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MANAGEMENT STUDY OF THE OFFICE OF THE SECRETARY OF
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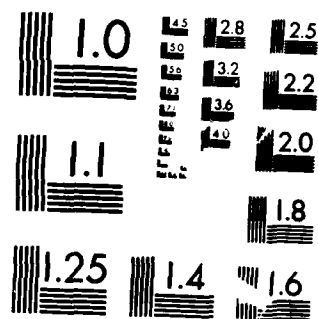
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has not developed and the combination may have overemphasized equipment acquisition at the expense of attention to the vital non-hardware aspects of how intelligence should be used. In the past, the individual heading C³I has made the combination work. If DoD is unable to acquire an individual with similar broad experience in both the C³ and Intelligence areas, consideration should be given to establishing a separate ASD(Intelligence).

RECOMMENDATION 6. Provide management emphasis to oversight



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SECURITY CLASSIFICATION OF THIS PAGE

REPORT DOCUMENTATION PAGE				Form Approved OMB No. 0704-0188	
1a. REPORT SECURITY CLASSIFICATION Unclassified			1b. RESTRICTIVE MARKINGS N/A		
2a. SECURITY CLASSIFICATION AUTHORITY N/A			3. DISTRIBUTION / AVAILABILITY OF REPORT Unlimited		
2b. DECLASSIFICATION / DOWNGRADING SCHEDULE N/A					
4. PERFORMING ORGANIZATION REPORT NUMBER(S) N/A			5. MONITORING ORGANIZATION REPORT NUMBER(S) N/A		
6a. NAME OF PERFORMING ORGANIZATION OSD Study Team		6b. OFFICE SYMBOL (If applicable) OASD (C) / OMP	7a. NAME OF MONITORING ORGANIZATION OASD (C) / OMP		
6c. ADDRESS (City, State, and ZIP Code) Room 3A326 The Pentagon Washington, D.C. 20301			7b. ADDRESS (City, State, and ZIP Code) Room 3A326 The Pentagon Washington, D.C. 20301		
8a. NAME OF FUNDING / SPONSORING ORGANIZATION N/A		8b. OFFICE SYMBOL (If applicable)	9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER N/A		
8c. ADDRESS (City, State, and ZIP Code)			10. SOURCE OF FUNDING NUMBERS		
			PROGRAM ELEMENT NO.	PROJECT NO.	TASK NO.
11. TITLE (Include Security Classification) Management Study of the Office of the Secretary of Defense					
12. PERSONAL AUTHOR(S) Smith, Mark E., III, Team Chief					
13a. TYPE OF REPORT Final		13b. TIME COVERED FROM Oct 86 TO Oct 87		14. DATE OF REPORT (Year, Month, Day) 87/10/01	
				15. PAGE COUNT 187	
16. SUPPLEMENTARY NOTATION Mandated by the Goldwater-Nichols DoD Reorganization Act of 1986 (P.L. 99-433, Section 109)					
17. COSATI CODES			18. SUBJECT TERMS (Continue on reverse if necessary and identify by block number)		
FIELD	GROUP	SUB-GROUP	Planning Linkage; Mission Integration; Effective Policy; Oversight (Non-PPBS); Civilian Control; Political Appointees; PPBS; FYDP Program Categories; OSD History; (over)		
19. ABSTRACT (Continue on reverse if necessary and identify by block number) As mandated by Goldwater-Nichols DoD Reorganization Act of 1986 (PL 99-433), this is OSD Team's study of the functions and organization of the Office of the Secretary of Defense (OSD) to answer some seven questions plus an analysis of how OSD aids SecDef in civilian control. Study has eight MAJOR RECOMMENDATIONS. (1) Establish a Deputy Under Secretary of Defense (DUSD) for Policy Planning in USD (Policy) to integrate force planning; (2) Restructure USD Policy to have three Assistant Secretaries of Defense (ASD) who would be proponents for major military missions (Nuclear Affairs, Alliance Affairs, Regional Affairs); (3) Upgrade the Director, Program Analysis and Evaluation to an ASD; (4) Establish a small office in USD (Policy) for contingency planning guidance/review; (5) Establish a new USD (Personnel Resources) with three ASDs (Force Management & Planning, Health Affairs, Reserve Affairs); (6) Provide management emphasis to oversight; (7) Revise statutes on "revolving door" post-government employment prohibitions and on divestiture rule tax consequences; and (8) Develop bonus system for Presidential Appointees based on tenure (to aid retention) and ensure more					
20. DISTRIBUTION / AVAILABILITY OF ABSTRACT ☒ UNCLASSIFIED/UNLIMITED ☐ SAME AS RPT. ☐ DTIC USERS			21. ABSTRACT SECURITY CLASSIFICATION Unclassified		
22a. NAME OF RESPONSIBLE INDIVIDUAL Mark E. Smith III			22b. TELEPHONE (Include Area Code) 202-695-4281		22c. OFFICE SYMBOL OASD (C) / OMP

DD Form 1473, JUN 86

Previous editions are obsolete.

SECURITY CLASSIFICATION OF THIS PAGE

UNCLASSIFIED

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18. Planning Processes, Functions, and Organizations; Defense Acquisition System; Analysis of Selected Management Concepts, "NETMAP" Management Analysis of OSD.

19. use of SES civilians by considering them for Principal Deputy and Presidential Appointee positions. Appendix B is a description of current planning processes, functions, and organizations.

REPORT BY
THE OFFICE OF THE SECRETARY OF DEFENSE
STUDY TEAM

TO THE
SECRETARY OF DEFENSE

MANAGEMENT STUDY
OF
THE OFFICE
OF THE
SECRETARY OF DEFENSE

By Direction of the
Goldwater-Nichols
Department of Defense Reorganization Act
of 1986
(Public Law 99-433, October 1, 1986)

October 1987

Deputy Assistant Secretary of Defense
(Administration)
Directorate for Organizational
and
Management Planning
The Pentagon
Washington, D.C. 20301

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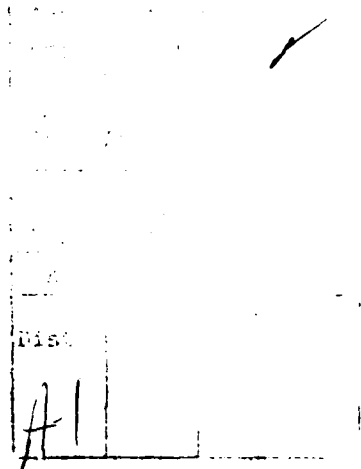
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**MANAGEMENT STUDY
OF
THE OFFICE
OF THE
SECRETARY OF DEFENSE**

**PART I
OSD STUDY TEAM
OCTOBER 1987**

EXECUTIVE SUMMARY

I. INTRODUCTION. The Goldwater-Nichols DoD Reorganization Act of 1986 requires the Secretary of Defense to study the functions and organizations of the Office of the Secretary of Defense (OSD). This report is the result of that study. The Act also requires review of the Planning, Programming, and Budgeting System (PPBS) and the major force program categories of the Five Year Defense Program (FYDP). These two subjects were reviewed by the Director, Program Analysis and Evaluation, and are reported in a separate section that is attached as Part II of this report. Major recommendations on other subjects are summarized below.

Before discussing these recommendations, there are two points that should be made.

First, the Secretary of Defense should have the maximum flexibility to manage his office. Whenever possible, organizational changes should be made by the Secretary and not by legislation. Relatedly, changes involving political appointee positions, are best made at the transition between administrations.

Second, many of the OSD issues studied revealed that changing Congressional budget procedures to: (1) increase Congressional focus on mission and operational categories and (2) improve budget stability over the five-year program period would be beneficial. Both the President's Blue Ribbon Commission on Defense Management (Final Report, Chapter I, Section IV) and Staff Report to the Senate Armed Services Committee (Chapter 9, Section G) recommended changes in these areas. Congressional support is needed now for the biennial budget, and in the future for appropriations categories based on national strategic missions and operational concepts, rather than line items.

II. RECOMMENDATIONS. Major recommendations can be grouped into three areas: force planning, effective policy/oversight, and personnel.

A. Force Planning. This first group of recommendations is

intended to make force planning more effective by strengthening its linkage between national security strategy, policies, and objectives on the one hand and major military missions on the other. These proposals pertain to the Under Secretary of Defense for Policy (USD/P). USD/P performs both political-military and force planning tasks, which should be integrated. These proposals strengthen the force planning elements so that planning has a stronger role in the PPBS and defense acquisition system.

RECOMMENDATION 1. Establish a Deputy Under Secretary of Defense (DUSD) for Policy Planning to develop defense policy guidance, integrate policy and plans, and identify and analyze force development planning issues. Responsible to USD/P and organized around the existing DUSD (Planning and Resources), he would have a small staff of policy analysts with knowledge of force planning who would integrate regional and functional policies. He would also oversee DoD planning and participation in National Security Council (NSC) activities and act as custodian of the DoD planning process. (See Chapter II for details.)

RECOMMENDATION 2. Restructure USD/P to have three Assistant Secretaries of Defense (ASDs) who would be proponents for major military missions. While the Chairman, Joint Chiefs of Staff would continue to be the spokesman for the combatant Commanders-in-Chief (CINCs), these mission-proponent ASDs would participate in the force development process both as an OSD focus for the corporate military view and as an independent view. The USD/P and the Secretary could turn to them for advice in their mission areas. The mission ASDs would continue their political-military roles, but would increase their force development roles in the PPBS and the defense acquisition system. The USD/P, with the help of the proposed DUSD(Policy Planning), would integrate the missions, primarily by recommending inter-mission priorities to the Secretary.

While specific mission ASD titles are a secondary issue, the Study Team recommends that the two current ASDs for International Security Policy and for International Security Affairs be realigned with an additional ASD as follows:

o ASD(Nuclear Affairs) responsible for political-military nuclear matters, including arms control, and force planning for strategic and tactical nuclear forces.

o ASD(Alliance Affairs) responsible for political-military matters involving NATO/Europe and the Pacific and for force planning for global conventional war.

o ASD(Regional Affairs) responsible for political-military matters involving other regions of the world (primarily the lesser developed countries) and for force planning for lower levels of conflict.

For the present, the ASD (Special Operations and Low Intensity Conflict) would remain unchanged.

RECOMMENDATION 3. Upgrade the Director, Program Analysis and Evaluation (PA&E) to an ASD. While this office has had varying degrees of influence in the past, there is now a consensus that PA&E is uniquely helpful to the Secretary. Since PA&E has no constituency except the Secretary, it is especially capable of providing him with objective advice. In fact, six former Secretaries felt so strongly that PA&E should report directly to the Secretary that the Center for Strategic and International Studies' 1985 "Defense Organization Project Report" dropped its consideration of placing PA&E under a USD. This recommendation would recognize the important role played by this office and should strengthen the Secretary's ability to provide effective guidance for force planning and to oversee the new PPBS implementation review.

RECOMMENDATION 4. Establish a small office in USD/P to support the Secretary and USD/P in providing guidance for and reviewing contingency planning (what the military calls operations planning). A corollary would have the Chairman submit in writing the assessment of critical deficiencies and strengths identified during operations planning that is required by the Goldwater-Nichols Act. The small OSD office could review the assessment and the plans. It would have no directive authority, but could provide the Secretary with areas to discuss when the Chairman and Joint Chiefs of Staff (JCS) brief the Secretary on JCS guidance to the

CINCs (the Joint Strategic Capabilities Plan), on key operations plans, and on the Chairman's overall assessment of the effects of the deficiencies on meeting national security objectives. This process would increase the attention paid by top level civilians and military to operations planning, improve the civilian leadership's understanding of military requirements and shortfalls (useful for future employment decisions and for feedback into force development), confirm political-military assumptions, and improve civilian control over operations planning. Concerns about the sensitivity of the plans should be balanced with the recognition that nuclear planning, which is no less sensitive, is reviewed by OSD.

B. Effective Policy/Oversight. This second group of recommendations is intended to improve defense policymaking by integrating related functions, reducing span of control, strengthening the organizational structure, and giving management emphasis to oversight.

RECOMMENDATION 5. Establish an Under Secretary of Defense (USD) for Personnel Resources who would have three subordinate ASDs, one each for Health Affairs, Reserve Affairs, and Force Management and Personnel. The primary purpose would be to integrate all personnel-related matters at a level below the Secretary. The secondary purpose would be to decrease the Secretary's span of control.

A corollary would be to place the President, Uniformed Services University of the Health Sciences under the proposed OSD (Personnel Resources) and to have the Assistant to the Secretary of Defense (Intelligence Oversight) report through the General Counsel. Earlier actions and these three proposals would reduce the Secretary's formal span of control to seventeen. (See Chapter IV for details.)

This integration of personnel-related components would provide a more rational basis to the OSD organizational structure and give the Secretary the option of using a small management team to oversee all OSD's functional responsibilities.

The organizational rationale distinguishes three types of staff, as shown on the left margin of Chart ES-1. The first type is a "core staff" that would cover all substantive areas of OSD. This core staff would consist of the three USDs, one each for the major functional areas of policy, equipment, and people. At his option, the Secretary could use these three as a core management team for OSD. Other staff could be consulted as required. The Defense Resources and the Defense Acquisition Boards could continue as forums for considering a range of views on resource and acquisition issues.

