviation of approximately 5% (based on the DDG-51 destroyer program). However, construction of the first ship of a class generally average 30% overcost (based on SSN 774 submarine and LPD-17 amphibious ship construction). For example, the SSN 774 experienced a 12% increase over the estimated amount in 1999 and 2001.				
	Annual Goal II:	Each ship under construction has an annual goal to get a certain percentage of construction completed--ensuring an on-time delivery.				
	Target:	Meet individual goal for each ship under construction.				
	Actual Progress achieved toward goal:	There are no ships that are currently behind schedule in their construction. For example, the SSN 774 submarine program had a goal of 57% completion by the end of 2001, it more than achieved this goal, with an actual result of 64%.				
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	Since the Shipbuilding program does not have program-wide efficiency goals, this question can only be "no".		20%	0.0
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	N/A	This is a unique program that is not comparable to another program.		0%	
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Large extent	Most shipbuilding programs are not currently experiencing significant delays in achieving major milestones.	At each major milestone of development, an Acquisition Decision Memorandum is published from the Undersecretary of Defense (Acquisition, Technology, and Logistics) that determines whether or not the program has met the required criteria to move on. This decision takes into consideration all of the statutory reporting requirements that the Department and the Program Manager has supplied.	20%	0.1

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6 (Cap 1.)	<i>Were program goals achieved within budgeted costs and established schedules?</i>	Small extent	The Navy has had a mixed result in maintaining cost and schedule (see above). In recent years, the shipbuilding program has been using higher cost estimates that should produce less cost breaches.	The LPD-17 amphibious ship program has had both schedule and cost problems, however the program has been reevaluated and is currently on track. The SSN 774 submarine and CVN-76 aircraft carrier are on schedule for on-time delivery. The final ships of the Roll-On/Roll-Off auxiliary ship program were delivered on time and below budget. However, the Prior Year Shipbuilding bill shows that programs suffer from cost increases that were not adequately budgeted for.	20%	0.1
Total Section Score					100%	47%