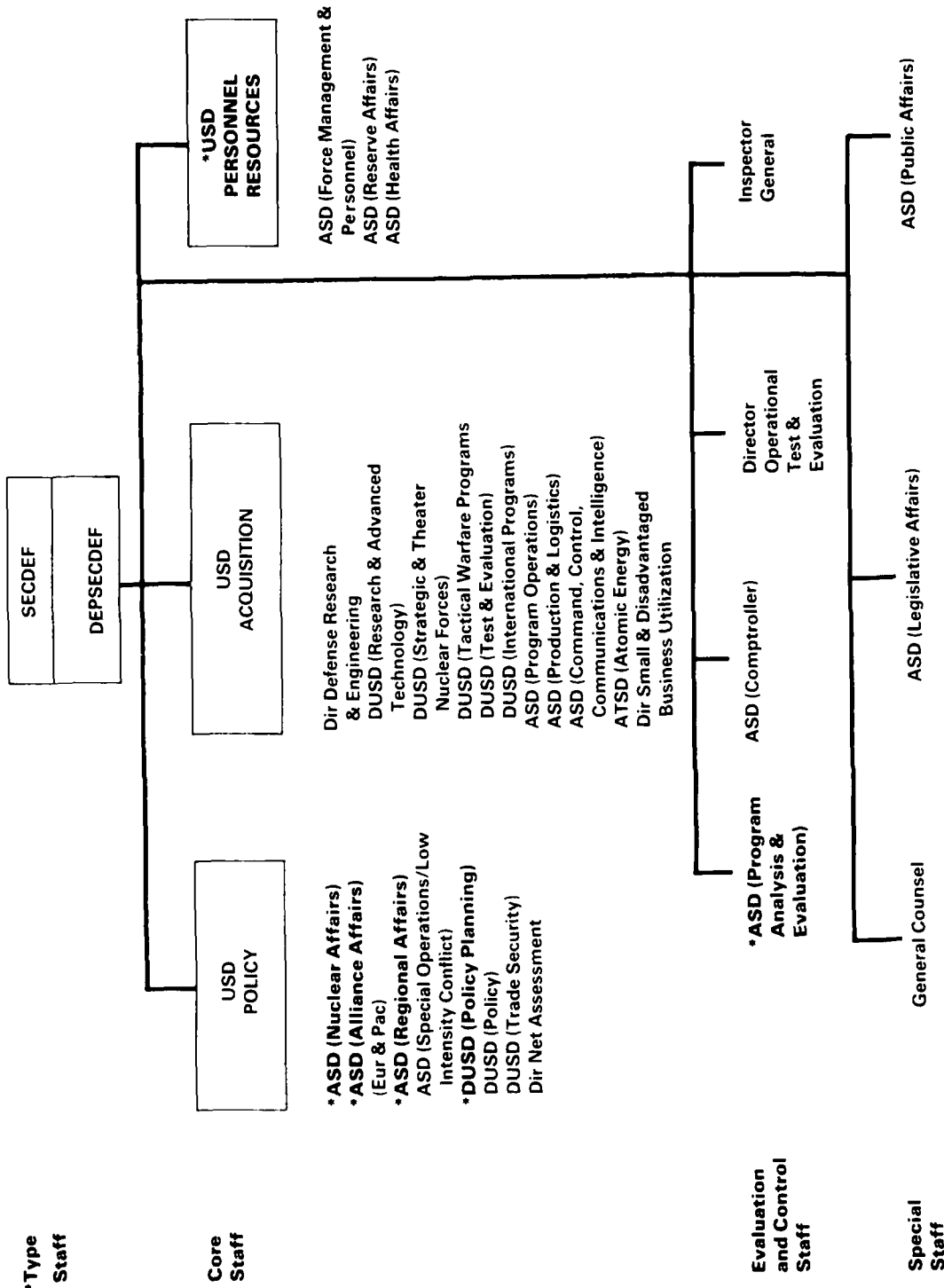
While other options are available, the Study Team recommends dividing the remaining staff into two parts, both of which would support the Secretary. The first would be a "special staff," consisting of the General Counsel, Legislative Affairs, and Public Affairs. These three are similar to what an executive in a large business might have; they are the three oldest functions (established the day after James Forrestal became the first Secretary of Defense); and they serve, in effect, as a personal staff. The second would be an "evaluation and control staff" consisting of PA&E, Comptroller, Inspector General, and Operational Test and Evaluation. To assure the independence of their evaluations, these individuals should report directly to the Secretary.

Adoption of this concept would be at "no cost," and may help people both inside and outside DoD better understand the functions of the OSD staff. Particularly important is that, for span of control discussions, the "core staff" is what demands most of the Secretary's management attention.

Also discussed in Chapter IV are actions to be considered in the future. After the Goldwater-Nichols Act changes are providing the Secretary with meaningful corporate military advice on cross-Service issues, consideration should be given to moving from OSD to the Joint Staff portions both of Net Assessments and of Military Manpower and Personnel Policy.

Finally, Intelligence and Command, Control, and Communications were combined under an ASD(C³I) because they shared common systems and technology. The expected close relationship between the two

OSD STUDY RECOMMENDATION



has not developed and the combination may have overemphasized equipment acquisition at the expense of attention to the vital non-hardware aspects of how intelligence should be used. In the past, the individual heading C³I has made the combination work. If DoD is unable to acquire an individual with similar broad experience in both the C³ and Intelligence areas, consideration should be given to establishing a separate ASD(Intelligence).

RECOMMENDATION 6. Provide management emphasis to oversight by stressing that the OSD role consists of both policymaking and oversight and that "he who makes a policy, must provide oversight for it." While recognizing that the Military Departments are the primary overseers, OSD must at least ensure the Departments are conducting effective oversight.

C. Personnel Areas. The third group deals with the personnel issues of civilian control and political appointees.

On civilian control, the Study Team concluded the concept is universally accepted, the Secretary's authority is unquestioned, and there is sufficient civilian staff at the highest echelons of OSD to assist the Secretary in the exercise of civilian control. The top twenty officials in OSD are civilians (e.g., Secretary, Deputy Secretary, Under Secretaries, Assistant Secretaries, etc.) and of the top 270, only fourteen are military. Our interviewees were unanimous in concluding that civilian control was no problem. A related concern, OSD review of contingency plans, is covered in recommendation 4.

On political appointees, the study team supports the recommendations made by the National Academy of Public Administration (NAPA) in "Leadership in Jeopardy: The Fraying of the Presidential Appointments System." To improve DoD's ability to acquire and retain top-quality political appointees, a sense of urgency should be given to the following recommendation from the President's Commission on Defense Management.

RECOMMENDATION 7: Revise the statutes both on the "revolving door" post-government employment prohibitions and on divestiture rule tax consequences. The revolving door revision should eliminate the across-the-board interpretation that is stopping people from

accepting top jobs. The divestiture rule revision should defer the tax consequences caused by the sale of potential conflict-of-interest investments. These revisions should improve recruitment of political appointees. To improve retention, the Study Team recommends the following.

RECOMMENDATION 8: Develop a bonus system for Presidential Appointees requiring Senate confirmation (PAS), which is based on tenure and an acceptable level of performance, and ensure more use of Senior Executive Service (SES) civilians by considering SES personnel for PAS and Principal Deputy positions.

Chapter I

INTRODUCTION

I. CONGRESSIONAL MANDATE AND STUDY ORGANIZATION. The Goldwater-Nichols Department of Defense (DoD) Reorganization Act of 1986 (P.L. 99-433) mandates the Secretary of Defense to conduct a "study of the functions and organizations of the Office of the Secretary of Defense" (OSD) to "consider whether the present allocation of functions to, and organizational structure of, the office constitutes the most effective, efficient, and economical allocation and structure of the office to assist the Secretary in carrying out his duties and responsibilities."

A report of this study is to be provided to Congress by October 1, 1987, along with the reports of other studies on this subject also mandated by P.L. 99-433. Of the three companion studies, one is by the Chairman of the Joint Chiefs of Staff, another is a joint study by the Service Secretaries, and the third is by an independent contractor, Arthur Young and Company and The Hay Group.

The Act requires a review of factors inhibiting efficient and effective execution of the functions of OSD and alternate allocations of authorities and functions. It also requires that, in conducting this study, the Secretary consider specific issues and we have structured the study to ensure that each is considered. The issues fall into four related pairs.

One covers the Planning, Programming, and Budgeting System (PPBS) and the major force program categories of the Five Year Defense Program (FYDP). This pair is addressed in a separate section that is attached as Part II of this report. The analysis of the PPBS and FYDP issues was conducted by the Director, Program Analysis and Evaluation, working closely with the Under Secretary of Defense for Policy and the Assistant Secretary of Defense (Comptroller).

The first pair of issues in Part I deals with force planning. Chapter II, "planning linkage," addresses the issue of ensuring that force development and contingency planning are linked to, and derived from, national security strategy, policies and objectives. Chapter III, "mission integration," addresses both the desirability of establishing offices that are assigned mission-oriented areas of responsibility and whether the present OSD organization inhibits integration of the Armed Forces along mission lines. Planning linkage and mission integration are closely related in that the major national security objectives of the planning linkage issue are normally seen as the basis for the "missions" of mission integration.

The second pair of issues are "effective policy" (Chapter IV) and "oversight" (Chapter V). "Effective policy" explores whether the present organization of OSD is the most effective and efficient structure for the initiation, development, and articulation of defense policy. Subsumed within the broad concerns of effective policy are five sub-issues: duplication of functions, insufficient information, insufficient resources, decentralization, and the Secretary's span of control. The chapter on improving oversight in policy areas not addressed by PPBS analyzes the means by which good oversight can enhance the development of effective policy.

The final pair of issues are personnel-oriented. Chapter VI deals with "civilian control" and Chapter VII addresses "political appointees." Each of the chapters considers inhibiting factors and alternate allocations for its issue area.

II. STUDY PROCESS. A Study Team of eight people, one for each major issue (chapter), plus a team chief and a historian, was formed. The study process began with a review of the Act, previous studies, DoD Directives, and relevant literature. Specific data requested by the Act on the mix of civilian and military personnel in OSD and of the categories and numbers of political appointees was collected. The team then received briefings on each major OSD organization and discussed issue areas

with the head of the organization or his representatives. We also met with representatives of the Military Departments and the Organization of the Joint Chiefs of Staff (OJCS).

Extremely useful input came from interviews with former Secretaries of Defense and other former senior civilian and military officials. These interviews were conducted on a non-attribution basis and provided considerable insight and ideas. The names of those interviewed are in Appendix F.

To assist with the study, we obtained issue-oriented background support from two non-DoD sources. First, we commissioned Dr. Michael G. Hansen, who was then Director, Key Executive Program, The American University, and who is now Director of The Federal Executive Institute, to provide five papers on pertinent topics in management theory and practice. See Appendix D for details. Second, we hired NETMAP International, Inc., a management consulting firm, to conduct a survey of key DoD officials and prepare computer-based analyses of the results. See Appendix E for details.

III. THE SPECIAL CHARACTERISTICS OF DOD. While many aspects of DoD are like those of a business, DoD has special characteristics that make it unique.

A. Size and Complexity. In size and complexity, DoD is significantly larger than any business. DoD has over three million employees. In addition, there are approximately one million reservists and some three million workers in defense industries.* In comparison, Dun & Bradstreet ranks General

* End Fiscal Year (FY) 1986 (September 30, 1986) Personnel Strength was as follows:

Military (Active Component)	2.2 million
Civilian (Direct Hire)	1.0 million
Selected Reserve	<u>1.1</u> million
	4.3 million

Source: Annual Report to the Congress FY 88, p. 332

Motors as the largest private employer in 1986, with about 660,000 employees and Sears as the second largest, with 450,000. DoD's FY 1987 budget authority is \$282 billion, which is almost three times the sales of General Motors, the company with the largest 1986 sales volume (\$103 billion) in the "Fortune 500" listing of April, 1987, and four times that of the second largest company, Exxon with \$70 million in sales.

DoD complexity is also unique. First, DoD participation in developing national security policy is complicated by the employment of diverse means (economic, diplomatic, military), by involving foreign governments and alliances, and by adversaries who can modify their actions at a moment's notice. Second, DoD must develop, acquire, and maintain equipment and material ranging from large and advanced weapon systems to ordinary supplies and services. Third, it must be able to house, feed, and clothe large numbers of military personnel; move them rapidly around the world; and support them in a variety of field environments. Fourth, and most demanding of all, it must be prepared to fight. The use of violence distinguishes the military profession and leads to complications that range from its own system of military justice to the basic consideration of combat effectiveness as well as peacetime efficiency. Finally, all of this must be done in the light of public scrutiny and legislation unlike that of any business.

B. Impact of DoD Decisions. Mistakes in business can destroy companies; mistakes in domestic policies can damage individuals and regions; but mistakes in national security policy can destroy nations and kill millions of people. In the nuclear era, the input of defense decisions are starkly different from those of business and most other government agencies.

C. The Secretary's Constituencies. The Secretary of Defense has many more constituencies than does a business executive. His primary client is the President. In the executive branch, the Secretary is the President's principal assistant in all matters relating to DoD, a role in which he acts both as advisor to the President and the President's manager of DoD. The Secretary also

is a member of the National Security Council and the Cabinet. He works closely with the State Department, both in developing foreign policy and accomplishing related military objectives. He works with other departments, most notably Energy (e.g., on nuclear weapons), Transportation (Coast Guard), Justice (drug enforcement) and Commerce (technology transfer). He also has close relations with the Central Intelligence Agency, Office of Management and Budget, and Office of Personnel Management (about half the federal civilian workforce is in DoD).

In our government of separated powers, Congress is a primary constituency of the Secretary. He and his subordinates testify, submit reports, answer queries, and maintain contacts. As a senior public official in a democracy, the Secretary also has to be responsive to the "fourth estate." Like Congress, the media can help identify problems and carry messages. In fact, most Secretaries reportedly start their work day with a review of the news media. Defense industry is another client. With about 15 million contract actions annually, worth almost \$170 billion, the Secretary depends on, and must be responsive to, defense industries. As a senior official in a democracy, his ultimate constituency is the people. He must consider the public's views both on defense programs in general as well as on specific areas like recruiting and base-community relations. Finally, the Secretary's foreign constituencies are almost a microcosm of his domestic ones. Besides the formal biannual NATO Defense Ministers' meetings, he has numerous bilateral and group meetings with foreign officials, industry representatives, and media. When speaking to the media in Washington, he has to consider potential reactions in Paris and Panama as well in Peoria.

In addition, he has several internal constituencies. These primarily include the Military Departments who organize, train, and equip the forces and the combatant Commanders in Chief (CINCs) who employ the forces. Others include the Chairman and the Joint Staff, the Defense Agencies and Field Activities, and the OSD staff itself.

In summary, the Secretary of Defense has multiple constituencies. Each constituency has different demands and OSD is organized to try to meet them all. In studying OSD, one must evaluate OSD's effectiveness vis-a-vis all the constituencies.

IV. BASIC PRINCIPLES. As the study progressed, four principles evolved and were reinforced as our research continued.

A. Management Flexibility. The Secretary of Defense should have the maximum flexibility to organize his office to match his goals and management style. This is important for effective peacetime management, but even more so to be prepared for war. If Congress believes certain organizational change must be legislated to solve a specific problem, it should include a "sunset clause" to remove the statutory basis at some future date.

B. Give Recent Changes a Chance. There have been significant recent organizational changes in OSD, some statutory and some administrative. They will take time to implement and shake down. Fundamentally a "culture" is being changed, and even after the new organizations and processes are in place, it may take several cycles of the processes for them to live up to expectations. In this light we did not recommend changes in the acquisition area and only minor changes on the issue of insuring linkage between national security objectives, strategy, and policy on the one hand and DoD force development and force employment on the other.

C. Evolutionary Change. Since change causes turbulence and the "law of unexpected consequences" is universal, the Study Team prefers evolutionary change.

D. Change at Transition Between Administrations. Because of potential turbulence and unexpected consequences, we believe that many of our recommendations would best be implemented during the transition between administrations. This is especially true of changes that affect the jobs of senior leaders who are political appointees. We hope this report will be useful for the transition

team of the next administration. Also the timing will be right in those cases where legislative support is required.

CHAPTER II

PLANNING LINKAGE

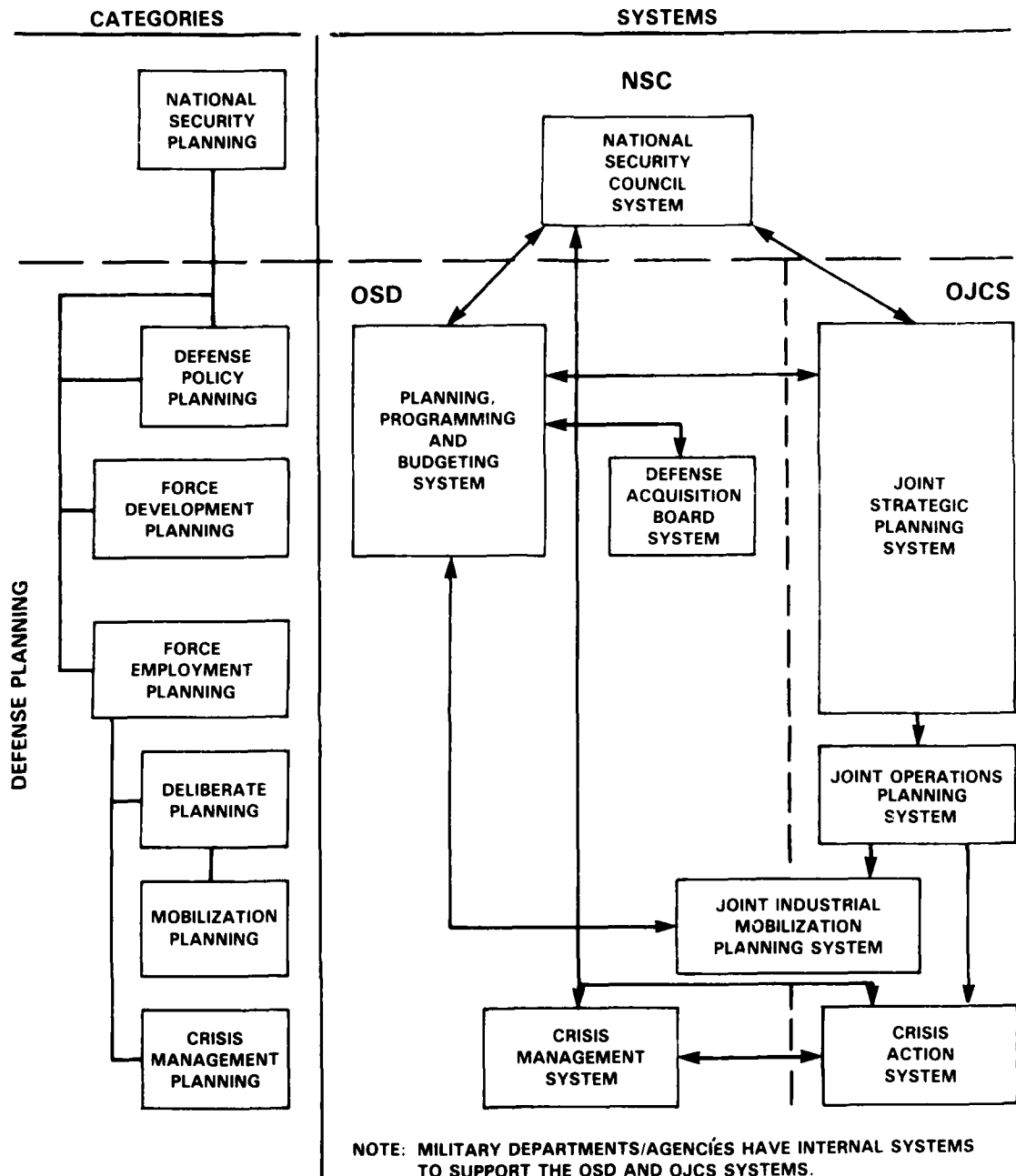
I. GOLDWATER-NICHOLS DOD REORGANIZATION ACT ISSUE.

"Whether the present organization of the Office [of the Secretary of Defense] ensures that strategic planning and contingency planning are linked to, and derived from, national security strategy, policies, and objectives;" (P.L. 99-433, Sec 109(d)(1)(C))

In addition to organization, the Study Team found two other important determinants of the linkages between Presidential national security direction and planning in the Department of Defense (DoD): (1) the planning processes, and (2) management techniques of senior civilian and military personnel. This chapter examines these factors, the extent that the Office of the Secretary of Defense (OSD) and the Joint Staff cooperate and coordinate on planning, and OSD's role and functions in military contingency planning.

II. OVERVIEW OF PLANNING. Theoretically, planning to assure national security is a simple process. The President, assisted by the National Security Council (NSC) and its staff, establishes objectives, policies, and strategies. The Department of State (State), DoD, and other departments and agencies implement this NSC guidance by developing supporting objectives, policies and strategies. In DoD, the Secretary, assisted by his staff, provides direction to his line managers, the Service Secretaries, Chairman of the Joint Chiefs of Staff, and Directors of the Defense Agencies, who carry out the guidance. The linkages between planning in the Office of the President, OSD, and Military Departments are a function of the effectiveness of each organization's internal planning process, and the extent of oversight exercised by the senior organization.

PLANNING RELATIONSHIPS



Planning that affects, or is conducted by, DoD can be grouped into two categories: national security and defense planning (Chart II-1). National security planning involves the NSC, State, Central Intelligence Agency (CIA), DoD, and other agencies, each with its own internal supporting system. Defense planning includes all planning activities within DoD that support national security planning. There are three major types of defense planning: defense policy, force development, and force employment planning.

Defense policy planning is the cornerstone for the Department's efforts to link its planning to national security planning. It also provides direction to the remaining types of planning which fulfill DoD's fundamental responsibilities for: (1) development (and maintenance) of forces and capabilities, and (2) employment of these forces and capabilities when required. In its application, planning is much more complicated than theory indicates. (A summary of these processes is at Appendix B.)

III. NATIONAL SECURITY PLANNING. This complex activity identifies national interests, objectives, policies, and strategies and integrates foreign, defense, and economic policies. It is a government-wide, cooperative process, managed by the NSC staff, that periodically reviews, analyzes, and coordinates national policies and strategies. The primary decisionmaker is the President, who is advised and assisted by the statutory members and invited participants of the NSC, the NSC staff, the Chairman of the Joint Chiefs of Staff, and the Director, CIA. Presidential decisions are promulgated in documents currently called National Security Decision Directives (NSDDs) that provide guidance to the Departments for executing their national security responsibilities.

National security planning is performed in a flexible, semi-structured process that relies on direct, personal participation of the NSC's members, with appropriate staff support, to include interdepartmental committees. This environment encourages the presentation of opposing views and frank advice to the President by minimizing the use of institutional positions. However, it

does place a burden on the department/agency heads to disseminate national security guidance because the NSDDs receive limited distribution. National security planning provides the basis for all defense planning.

IV. DEFENSE PLANNING. Periodic reviews of national security and defense policies are ensured by established and well-defined systems using three main subtypes of defense planning: defense policy planning, force development planning, and force employment planning. Over the years OSD has become more involved in planning by increasing the number of senior executives and staff involved in these efforts. Comments from present and former members of OSD indicate that cooperation and coordination between OSD and the Joint Staff are good at the senior level. At the staff level, cooperation was thought to be good, except for the preparation of detailed operations plans. There was some concern that both OSD and the Joint Staff minimized coordination to avoid compromising.

A. Defense Policy Planning. This type of planning uses the NSDDs to develop broad concepts to support foreign policy, meet U.S. commitments, and guide other DoD planning. There are two forms of policy planning. The first formulates objectives, policies, and strategies to counter threats to U.S. interests, and guides force development planning and the allocation of resources. It is conducted in DoD's principal management process, the Planning, Programming, and Budgeting System (PPBS). The results of these formal efforts are documented in Part I of the Defense Guidance (DG), which is a statement of the Department's plan for the future. This planning is conducted on a periodic, scheduled basis, and its output is reviewed by top management. It overlaps, or affects, all other forms of planning, as well as negotiations and security assistance policies.

The second form of defense policy planning is conducted outside the PPBS through the personal interaction of DoD's leaders with the President, members of the NSC, other senior leaders in DoD, and the leadership of our friends and allies. It is done on

an issue-by-issue basis and focuses on political-military affairs affecting nuclear and regional matters or international negotiations. It is flexible and responsive to international and domestic conditions.

The Under Secretary of Defense for Policy (USD/P) has the dominant role in DoD for defense policy planning, although most offices in OSD develop policies.

B. Force Development Planning. Force development planning is the primary form of planning in DoD in peacetime and involves most OSD offices, as well as the Military Departments and the Joint Staff. Its purpose is to translate national security and defense policies into direction for the development of new, and the improvement of existing, forces and capabilities. Sometimes called objectives or requirements planning, it is designed to encourage a competition of ideas. It uses the outputs from national security and defense policy planning and provides direction in the DG for the allocation of resources to the Military Departments and Defense Agencies.

The primary mechanism for this planning is the planning phase of the PPBS. This formal, highly structured process establishes requirements and objectives, develops guidance, allocates resources, refines cost and manpower data, and prepares budget requests. It ensures a periodic review of national security and defense guidance. Currently, the PPBS is being revised to include an implementation review to evaluate how well the Military Departments and Defense Agencies have met their objectives. The Secretary uses the Defense Resources Board (DRB) to develop and review the DG. USD/P is the Executive Secretary of the DRB for the planning phase and coordinates preparation of the DG. The planning process is supervised by the DG Steering Group that is chaired by the USD/P.

The role of the Chairman and the Joint Staff in this planning process is important. They participate through the Joint Strategic Planning System (JSPS) by developing a recommended military strategy and corresponding force requirements, advising on joint

capabilities and changes to the DG, assessing Military Department capabilities and proposed allocation of resources, and guiding planning for the employment of existing forces.

In the past, the JSPS had little influence on OSD planning efforts, except for the national military strategy, which was included in the DG. The most often cited reasons for this have been its focus on meeting the threat without regard to resource availability and its failure to make the tough inter-Service trade-offs and provide a joint perspective on the integration of global capabilities because of pressure for consensus. The Goldwater-Nichols Act gives the Chairman responsibility for dealing with these difficult issues. Although he is moving ahead with the necessary changes, it will be some time before they can be fully implemented and evaluated.

There is a wide spread belief that the force development planning function is not sufficiently effective, does not adequately influence the resource allocation process, and is not well linked to national security policies. The Study Team has examined these issues and found three principal causes. These causes, which are partially substantive and partly perceptual, are discussed below, along with a proposed means of countering each.

1. Diffused OSD Planning Responsibilities. Although most offices in OSD develop policies, the USD/P is responsible for integrating DoD plans and policies with overall national security objectives. As such, he is the lead official for policy planning in OSD, a responsibility which he exercises, in part, by serving as Executive Secretary of the DRB during the planning phase of the PPBS and by chairing the DG Steering Group that coordinates preparation of the DG. Although the USD/P has a staff that assists him with the DG, there is no office in OSD that is assigned responsibility for centralized planning. As a result, the Secretary and the USD/P, at times, must personally integrate policies and priorities. Furthermore, the USD/P does not have an office assigned to support him in force development planning by analyzing

requirements and objectives identified by the Chairman of the Joint Chiefs of Staff, the Commanders in Chief (CINCs) of the combatant commands, and the Military Departments; examining cross-Service capabilities and trade-offs; formulating and integrating global policies and plans; and overseeing the implementation of approved policies.

Because most offices in OSD have policy responsibilities, it is not possible for any one of them to conduct all planning. Unless there is a single policy planning staff in OSD to propose macro, Secretarial-level defense policies and to integrate staff-developed policies and priorities for force development, planning will remain decentralized and somewhat disjointed. This lack of an organizational focal point hinders policy development and could result in increased program instability during a period of declining budgets. Without a global policy planning staff for development of constrained trade-offs and priorities, and the objective analysis of policies, there is no office to assist the USD/P in assuring an adequate linkage between national security and defense planning.

The Study Team believes that the effectiveness and influence of OSD's force development planning and the integration of plans and programs can be improved by creating a Deputy Under Secretary of Defense for Policy Planning (DUSD(PP)) and establishing under his cognizance an office capable of developing comprehensive political-military and force planning policies,* as recommended in a study conducted by Paul Ignatius in 1978.¹ The DUSD(PP) would formulate and integrate defense and force development policies, priorities, and plans and would be responsible to the USD/P for independent and objective analysis of national security, defense, and force development planning issues. He would integrate divergent views and evaluate competing proposals for presentation to the DoD management committees and decisionmakers in the planning

*Similar positions existed in the 1960's and 1970's.

phase of the PPBS. With the assistance of OSD's resource managers, he would ensure fiscally responsible planning and the identification of major resource shortfalls early in a cycle. The DUSD's role would also include oversight of DoD-wide planning and coordination of DoD participation in NSC activities. He would integrate all defense and force development policies and oversee Service compliance with them. He also would integrate policies prepared by the acquisition, manpower, reserve, and health affairs offices into cohesive, affordable, guidance for the Military Departments.

The DUSD(PP) could be organized around the existing DUSD (Planning and Resources). In addition to the present directorate that maintains custody of PPBS planning, new directorates would be responsible for policy planning, resources analysis to support the USD/P in the program and budget phases, and the contingency plans review discussed later in this chapter. Ideally, these offices would be staffed with analysts who possess quantitative skills. The DUSD's most important role would be to discipline planning and ensure that planning disciplines programming and budgeting.

The Assistant Secretaries of Defense for International Security Affairs and International Security Policy would retain an ability for internal planning, but the DUSD(PP) would be responsible for unifying these efforts as the "lead official" in order to improve the integration of forces and capabilities.

2. Fiscally Constrained Planning. Another frequently expressed concern was that vague, ambiguous, and unconstrained national security and defense objectives, policies, strategies, and guidance result in a lack of emphasis on fiscally constrained planning in OSD. Although mentioned by a number of middle managers, most interviewees thought that vague policies do not cause this lack of fiscal reality. General strategic and policy guidance may hinder centralized planning by giving subordinates too much flexibility, but it seems useful to encourage initiative and creativity. If combined with useful priorities, good oversight, and full accountability, general guidance should not result in

confusion. But when the decision is made, discipline becomes essential.

It is generally agreed that top-level national security planning should emphasize what is best for national security and not what is affordable; be relatively unconstrained and encourage the examination of many alternatives; and provide priorities to ensure integration of every element of national power (political-diplomatic, economic, psycho-social, military, intelligence, and national will). Its tie to fiscal reality should be through the creation of unambiguous priorities to guide force development.

OSD is and should be the point where national security and defense planning are linked. To do this, OSD must look at both what is required and what is affordable. The Secretary of Defense must be able to inform the President on what force levels and capabilities are needed to protect and achieve U.S. interests and objectives. He also must be able to make informed judgments on what forces and capabilities the nation can do without and what risks to accept because of budget limitations.

Unrealistic fiscal planning results from the setting of inflated fiscal projections early in the process, and a planning process that does not provide affordable force development objectives. The PPBS planning phase assesses each objective in the DG in terms of inputs and costs to see if more resources are required. This often is a subjective evaluation because a cost estimate of unquantifiable objectives is not possible. Further, there is no functioning methodology for costing the entire set of DG objectives in the time available for this analysis. As a result, realistic affordability limits are not applied to these objectives in planning, but instead are set during programming and budgeting. Since the DG calls for more programs than can be funded, planning resolves few major trade-off questions.

The Study Team believes that to increase the influence of planning on programming, the OSD planning process must place greater emphasis on fiscal constraints. This can be accomplished

by revising this process to ensure the complete set of DG midterm objectives are within the predetermined fiscal limits identified early in the process by the President. Requiring defense planning and programming to work within the same fiscal envelope could mean a major improvement in Military Department program stability. It would also require that some of the difficult priority choices be made in the planning phase, rather than being deferred to the over-worked Program Review of the Service Program Objective Memorandums (POMs). Cost estimates should be made for every midterm objective as a condition for retention in the DG. This estimate could be based on a methodology under development by USD/P that relates Service and Defense Agency "program elements" to specific midterm objectives, on Service and Defense Agency staff estimates, or on a computer estimation of costs.

Other improvements might include appointing senior OSD officials with strong planning skills and interests (see Chapter VII) and strengthening mission proponent offices involved in planning (see Chapter III).

3. Misunderstood Planning Process. There appears to be a general lack of understanding of DoD planning concepts, definitions and processes, and their utility. The area most misunderstood concerns how defense programs and budgets are linked to U.S. interests, objectives, and strategies. This linkage is not readily apparent because most forces and capabilities are designed for use in a number of regions and against a wide range of threats to keep resource requirements at a reasonable level. Only major changes in strategy, such as assuming there will not be a war in Europe and instead focusing on low-intensity conflict, would significantly alter the forces required by the CINCs. Further, the basic U.S. strategy has remained largely intact since the 1950's and 60's when the national security debates created the existing forces which have merely been improved in subsequent years.

However, the linkages exist and they can be explained systematically. The PPBS is a logical problem solving process that periodically reviews this linkage and proposes changes to national

*The current JOPS system is to be replaced by a new system, called the Joint Operations Planning and Execution System (JOPES), which is under development.

and essentially no OSD staff involvement. ipation by senior military officers until plan review and approval, Staff and the Unified and Specified Commands, with limited participation by the Joint contingency planning is a staff process conducted by the Joint form the basis for crisis management planning. For the most part, is not designed for rapid response in crises. It does, however, hensive consideration of military options, but as its name suggests, the Joint Operations Planning System (JOPS). * It provides comprehensive contingency planning. It is a highly structured, formal process involving the development of detailed, written plans in called contingency planning. This precisis planning is often 1. Deliberate planning. management planning.

categories of operations planning, deliberate planning and crisis personal comments of the Secretary and USD/P. There are two national security and defense policy planning, the DG, and the in the near future. Guidance for this planning comes from the use of existing military forces and capabilities at some time the military, these efforts involve the preparation of plans for C. Force Employment Planning. Called "operations planning" by

on the policymaking process. in such cases, should focus on the substance of policies and not faction with the policy decisions that emanate from it. Debate, criticism of the defense planning process is based upon dissatisfaction in understanding planning, they would not affect those whose Although these proposals would assist those genuinely interested in DOD planning.

the concepts, definitions, systems, and organizations involved in publication to educate Congress, the Department, and the public on o Initiating a public affairs program with a detailed the Department's programs. coordinated by the NSC, it could give substantive rationale for and program analysts from DOD and the State Department and

objectives, policies, and strategies that are considered by the NSC. In the process, the Chairman, Joint Chiefs of Staff identifies force requirements and reviews the linkage. Then, with Service assistance, OSD evaluates the linkage and develops defense objectives to support national policy. The USD/P is the focal point for ensuring that defense policies and objectives are linked to national policies and within fiscal constraints established by the President through the Office of Management and Budget.

The utility of unconstrained planning is also not well understood. Unconstrained planning is primarily a starting point for setting constrained force objectives and a benchmark for comparison to existing capabilities. But if not used with constrained planning, it is of little utility. Planners must know force requirements, such as how many and what type of tactical fighter wings are needed to deny the Soviets their objectives early in a war, before they can accurately decide what capabilities to fund or disestablish in the next Five Year Defense Program (FYDP).

One reason for the current lack of understanding is the security classification of defense matters which precludes public explanation of some things. Further, although DoD has tried to articulate its case, these efforts often have been hindered by the use of professional jargon instead of simple language.

The Study Team believes the lack of understanding regarding DoD planning could be changed by initiating an educational effort to explain the Defense planning process and how it relates to overall national security planning. Such an effort could include the following initiatives.

- o Devoting a major section in the next Annual Report to Congress to a discussion of planning in DoD and the recent changes to the processes.

- o Including, as part of the National Security Strategy Report to Congress required by the Goldwater-Nichols Act, a comprehensive, detailed, and classified paper that ties the Department's programs and budgets to national security objectives, policies, and strategies. Developed by a small group of policy

Currently, OSD does not develop specific written policy guidance to guide the Joint Chiefs of Staff and the CINCs in contingency planning, although it did in the late 1970s.² As a result, military officers must develop political-military and economic objectives, assumptions, and guidelines that many believe are more appropriately prepared by civilian authorities. Although the DG provides some employment guidance, it is too general to provide useful parameters for contingency planning, and is oriented principally toward resource allocation. As a result, the only specific top-level direction for this planning comes from the Secretary and selected NSDDs.

Review of contingency plans is accomplished by Joint Staff briefings to the Secretary and USD/P. Since the plans are very detailed, it is not possible for the Secretary and the USD/P to review them personally, even though they have complete access to JOPS if they desire. Unlike nuclear planning, where the OSD staff is involved,* the Secretary's civilian advisors do not review the CINC's contingency plans. They, therefore, cannot provide him with an independent analysis and assurance that the plans provide politically realistic actions for the President (including adequate consideration of non-lethal options). This lack of involvement also limits OSD's ability to assist the NSC in national level activities similar to the 1973-75 Contingency Planning Working Group (CPWG).³ The reason cited most often for limiting OSD access to the Secretary of Defense and USD/P is the protection of sensitive information that, if leaked, could risk the lives of military personnel or embarrass allies. Such information includes where units are to deploy, when these units would begin and end transit, and which countries might provide forces or support. This is a valid concern, as with the no less sensitive nuclear

*OSD has been involved in nuclear planning and the preparation of the Nuclear Weapons Employment Plan since the 1960's. Performed with the Joint Staff, this work has gone on quietly and with excellent security.

plans, and one that must be accommodated. But, it is not sufficient reason to deprive the Secretary of the staff support necessary to review contingency plans effectively, particularly their political-military aspects, and exercise appropriate civilian control over them.

The Goldwater-Nichols Act directs that OSD's role in contingency planning be one of policy development (guidance) and oversight (plan review). Meeting the law's requirements necessitates increased OSD participation in non-nuclear contingency or deliberate operations planning to a level comparable to that for strategic nuclear weapons employment. This need "to increase attention to the formulation of strategy and to contingency planning" was the basis for directing the Secretary, after consultation with the Chairman and with the President's approval, to "provide annually to the Chairman written policy guidance for the preparation and review of contingency plans." This is to include guidance "on the specific force levels and specific supporting resource levels projected to be available for the period of time for which the plans are to be effective." The Act also directs the USD/P to assist the Secretary in preparing this guidance and in reviewing the plans. It requires the Chairman, in addition to conforming to the guidance, to advise the Secretary on the "critical deficiencies and strengths in force capabilities (including manpower, logistic, and mobility support) identified during the preparation and review of contingency plans and assessing the effect of such deficiencies and strengths on meeting national security objectives and policy and on strategic plans." Congressional staff members have indicated that the intent of the law was to obtain OSD staff participation.

Progress on the implementation of these provisions of the Goldwater-Nichols Act has been slow to date. The Study Team believes that greater attention should be paid to this matter and recommends that a permanent OSD office be established to

support the Secretary of Defense in guiding and overseeing contingency planning. This proposal builds on recommendations contained in previous studies, most notably the Steadman Report, which called for "at least an annual review by the Secretary and selected key assistants of the principal military plans to assure that their political assumptions are consistent with national security policy;"⁴ Dr. Harold Brown's suggestion that "a small operational staff to review the adequacy of military contingency plans" is needed by the Secretary;⁵ and the Senate Armed Services Committee staff recommendation for "an OSD office, . . . of civilian officials and military officers, to review contingency plans."⁶

Consisting of a small staff, this contingency planning office would report to the Secretary through the USD/P, and if desired, could be placed under the DUSD(PP) previously recommended for establishment. Ideally, it would have a civilian chief and a military deputy with one or two military and one or two civilian assistants. The uniformed personnel would have joint operations planning experience and a background in political-military affairs. The civilians would have broad experience in national security and defense planning, political-military affairs, and crisis/operations coordination.

This office would support the Secretary and USD/P in contingency planning matters, but would not have directive authority. It would be responsible for preparing the Secretary's contingency planning guidance, analyzing the political-military aspects of contingency plans, and preparing the Secretary and the USD/P for contingency plans briefings. The Study Team believes that establishment of this office would not only improve the review of political-military factors in military plans, it would also give the civilian leadership a better understanding of the requirements for contingencies (e.g., force levels and facilities access), the limitations of U.S. capabilities (e.g., logistical support and over-the-shore off-loading), and the need for flexible contingency plans. It also could encourage a richer choice of politically acceptable non-military and non-lethal options.

Military concerns regarding the security of plans and civilian staff interface in strictly military matters could be alleviated through the selection of a well-rounded analytical staff and the development of appropriate operating procedures. To further safeguard sensitive information, JCS planning documents and plans could be compartmented based on the intended audience. One part could include information needing review by the Secretary, the USD/P, and the OSD staff, such as defense policy and strategy, regional and global priorities, political-military objectives and assumptions, rules of engagement, and major force allocations. Other parts would contain information important to the CINCs and Services and be given only to the Secretary, the USD/P, and the proposed OSD contingency planning office.

A corollary to this proposal, that would significantly assist the ability of the OSD staff to support the Secretary, would be to require that the advice provided to the Secretary by the Chairman, Joint Chiefs of Staff on the deficiencies and strengths of contingency plans, as directed by the Goldwater-Nichols Act, be provided in written form. This classified, written report would then be reviewed by the Joint Chiefs of Staff and forwarded to the Secretary with comments or dissenting views of each Chief. It would receive limited distribution and contain a summary of the plan (threat, assumptions, missions, and major forces allocated), its strengths and weaknesses, identified capability and resource shortfalls, an analysis of the critical political-military assumptions that could affect its execution, and an assessment of its effect on global capabilities. This report should be submitted before contingency plans are briefed to the Secretary. This procedure would improve civilian understanding of U.S. limitations and shortfalls in military capability and better prepare them for dealing with policy questions in a crisis. Additionally, it would provide feedback to the PPBS on shortfalls for use in resource allocation, further increasing the CINC's influence on programming and budgeting.

2. Crisis Management Planning. This category of force employment planning occurs during a crisis and, therefore, is time-sensitive. Although done in a structured process, it is more flexible than deliberate planning and is characterized by the full, personal participation of the civilian leadership with the support of the OSD staff. Both OSD and the Joint Staff have mechanisms for handling crises. The OSD Crisis Management System, is focused on an OSD Crisis Management Center, designed to facilitate coordination within OSD and between it, the Joint Staff, the rest of DoD, and the Executive Branch. Military crisis planning is handled through the Joint Staff Crisis Action System, a part of JOPS that evaluates possible courses of action in time-sensitive situations. The focus for this is the National Military Command Center. This is a responsive process that assists the President in deciding on a preferred course of action and translates this decision into an operations order. The NSC, other Executive Branch departments, and all organizations in DoD participate in this process. These arrangements work well and do not require change at this time.

VI. CONCLUSIONS. Based on its interviews and research, the Study Team concludes that major changes to improve defense planning or its linkage to national security planning are not required. There are, however, some evolutionary modifications that can be made to improve the linkage between national security and defense planning, increase planning's influence on programs and budgets, and improve the integration of plans and programs. The contingency planning proposals would ensure adequate support to the Secretary and meet the letter and spirit of the law.

VII. RECOMMENDATIONS.

A. Defense Policy and Force Development Planning. Establish a Deputy Under Secretary of Defense for Policy Planning (DUSD(P)), reporting to the Under Secretary of Defense for Policy (USD/P), who among other things, would coordinate defense policy and force

development planning for the Secretary. This could be accomplished by expanding the responsibilities and functions of the existing DUSD(Planning and Resources).

B. Force Employment Planning.

1. Establish a permanent office in USD/P to support the Secretary in providing guidance and oversight for contingency planning. This office could be a part of the DUSD(PP) recommended above.

2. Require the Chairman, Joint Chiefs of Staff to provide written reports to the Secretary that assess the strengths and deficiencies of approved contingency plans.

FOOTNOTES

1. Ignatius, Paul R., "Departmental Headquarters Study: A Report to the Secretary of Defense." Department of Defense Reorganization Study, June 1, 1978, p. 56.
2. "Policy Guidance For Contingency Planning" (PGCP), Office of the Secretary of Defense, August 22, 1978.
3. Odeen, Philip A., "National Security Policy Integration," Coopers and Lybrand, Washington, D.C., September 1979, p. 38.
4. Steadman, Richard C., "National Military Command Structure: Report to the Secretary of Defense," Department of Defense Reorganization Study, July 1978, p. 43.
5. Brown, Harold, Thinking About National Security, Westview Press, Boulder, Colorado, 1983, p. 207.
6. Staff Report to the Committee on Armed Services, "Defense Organization: The Need for Change", 99th Congress, 1st Session (S. Prt. 99-86), October 16, 1985, p. 137.

Chapter III

MISSION INTEGRATION

I. GOLDWATER-NICHOLS DOD REORGANIZATION ACT ISSUES.

A. "Whether the present organization of the Office [of the Secretary of Defense] inhibits integration of the Armed Forces along mission lines." (P.L. 99-433, Sec 109 (d)(1)(D))

B. "Alternative allocations of authorities and functions of the Office [of the Secretary of Defense] and other reorganization proposals for the Office, including the desirability of...establishing Under Secretaries of Defense for mission-oriented areas of responsibility." (P.L. 99-433, Sec 109 (d)(6)(A))

II. DEFINITION. Recent studies define mission integration as the process of combining Service capabilities, which consist of military forces (such as divisions, carrier battle groups, and tactical fighter wings) in order to accomplish the major missions that U.S. forces are expected to perform, such as nuclear deterrence, NATO defense, and the defense of specific regions. It is a concept that focuses on mission accomplishment, which can be viewed as the primary organizational output of DoD, as opposed to focusing on organizational input, which in this case are Service capabilities and the resources (personnel, equipment, logistics, etc.) that are required to develop them. Those who advocate mission integration as an organizational principle argue that focusing on outputs makes it possible for decisionmakers to understand more clearly how resources are being used, how specific resources should be used in force development problems, and how those resources may be most effectively redistributed as problems and situations vary.

III. BACKGROUND. In organizing for national defense, this country's military establishment was initially structured in a manner that provided congruence between functions and missions. The Army was responsible for accomplishing land warfare missions and the Navy for warfare at sea. Both were responsible for overseeing the functions necessary to develop and maintain the forces required to carry out their respective missions and for their employment in military operations. However, there was generally little coordination between the two Services and joint, integrated efforts were rare.

By World War II, with faster and longer-range means of movement, especially by air, modern warfare could no longer be confined to a single surface, either land or sea. Wars involved nations on separate continents with intervening oceans. The landmark expression of this evolution is President Eisenhower's message to Congress of April 3, 1958, in which he stated, "separate ground, sea and air warfare are gone forever."

In recognition of this evolution, a "dual" defense organization has been established. The Commanders in Chief (CINCs) of the combatant commands are now responsible for force employment, that is, the output function, namely, the utilization of military forces from all Services to accomplish national military objectives. The Military Departments, on the other hand, are responsible for force development; that is, the input functions, which may be defined briefly as organizing, training, equipping, and maintaining Service forces. While this arrangement has partially resolved the problem, it left the Military Departments without an organizational focus on mission accomplishment and lacking a joint perspective. Thus, what some refer to as the "parochial interests" of the Military Departments frequently are not congruent with the integrated accomplishment of military missions.

IV. OSD AND CHAIRMAN, JCS MISSION INTEGRATION RELATIONSHIPS.

OSD and the Chairman, Joint Chiefs of Staff play mutually supportive roles in "bridging the gap" between the force employment responsibilities of the CINCs and the force development responsibilities of the Military Departments.

A. Chairman, JCS. The Goldwater-Nichols Act significantly strengthens the responsibilities of the Chairman in force employment and especially in force development. He is now the principal military advisor to the President, the Secretary of Defense, and the National Security Council and, in this capacity, he provides independent advice, rather than just serving as a spokesman for coordinated Joint Chiefs of Staff positions. In addition, he serves as spokesman for the CINCs in DoD decisionmaking processes, particularly on matters dealing with operational requirements.

In the past, the Joint Chiefs of Staff have played a prominent role in integrating Service functions dealing with force employment, particularly military operations, logistics, and mobility planning. This will continue to be a major area of concern of the Chairman as his duties are now constituted under the Goldwater-Nichols Act. However, as a result of the Act he also now has substantial responsibilities in force development matters. Specifically, he is to provide advice to the Secretary of Defense on force capabilities, requirements, and programs and budgets in relation to strategic plans and the priorities of the CINCS, and he advises the Secretary on how the major programs and policies of the Services conform with strategic plans. These enhanced responsibilities of the Chairman in the force development process provide a potentially powerful force for an integrated mission perspective in force development decisions and should substantially alleviate the effects of "Service parochialism" that have concerned many Defense critics in the past.

Because of the Chairman, Joint Chiefs of Staff's role as principal military advisor, his prominence in force employment matters, and his new responsibilities in the force development process, the Chairman, assisted by the Joint Staff, properly exercises primary responsibility for mission integration in DoD.

B. Office of the Secretary of Defense (OSD). In comparison with the Chairman and the Joint Staff, the OSD staff focuses much more on force development matters than on force employment. They develop overall political-military policy and policies for the structuring of forces. In addition, they oversee the resources

and programs through which the Services organize, train, equip, and maintain the military forces they furnish to the CINCs. In this process, OSD provides fora for the Chairman, Joint Chiefs of Staff and the CINCs to voice their views regarding the impact of pending decisions on the joint military capabilities of U.S. Armed Forces.

In simplified terms, "purse and policy" for military forces rests with OSD, while the Chairman, Joint Chiefs of Staff does the strategic planning for and advises the Secretary regarding their employment. In this respect, OSD must be able to ensure that the force development process, for which it has primary responsibility, adequately reflects the mission-essential needs of the CINCs for the type of forces and equipment needed to carry out military operations, using the combined military capabilities of the Service forces provided to them. The question for this study is whether OSD can be organized more effectively to carry out this responsibility.

V. CURRENT OSD MISSION INTEGRATION PROCESSES AND STRUCTURE.

Current OSD processes and structure reflect a substantial capability to accomplish mission integration.

A. OSD Mission Integration Processes.

1. Planning, Programming, and Budgeting System. The major OSD management process facilitating mission integration is the Planning, Programming, and Budgeting System (PPBS). Secretary of Defense Robert McNamara established the PPBS in 1961 specifically for the purpose of accomplishing mission integration, although he did not use that term at the time. The planning component was strictly mission-oriented without costs; the budget component added costs, but in appropriation categories, such as personnel, research and development, and operations. By adding the programming component, which had costs in program categories that generally were output (i.e., mission) oriented, such as strategic (nuclear) forces and general purpose forces, he bridged the gap between the existing planning and budgeting phases. This combination of costs in mission categories during programming introduced the foundation for a mission integration capability in the OSD decisionmaking process.

Today, the programming phase remains generally output oriented. However, the Defense budget continues to use the input categories (i.e., functions) in order to match the appropriations categories required by Congress. Thus, while the planning and programming phases of the PPBS focus on missions, the final phase requires that these be translated into budget categories that bear little relation to missions and the resources required to accomplish them. (A more detailed description of the PPBS is in Part II and Appendix B.) In addition to requiring substantial effort to develop a "crosswalk" between the disparate categories, this makes it difficult for DoD decisionmakers to retain a mission focus in the final budgeting stages, as last minute adjustments in overall budget ceiling and other funding changes have to be reflected in the final DoD budget. Finally, construction of the budget in this fashion focuses Congressional review of DoD's resource requests on functional categories and line items, instead of on their relationship to mission requirements.

Accordingly, the Study Team believes that presentation of the budget in operational categories would reduce the administrative workload involved in preparation of the DoD budget and, more importantly, improve the quality of DoD and Congressional decision-making regarding DoD authorizations and appropriations by focusing consideration on the relationship between resource inputs and the integrated force capabilities they are intended to produce. Furthermore, the presentation of the DoD budget on a biennial basis would provide Congress with the time necessary to evaluate these complex issues in appropriate depth. The Study Team also believes, therefore, that Congressional procedures should be modified to provide authorizations and appropriations for most DoD programs on a two year basis.

2. Defense Acquisition System. While the PPBS focuses on force structure, the Defense Acquisition System (DAS) focuses on weapon systems. Through a "mission area analysis" process, which takes place before a commitment is made to pursue the development and procurement of all major weapon systems, each proposed new system

is evaluated in order to determine whether it provides the most effective means of achieving a needed operational objective. The results of this analysis are documented in a Mission Needs Statement that serves as the basis for consideration of the new system by the Defense Acquisition Board (DAB) at what is known as "Milestone 0;" i.e., the point at which the Board recommends to the Secretary that he approve or disapprove the initiation of a new weapons program. (A more detailed description of the DAS is in Appendix C.) As indicated previously, the Chairman, Joint Chiefs of Staff provides substantial input to this deliberative process. In addition, consideration of the integrated force employment impacts of these issues have been reinforced by designating the Vice Chairman of the Joint Chiefs of Staff as the Vice Chairman of the DAB.

The Study Team believes that, with the recommended change to an operationally oriented budget and installation of the two year budget process, the PPBS and DAS adequately provide for mission considerations in the force development process.

B. OSD Mission Integration Offices. The OSD organizational structure currently provides for an integrated mission focus in the political-military, acquisition, and program analysis areas.

Within the Office of the Under Secretary of Defense for Policy (USD/P), the Assistant Secretaries (ASDs) for International Security Policy and International Security Affairs each have subordinate Deputy Assistant Secretaries (DASDs) with cognizance over geographically-based areas. DASDs for Nuclear Forces and Arms Control Policy, and for NATO Policy report to the ASD(International Security Policy) and DASD's for African Affairs, East Asia and Pacific Affairs, Inter-American Affairs, and Near East and South Asian Affairs report to the ASD(International Security Affairs). These officials generally concentrate on the development of political-military policy and the coordination of political-military affairs with the National Security Council, the State Department, and foreign governments. They also provide mission-type policy guidance for the planning phase of the PPBS, but they generally place little emphasis on force development, and do not play a prominent

role in the programming and budgeting phases of the PPBS, where the major resource decisions are made.

In addition, there are two sets of organizations, in the Office of the Under Secretary of Defense for Acquisition (USD/A) and in the Office of the Director for Program Analysis and Evaluation (PA&E), that maintain a mission orientation based on type of force; that is, tactical forces (non-nuclear land, naval, and air), and strategic forces (nuclear including theater nuclear forces). In USD/A, the Deputy Under Secretaries for Tactical Warfare Programs and Strategic Nuclear Forces analyze alternative proposed weapon systems and technologies to determine their ability to technologically satisfy an identified mission need and serve as proponents for the selected system or technology in the acquisition decisionmaking process. They are primarily acquisition oriented and essentially focus on the early phases of the acquisition process, i.e., those phases having to do with concept formulation, research, development, and engineering. In PA&E, the Deputy Directors for General Purpose Programs and Strategic Programs evaluate specific issues dealing with integrated force capabilities in their respective mission areas. Their primary purpose, however, is to serve as a "second opinion" by providing the Secretary of Defense with an independent source of analysis and advice on significant issues that may arise in the PPBS process. Thus, they serve as a "devil's advocate" to test the positions and opinions being advanced by OSD program area officials. They are not proponents of any one position and have no responsibility for coordinating the implementation of a decision once it has been made. Their value to the Secretary comes from this independence and absence of traditional managerial responsibilities.

Finally, the Deputy Director (Theater Assessments and Planning) in PA&E performs similar functions, providing independent advice to the Secretary on specific issues concerning regional missions, such as in Europe or the Pacific, and capabilities to project U.S. forces into those regions.

The current structure of OSD provides the organization with a substantial mission focus. However, the Study Team believes

that mission integration in OSD can be strengthened and that this can be accomplished by making a number of evolutionary changes in existing structures and responsibilities.

VI. ALTERNATIVE ORGANIZATIONAL STRUCTURE. To arrive at an organizational structure that would strengthen OSD's ability to reflect mission integration considerations in policy development and resource management decisions, the Study Team addressed three issues:

- o At what organizational level in OSD should responsibility for mission integration be exercised?

- o If it is to be located below the Under Secretary level, where in the organization should it be located?

- o What missions should be assigned to the responsible offices?

A. Organizational Level. To determine the best organizational level of the mission integration function, it is necessary to distinguish between two types of roles involved in the mission integration process: mission proponent and overall mission integrator.

- o A "mission proponent" determines what integrated Service capabilities are required to best fulfill a mission and then: (1) acts as a spokesman for the mission in the DoD decisionmaking process to acquire those capabilities for the combat commander responsible for accomplishing the mission, and (2) serves as an advisor to the Secretary of Defense on the mission area. This involves highlighting relevant problems and monitoring and coordinating on all activities pertaining to the integration of functions, forces, and resources necessary to accomplish the mission. The best example of this role is the manner in which Ambassador Robert Komer functioned when he served as Advisor for NATO Affairs under Secretary of Defense Harold Brown.

- o An overall "mission integrator," in contrast, does not serve as a spokesman or an advocate, but sits above any single mission so as to make balanced judgments among them and advise the Secretary of Defense concerning resource trade-offs, relative priorities, and the impact of policy decisions in one mission area

on DoD's overall mission--to assure the military security of the United States.

Both mission proponents and an overall mission integrator are required if OSD is to strengthen mission integration and, in order for them to have the stature and visibility required for their functioning most effectively, they should be placed at the highest possible level in the organization. However, if mission proponentcy were placed at the Under Secretary of Defense level, by establishing separate USD's for various mission areas, there would be no one below the level of the Secretary of Defense to serve as mission integrator. In view of the Secretary's extremely heavy workload, it would be preferable to assign mission proponentcy below the Under Secretary level so that someone else could carry this burden. The responsible Under Secretary would then serve as overall mission integrator and advise the Secretary on inter-mission priorities and related matters.

Establishing mission proponent Under Secretaries also would require a major restructuring of OSD, with the attendant disruption of normal work processes. Further, by requiring the establishment of three or four mission Under Secretaries, it would create an organization seriously out of balance in favor of mission policy considerations at the expense of other important functional areas, such as acquisition and personnel. Finally, there was a strong consensus among the former high level officials and knowledgeable observers interviewed by the Study Team that responsibility for specific mission areas should not be assigned at the Under Secretary of Defense level.

In view of these considerations, the Study Team concludes that mission integration in OSD can best be strengthened by assigning responsibility for mission proponentcy at the Assistant Secretary of Defense level.

B. Organizational Location. The Under Secretary of Defense for Policy (USD/P) is primarily responsible for integrating DoD plans and policies with overall national security objectives. To this end, he translates national security objectives into defense objectives and develops the Defense Guidance, which serves as the basic policy statement and provides the framework for all other DoD activities. Programs and policies developed by OSD officials

in other functional areas, such as logistics, acquisition, personnel, and intelligence, are either derived from, or constructed to support, the Defense Guidance. Accordingly, the USD/P appears to be the logical official to oversee mission integration activities in OSD.

Previous studies and interviews conducted by the Study Team reflected an overwhelming consensus in agreement with this conclusion. Over the past several years, there has been an attempt to enhance OSD's policy and planning capability in order to strengthen what some critics have called the "silent first p" in PPBS. Establishing the USD/P in 1977 and the evolution of his responsibilities since that time have partially served this purpose. The Study Team believes that the development of clear mission areas, each with an Assistant Secretary serving as its proponent, would be an evolutionary step forward.

Finally, mission areas provide a logical basis for organizing USD/P responsibilities. It is difficult to think of a better way to divide defense policy than into major military missions. As previously described, the USD/P is already organized along mission lines to a substantial degree. Further, the major DoD policy statements, the policy sections of the Defense Guidance, and the Secretary's Annual Report to Congress, tend to be organized along mission lines. In addition, the Goldwater-Nichols Act requires that future Annual Reports describe, explain, and justify the major military missions and force structure of the DoD for the next fiscal year.

In summary, the Study Team believes that the mission orientation of OSD would be improved by establishing Assistant Secretaries of Defense responsible for serving as proponents for major military missions and reporting to the USD/P, who would be responsible for overall integration of these missions.

C. Mission Areas. The table below provides a useful point of departure for determining which specific missions should be assigned to the Assistant Secretary of Defense level under this proposal. It compares the current mission area structure of the USD/P with three alternative approaches to organizing along mission lines.

<u>USD/P Current</u>	<u>CSIS* Study</u>	<u>SASC Staff** Report</u>	<u>Organization of SASC Subcommittees</u>
Nuclear/NATO/Europe (ISP)	Nuclear Deterrence	Nuclear Deterrence	Nuclear Deterrence/ Strategic Forces
	N. Atlantic Europe	NATO	Alliance Defense/ Conventional Forces
Regional (ISA)	Regional	Regional/Force Projection	Regional/ Projection Forces

*Center for Strategic and International Studies, "Toward a More Effective Defense." Washington, D.C., February 1985

**Staff Report to the Committee on Armed Services, U.S. Senate, "Defense Organization: The Need for Change." Washington, D.C. October 1985

Although the table depicts some commonalities, there is no precise agreement on the "best" structure for this purpose. However, it does provide a useful starting point for further deliberation.

The Study Team believes that the mission areas selected should:

- o aggregate like or mutually supporting activities,
- o highlight the desired perceptions regarding national and DoD policy and program concerns, goals, and priorities,
- o provide approximate "workload" balance among the missions,
- o be future oriented if there is a choice between past and future, and
- o take into account the two principal types of functions that these offices are expected to perform under this new arrangement; i.e., (1) the traditional USD/P functions associated with the development, coordination, and promulgation of political-military policy, and (2) an increased emphasis in the force development process as spokesman and advocate for the resources required to accomplish national and DoD objectives in the mission area.

Using the table as a point of departure and applying these principles to the alternative groupings, the Study Team concluded that

the following mission areas, while probably not the only satisfactory arrangement, would best meet these criteria.

1. Nuclear Affairs. This Assistant Secretary would be responsible for political-military aspects of nuclear matters including arms control and force planning for strategic and tactical nuclear forces worldwide. The major arguments for having nuclear affairs separate from Europe are that nuclear questions increasingly involve more than Europe, are very large and complex, require special expertise, and have their own primary combatant command, the Strategic Air Command (SAC), with the colocated Joint Strategic Target Planning Staff. These arguments are reinforced by the potential for growth of the Strategic Defense Initiative and resulting considerations of workload balance among the three Assistant Secretaries.

2. Alliance Affairs. This Assistant Secretary would be responsible for political-military matters involving NATO/Europe and the Pacific, and for force planning for global conventional war.

In political-military terms, this grouping recognizes the increasing importance of the Pacific, particularly Northeast Asia, to U.S. interests, and it does so without downgrading NATO considerations. At present, the senior official with NATO responsibilities is the Deputy Assistant Secretary of Defense (European and NATO Policy) under the ASD(International Security Policy). This could continue under the ASD(Alliance Affairs). In addition, this grouping would generally aggregate nations in the same political and economic classes; i.e., democracies with developed economies. These constitute the political, economic and military powers of the Free World and would be involved in most global policy decisions when coordination on such matters were required.

In terms of force planning, it would be advantageous to have a single Assistant Secretary looking at the ramifications of global conventional war and ensuring that the force development process produces the integrated military capabilities required to counter the largest and most modern threats. Since Europe and the Pacific are the most likely theaters for major fighting in such a war, this

official would provide an integrated consideration of defense policy for both, especially for the basic issue of allocating resources between them. This approach is also forward looking in that the political, economic and military issues we must deal with increasingly involve both Europe and the Pacific.

3. Regional Affairs. The regional Assistant Secretary would be responsible for political-military matters in other regions of the world and for force planning for lesser kinds of conflicts. These other regions are primarily economically less developed, represent military threats that are less modern, and are likely locations for low intensity conflict. While the Assistant Secretaries for Nuclear and Alliance Affairs will have major responsibilities, the Study Team believes the Assistant Secretary for Regional Affairs generally will be in balance with them, in terms of workload and importance because he will be responsible for areas of the world that represent the most numerous, most likely, and least understood threats, especially low intensity conflict and terrorism.

In summary, these three mission groupings provide a reasonable break out of political-military responsibilities and an advantageous division of force planning responsibilities into the logical levels to plan for war: nuclear, global conventional, and lesser levels of conflict. There are two related matters which should be addressed.

First, force projection applies to both the regional and alliance missions, especially as it normally is considered to include air and sea lift. Therefore, both of these Assistant Secretaries would be responsible for force projection in their areas under the Study Team's proposal.

The second matter deals with the relationship of these Assistant Secretaries with the newly created Assistant Secretary for Special Operations and Low Intensity Conflict (ASD(SO/LIC)). We recognize ASD(SO/LIC) was mandated by Congress to insure priority is given to Special Operations. When that priority is no longer required, considerations of integration and balance with the three mission Assistant Secretaries would argue for transferring the low intensity

conflict portion of that position to the ASD(Regional Affairs) and establishing a Deputy Under Secretary of Defense in USD/P for Special Operations. Special Operations are involved in all levels of conflict; therefore, it should not be assigned to any one of the three mission Assistant Secretaries.

VII. ROLE OF PROGRAM ANALYSIS AND EVALUATION. It is important to note that this proposal would not alter the existing responsibilities of the USD/A for overseeing technical and engineering weapon systems mission area analyses or of the Director, PA&E, for serving as "devil's advocate" on behalf of the Secretary on selected mission issues. The functions performed by these offices would not be performed within USD/P and would continue to be an essential part of the OSD management process.

The Study Team has been particularly struck by the key role that the Director, PA&E plays in the OSD decisionmaking process and the unique contribution that his office makes as an independent voice and the source of an invaluable "second opinion," on the most critical issues the Secretary is required to decide. This role is based primarily on the fact that the office has no responsibility for managing specific DoD-wide functions or programs, and has direct access to the Secretary. Therefore, it has no constituency but the Secretary of Defense himself and is uniquely capable of providing him with objective advice.

Although PA&E has had varying degrees of influence in the past, there is now a clear consensus that it is uniquely helpful to the Secretary. In fact, this role is so highly valued, the Study Team learned, that six former Secretaries of Defense objected strongly enough to a 1985 Center for Strategic and International Studies proposal to place PA&E subordinate to an Under Secretary of Defense that the proposal was eventually dropped from its "Defense Organization Project Report."

For these reasons, the Study Team believes that PA&E should remain independent of programmatic responsibilities or subordination to another official below the Secretary of Defense. Furthermore,

role that this office plays in the DoD decisionmaking process and would strengthen the Secretary's ability to provide effective guidance for force planning and to oversee the new implementation review phase that is being installed in the PPBS during the second or "off year" of the new biennial budget.

VIII. RECOMMENDATIONS.

A. Restructure the office of the Under Secretary of Defense for Policy to establish three Assistant Secretaries of Defense, who would serve as proponents for major military missions in the areas of nuclear affairs, alliance affairs, and regional affairs.

B. Elevate the position of Director, Program Analysis and Evaluation to an Assistant Secretary of Defense.

EFFECTIVE POLICY

I. GOLDWATER-NICHOLS DOD REORGANIZATION ACT ISSUES.

A. "Whether the present organization of the Office [of the Secretary of Defense] is the most effective and efficient for the initiation, development and articulation of defense policy." (P.L. 99-433, Sec 109 (d)(1)(B))

B. The following matters cited in Sections 109 (d)(5) and (6) are also addressed in this chapter:

- o duplication of functions
- o insufficient information
- o insufficient resources
- o decentralization
- o span of control

II. ORGANIZATION FOR EFFECTIVE POLICY. The initiation, development, and articulation of policy are basic management functions and, as such, they are fundamental responsibilities of the Secretary of Defense and the OSD staff. In order for these functions to be executed effectively, all significant policy decisions should be:

- o initiated in response to an identified need,
- o developed in a coordinated fashion, taking into account guidance from higher levels and input from cognizant officials throughout DoD, and
- o articulated clearly to those who must carry them out.

A final requirement, that the policies be reviewed to ensure that they have been implemented effectively and are achieving their intended objectives, is discussed in the next chapter of this report.

Most Secretaries of Defense in recent years have relied on some form of centralized policy formulation and decentralized policy implementation process in developing and executing defense

policy. Some individuals interviewed by the Study Team believe that the current Administration has carried this approach too far and has decentralized portions of the policy formulation process, particularly in resource management areas, along with policy implementation. However, this opinion appears to reflect more a disagreement with the Secretary's management style than the presence of fundamental flaws in the organizational structure through which policy is initiated, developed, and articulated.

The current organization of OSD is shown at Chart IV-1. Although fundamentally sound, the Study Team has identified a number of modifications that would improve this structure by effecting a number of evolutionary changes designed to emphasize particular policy considerations or consolidate related functions. The first of these changes, establishment of a Deputy Under Secretary of Defense for Policy Planning, reporting to the Under Secretary of Defense for Policy (USD/P), is presented in Chapter II. A second, the restructuring of USD/P to include three mission-oriented Assistant Secretaries, is contained in Chapter III. Two additional options, not addressed elsewhere in this report, are discussed below.

A. Under Secretary of Defense for Personnel Resources. At one time, the functions currently performed by the Assistant Secretaries of Defense (ASDs) for Force Management and Personnel, Health Affairs, and Reserve Affairs were consolidated under a single Assistant Secretary. Subsequently, the Congress initiated and enacted legislation elevating first Health Affairs, and then Reserve Affairs, to the Assistant Secretary level in order to enhance the authority and visibility of these functions in the Defense decisionmaking process.

While the Study Team agrees that these functions are important and that they deserve appropriate organizational visibility, we also believe that an organizational arrangement in which they are consolidated under one official is sound. This enables someone beside the Secretary or Deputy Secretary of Defense to: ensure that these closely related functions are properly coordinated; establish priorities among them; resolve conflicts; make resource trade-offs

CHART IV-1



as appropriate; and ensure that they are all pursuing common goals and operating in a mutually supportive fashion. Accordingly, we believe that these organizations should be consolidated under a single official, who would be known as the Under Secretary of Defense for Personnel Resources (USD/PR), or some other appropriate title. This would provide an organizational structure that facilitates a total force perspective in Defense policymaking and resource management processes and ensures that issues such as medical care, quality of life, compensation, and military readiness are appropriately integrated with other personnel considerations. Furthermore, it would place the USD/PR, with his emphasis on these human resource matters, on an equal footing with the USD/A and USD/P in OSD decisionmaking councils and demonstrate that the Department considers them to be commensurate in importance with policy and "hardware" matters.

An argument can be made for including installations and logistics functions, currently assigned to the USD/A, with those functions recommended for consolidation under the USD/PR and designating the position as Under Secretary of Defense for Readiness. The rationale is that, although installations and logistics are interrelated with both personnel and acquisition, they are influenced more heavily by personnel considerations. However, one of the major reasons that the USD/A was established by law during the past year was so that one official would be responsible for all acquisition, specifically including perceived logistics problems such as excessive cost of spare parts. Therefore, the Study Team believes that it would be premature to restructure USD/A at this time. Furthermore, there is no reason to believe that the installations and logistics functions cannot be administered effectively under the USD/A.

Accordingly, the Study Team believes that policy concerning DoD human resources and personnel readiness can be initiated, developed, and articulated more efficiently and effectively if the ASD(Force Management and Personnel), ASD(Health Affairs), and ASD(Reserve Affairs) were consolidated under a USD/PR. If the Secretary decides to adopt this course of action, legislation will be required to authorize the new position.

An important benefit of establishing the USD/PR is that it would provide the Secretary of Defense with a small top level management team, consisting of four persons, capable of advising and assisting him in the four "core" areas of the DoD: policy (USD/P), personnel (USD/PR), systems and equipment (USD/A), and military operations (Chairman, JCS). Several of those interviewed by the Study Team expressed the opinion that the Secretary needs a small, cohesive group to assist him with managing DoD. Existing advisory groups, such as the Armed Forces Policy Council, the Defense Resources Board, and the Defense Acquisition Board, they contended, are too large to fill this role. Establishment of the USD/PR would provide the opportunity to develop such a group, which would be loosely comparable to a corporate Board of Directors.

If this were done, the remaining portion of the OSD staff could be divided into two organizational categories, both of which would support the Secretary without requiring a significant amount of management attention from him. The first would be a "special staff," consisting of the General Counsel, Legislative Affairs, and Public Affairs, which would provide personal support to the Secretary. The second would be an "evaluation and control" staff, consisting of Program Analysis and Evaluation, Comptroller, Inspector General, and Operational Test and Evaluation. This staff would provide him with independent analyses and evaluations. Since the immediacy and independence of the analyses and advice supplied by these officials is a critical factor in the quality of the support they provide to the Secretary, they should remain independent of one another and report directly to him.

B. Assistant Secretary of Defense (Intelligence).

An additional organizational change considered by the Study Team was the establishment of an Assistant Secretary of Defense exclusively responsible for intelligence matters. Currently, intelligence is consolidated with command, control, and communications (C³) under the ASD(C³I), one of three Congressionally mandated Assistant Secretary positions. This consolidation was effected based upon the perception that there is a high degree of commonality among

the hardware systems required to accomplish both functions and it was hoped that combining the functions under a single Assistant Secretary would improve coordination and cooperation between the C³ and intelligence staffs to the benefit of both programs. However, this perception has not been borne out. Few of the systems being acquired actually have dual application. At the same time, the two staffs report to separate Deputy Assistant Secretaries and operate largely independent of one another within the ASD(C³I) organizational structure. Furthermore, there has been criticism that under a consolidated arrangement, there is a tendency for "non-hardware" intelligence capabilities to receive inadequate attention and for emphasis and resources to be placed on the development of hardware capabilities without adequate regard to the needs of intelligence users.

C³ and intelligence functions each entail significant programmatic responsibilities, involving high dollar expenditures, large numbers of people, and complex technological and policy issues. Each is of a size and scope sufficient to warrant assignment as a separate Assistant Secretary on its own merits. In addition, intelligence has been recognized historically as a particularly critical and sensitive program area; so much so that a second Deputy Secretary of Defense was appointed in 1976 to oversee Defense intelligence matters. More recently, U.S. involvement in low intensity conflicts throughout the world and the surge of terrorism have reemphasized the criticality of DoD's intelligence activities.

To the extent that C³ and intelligence have operated satisfactorily under a single Assistant Secretary in recent years, it has been largely because of the background and ability of the individual filling the ASD(C³I) position, and not because of the inherent merit of the arrangement. That individual is now gone and to continue operating satisfactorily, the office will require a replacement of exceptional executive ability, who has experience in both C³ and intelligence matters. If the organization is unable

to recruit a candidate for the ASD(C³I) position with these qualifications, the Study Team believes that consideration should be given to disengaging the C³ and intelligence functions and establishing a separate ASD(Intelligence). If the Secretary decides to pursue this course of action, legislation will be required to remove the statutory requirement for an ASD(C³I).

III. DUPLICATION OF FUNCTIONS.

"Factors inhibiting efficient and effective execution of the functions of the Office [of the Secretary of Defense], including factors relating to...duplication of functions both within the Office and between the Office and other elements of the Department." (P.L. 99-433, Sec 109 (d)(5)(A))

Organizational changes that have taken place in OSD during the past several years have been specifically designed to eliminate internal instances of duplication as well as duplication between OSD and other DoD components. The Study Team found no remaining duplication of consequence beyond that inherent in the exercise of those review and evaluation activities necessary for OSD to carry out its legitimate management responsibilities.

IV. INSUFFICIENT INFORMATION.

"Factors inhibiting efficient and effective execution of the functions of the Office [of the Secretary of Defense], including factors relating to...insufficient information." (P.L. 99-433, Sec 109 (d)(5)(B))

The information available to OSD is generally adequate, in qualitative and quantitative terms, for members of the organization to carry out their responsibilities effectively. Two areas that have posed problems in the past, the availability of reliable data regarding military readiness, and the lack of information comparing program objectives against actual accomplishments, are being addressed. The Goldwater-Nichols Act tasks the Chairman, Joint Chiefs of Staff, to develop a uniform readiness reporting system.

In addition, as a result of the biennial budget directed by the DoD Authorization Act of 1986, efforts are currently underway in OSD to develop goal versus performance data as part of the implementation review that is to take place during the off year of the two year budget cycle. (The implementation review is discussed in greater detail in Part II of this report.)

Some concern was expressed to the Study Team regarding the fact that independent data bases are maintained by various offices and individual action officers, and that these are not centrally catalogued or readily accessible to those outside the immediate office. However, we found that most OSD staff members have little difficulty acquiring information through informal networks. In addition, the Directorate of Information Operations and Reports, Washington Headquarters Services, maintains an inventory of manual and automated data bases that result from recurring DoD reports. Furthermore, the Defense Technical Information Center maintains an index and copies of reports that have been prepared for or by DoD organizations. Accordingly, the current system of formal and informal data base access appears to be adequate. A comprehensive, automated, centralized data base should not be established unless it can be justified by cost/benefit analysis.

V. INSUFFICIENT RESOURCES.

"Factors inhibiting efficient and effective execution of the functions of the Office [of the Secretary of Defense], including factors relating to...insufficient resources."

(P.L. 99-433, Sec 109 (d)(5)(C))

Historically, the number of personnel and other resources necessary for OSD to perform its functions have been adequate, with the exception of those occasions when Congressionally-imposed ceilings or reductions have reduced the Secretary's ability to adjust resources to meet unexpected demands or increased workload. As the manager of a large complex organization of more than three million people and that must be able to respond to rapidly changing world circumstances, the Secretary of Defense should have the

latitude to determine the size of his immediate staff, within established budget procedures, based upon his own judgment as to what functions should be assigned to his own office.

As Chart IV-2 shows, although the size of OSD has varied through the years, it has fluctuated within a fairly narrow range. The organization has generally represented approximately 1/20th of 1 percent of total DoD personnel, expanding at times when the active duty force has grown and contracting during periods of decline in overall force size.

Some, who believe that OSD engages in excessive micromanagement, recommend that the size of the organization be reduced in order to deprive it of the resources necessary to engage in such activity. However, even if such allegations are true, there is no guarantee that personnel reductions, if levied, would be allocated to those OSD offices the critics believe are guilty of micromanagement. More seriously, such action would deprive the Secretary of the capacity to initiate policy and program improvements in areas where they are genuinely required and where they could produce significant benefits.

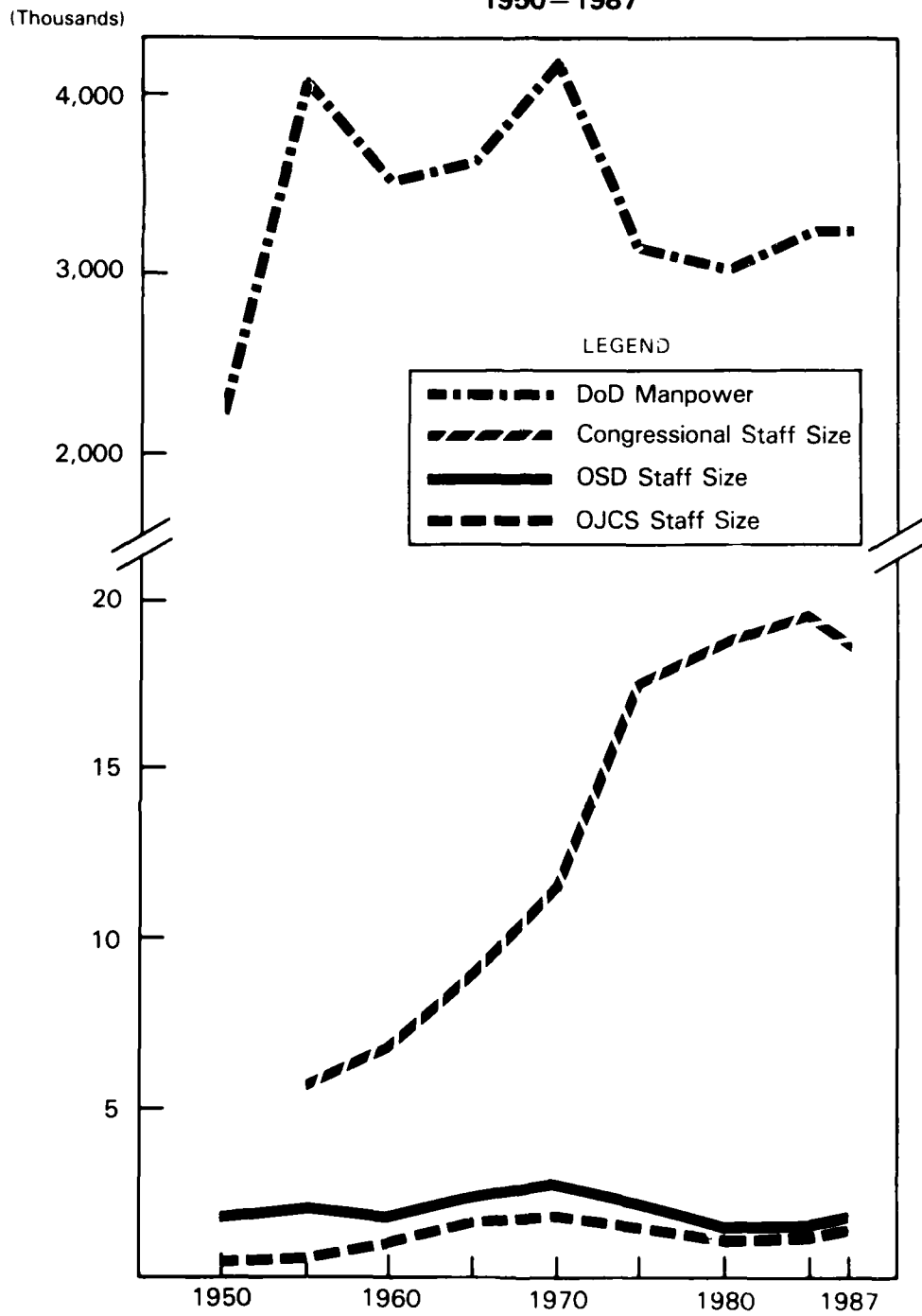
Although the current OSD staffing level appears to be adequate, the implementation of some of the improvements recommended in this report, such as establishment of a Deputy Under Secretary of Defense for Policy Planning and an Under Secretary of Defense for Personnel Resources could require additional personnel resources. Similarly, other initiatives generated by the Congress, such as establishment of an Assistant Secretary of Defense for Special Operations and Low Intensity Conflict and an Under Secretary of Defense for Acquisition, carry with them personnel resource costs that may increase the overall size of OSD.

Accordingly, the Study Team believes that the Secretary should retain his flexibility to adjust the size of OSD, in accordance with accepted budget procedures.

VI. DECENTRALIZATION.

"Alternate allocations of authorities and functions of the Office [of the Secretary of Defense] and other reorganization

Chart IV-2
Personnel Trends
 1950-1987



proposals for the Office, including the desirability of...decentralizing functions of the Office." (P.L. 99-433, Sec 109 (d)(6)(B))

The Study Team has not identified any OSD functions that should be transferred to the Military Departments, Defense Agencies, or Field Activities. However, the strengthening of the Chairman, Joint Chiefs of Staff and the expansion of his responsibilities as a result of the Goldwater-Nichols Act provide an opportunity for the relocation of some OSD functions to the Joint Staff. The Study Team does not recommend that transfers be undertaken at this time. The Goldwater-Nichols Act effected sweeping changes in the Joint Staff, the Joint Chiefs of Staff, and the Chairman, that will take some time to implement fully. The premature assignment of additional new functions could unnecessarily distract attention from the implementation of these important changes. However, once the new responsibilities of the Chairman, Joint Chiefs of Staff have been effectively institutionalized, consideration should be given to transferring selected functions from OSD to the Joint Staff. The following candidates are recommended for consideration at that time.

A. Net Assessments. Prior to the Goldwater-Nichols Act, DoD net assessments were produced by the Director of Net Assessment, USD/P. However, the Act tasks the Chairman, Joint Chiefs of Staff with "performing net assessments to determine the capabilities of the Armed Forces of the United States and its allies as compared with those of their potential adversaries." As a result, the Director of Net Assessment now concentrates on performing political and other assessments while the Joint Staff concentrates on producing military assessments as required by the Act. While this allotment of responsibilities is not duplicative and the staffs of the two organizations work closely to ensure that appropriate coordination is effected, a question remains whether this is the most efficient division of labor for the preparation of these critical documents. The Study Team suspects that it is not and believes that, with arrangements to ensure the appropriate participation of USD/P representatives, responsibility for the preparation of net assessments

could eventually be consolidated under the Chairman, Joint Chiefs of Staff.

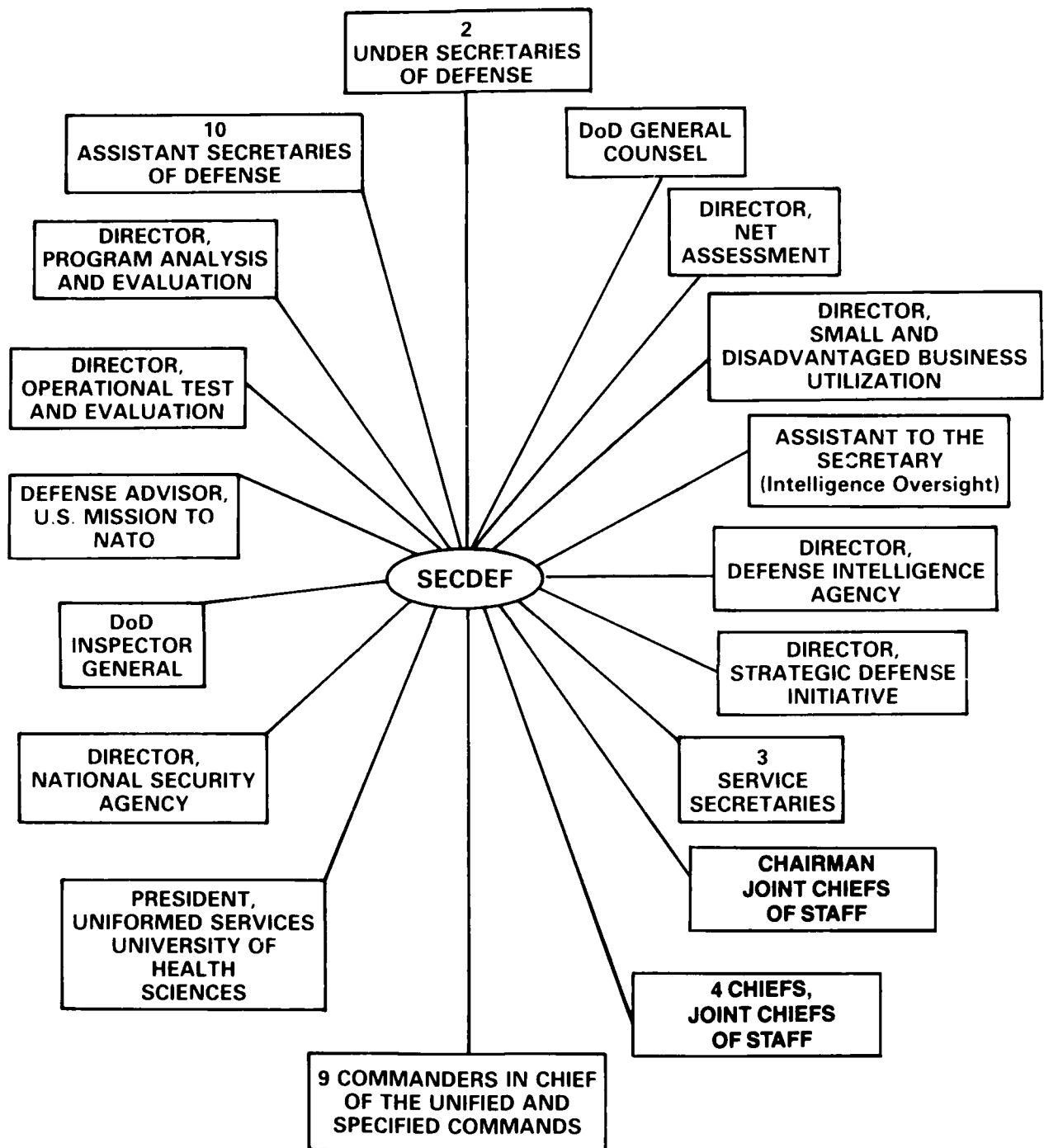
B. Military Training Policy. The ASD(Force Management and Personnel) is currently responsible for a number of functions in the area of military manpower and personnel policy that are potential candidates for eventual relocation to the Joint Staff because of their direct relationship with combat capabilities and professional military development. Of these, military education and training (including training research and development) would appear to be particularly suited for transfer and would provide a good test case to determine whether additional functions should be considered. The Chairman already exercises responsibilities relative to the joint education and training of military officers, to include supervision of the National Defense University, and military training is an area in which the prominence of uniformed expertise is generally accepted. Accordingly, the Study Team believes that responsibility for DoD-wide military education and training policy and programs should eventually be transferred from the ASD(Force Management and Personnel) to the Joint Staff and that, if this is successful, other selected military manpower and personnel functions should be subsequently considered for similar treatment.

VII. SPAN OF CONTROL.

"Alternate allocations of authorities and functions of the Office [of the Secretary of Defense] and other reorganizational proposals for the Office, including the desirability of...reducing the number of officials reporting directly to the Secretary of Defense." (P.L. 99-433, Sec 109, (d)(6)(C))

Many past studies of OSD have cited the Secretary's span of control as a matter of concern. The most recent of these, the Senate Armed Services Committee (SASC) Staff Report, "Defense Organization: The Need For Change," published in October 1985, identifies 41 officials as reporting directly to the Secretary (see Chart IV-3) and argues that no one executive could effectively manage such a large number of subordinates. Because of the attention devoted

Chart IV-3
Secretary's Span of Control per SASC Staff Report — 1985



Team has reviewed this issue with particular care. Our conclusions are summarized below.

A. The number of DoD officials reporting to the Secretary of Defense is now less than it has been in the past and is considerably less than the 41 identified in the SASC Staff Report, for two reasons. First, as a result of changes made by the Goldwater-Nichols Act, the members of the Joint Chiefs of Staff and the Commanders-in-Chief of the Unified and Specified Commands now report to the Secretary through the Chairman, Joint Chiefs of Staff on routine matters. Second, five of the Assistant Secretaries of Defense, the Director, Net Assessment, and the Defense Advisor, U.S. Mission to NATO shown by the SASC Staff as reporting directly to the Secretary, actually routinely report to him through an Under Secretary of Defense and deal personally with the Secretary only when circumstances require.

B. A survey of management literature and research on span of control, conducted for the Study Team, suggests that a wide span of control can be used effectively, particularly in the public sector, where it is desirable to have decisions made at the lowest possible levels of the organization.

C. Regardless of their formal span of control, most Secretaries rely on a small group of selected officials to advise and assist them in managing the Department and in making most decisions, especially the more important ones. Furthermore, the positions held by these officials often have little or no relation to their inclusion in this group. This suggests that structuring OSD in a way that provides the Secretary with a natural inner core of key officials, whose range of responsibilities covers the major functions of DoD, may be more beneficial than reducing the number of officials reporting to the Secretary to some finite number. This is part of the basis for the recommendation, discussed earlier in this chapter, to establish an Under Secretary of Defense for Personnel Resources (USD/PR). The fact that this would also reduce the Secretary's span of control is an additional benefit, but not the primary reason for making the change.

D. Formal DoD documentation reflects a direct reporting relationship between the Secretary of Defense and two officials with whom he infrequently interacts, the President of the Uniformed Services University of the Health Sciences (USUHS) and the Assistant to the Secretary of Defense (ATSD) for Intelligence Oversight. The Study Team believes that these formal relationships should be realigned in order to assign responsibility for supervising the President, USUHS and the ATSD(Intelligence Oversight) to appropriate senior-level OSD officials.

- o The President, USUHS should report to the Secretary of Defense through the USD/PR, which is recommended for establishment elsewhere in this chapter. As proposed, the USD/PR would be responsible for all human resources matters in DoD, to include health and medical planning, readiness, personnel, and training. Accordingly this official would be in the best position to ensure that USUHS activities are appropriately coordinated with other DoD health and medical programs.

- o The ATSD(Intelligence Oversight) should report to the Secretary of Defense through the DoD General Counsel. The ATSD (Intelligence Oversight) is responsible for ensuring that DoD intelligence organizations comply with all legal restrictions governing their activities. In this capacity, he already closely coordinates his activities with the DoD General Counsel. In fact, the DoD General Counsel cosigns the quarterly Intelligence Oversight status reports that are provided to the Secretary of Defense for submission to the President's Intelligence Oversight Board. In view of this close working relationship, and the familiarity of the DoD General Counsel with the DoD Intelligence Oversight Program, he is well suited to supervise the ATSD(Intelligence Oversight).

Chart IV-4 provides a perspective for considering the impact that the organizational changes recommended in this chapter would have on the Secretary's span of control by depicting his span of control under three conditions: (1) as depicted in the SASC Staff Report; (2) as it currently exists; and (3) as it would be if the Study Team's recommendations were adopted.

Summary of Individuals Reporting to the Secretary of Defense

	<u>SASC Staff Report</u>	<u>OSD Structure 1 August 1987</u>	<u>After Proposed Restructuring</u>
OSD Officials			
Under Secretaries of Defense	2	2	3
Assistant Secretaries of Defense	10	6	3
DoD General Counsel	1	1	1
Director, PA&E	1	1	1
Director, OT&E	1	1	1
Director, SADBUE	1	—	—
Defense Advisor, NATO	1	—	—
ATSD(IO)	1	1	—
DoD IG	1	1	1
Director, DIA *	1	1	1
Director, NSA *	1	1	1
Director, SDI	1	1	1
Director, Net Assessments	1	—	—
President, USUHS	1	1	—
Total — OSD Officials	<u>24</u>	<u>17</u>	<u>13</u>
Additional DoD Officials			
Service Secretaries	3	3	3
CJCS	1	1	1
JCS	4	—	—
CINCS	9	—	—
Additional DoD Officials	<u>17</u>	<u>4</u>	<u>4</u>
Total Officials Reporting to Secretary	41	21	17

*Report to the Secretary on substantive Intelligence matters. Have programmatic responsibilities for portions of the National Foreign Intelligence Program (NFIP), which is under the purview of the Director of Central Intelligence. The ASD (C³I) exercises staff supervision on behalf of the Secretary, for Defense policy and program matters.

VII. RECOMMENDATIONS.

A. Establish an Under Secretary of Defense for Personnel Resources (USD/PR) responsible for supervising the activities of the ASD(Force Management and Personnel), the ASD(Health Affairs), and the ASD(Reserve Affairs).

B. Revise existing reporting relationship so that the President, Uniformed Services University of the Health Sciences, reports to the Secretary of Defense through the USD/PR and the ATSD(Intelligence Oversight) reports to the Secretary of Defense through the DoD General Counsel.

In addition to these measures, the Study Team believes that, unless a candidate with experience in both C³ and intelligence matters can be recruited for the currently vacant ASD(C³I) position, consideration should be given to establishing a separate ASD(Intelligence). Further, once the new responsibilities of the Chairman, Joint Chiefs of Staff have been effectively institutionalized, consideration should be given to transferring selected OSD functions, such as the OSD portion of net assessments and the military training function, to the Joint Staff.

OVERSIGHT OF NON-PPBS MATTERS

I. GOLDWATER-NICHOLS DOD REORGANIZATION ACT ISSUE.

"Means to improve and strengthen the oversight function within each element of the Office [of the Secretary of Defense] in policy areas not addressed by the planning, programming, and budgeting system." (P.L. 99-433, Sec 109 (d)(4))

II. DEFINITION. The Study Team has defined oversight as the process of evaluating compliance with established policy, identifying shortcomings in the policy or in its implementation, and initiating appropriate corrective action. In this context, the term "policy" is used in its broadest sense and refers to all formal guidance issued by the Secretary of Defense or those acting for him. This includes policy pronouncements, management decisions, directives, and other types of formal guidance issued for implementation by the Secretaries of the Military Departments and heads of the other organizational components of the Department of Defense.

Oversight should not be confused with micromanagement, which is discussed in Chapter IV. In many instances the distinction between oversight and micromanagement may appear to be directly related to the vantage point of the observer--whether it is that of policy-maker or policy-implementor. This is not the case. Oversight is conducted to evaluate "what" has been done in order to ensure that policy decisions are being carried out by those responsible for implementation and that their objectives are being accomplished. Micromanagement, on the other hand, involves telling implementing officials "how" those decisions should be accomplished and becoming involved in the minutiae of the implementing process.

While some commentators on Defense management contend that the Office of the Secretary of Defense (OSD) staff engages in unnecessary micromanagement, no one argues that OSD should not be performing

the oversight function. On the contrary, it is generally agreed that this is a key responsibility of the OSD staff. The reason for this, as stated by Secretary of Defense Weinberger, is that: "things are done best if the top management checks frequently."

Failure to "check frequently" can have serious implications relative to accomplishment of Defense goals and the efficient management of DoD activities. In the absence of appropriate oversight there is a tendency for implementing officials to be lax in complying with directives that they either do not agree with, or that in their judgment are too cumbersome, too time-consuming, or divert resources from more favored activities.

III. DEPARTMENT OF DEFENSE OVERSIGHT ARRANGEMENTS. As chief executive officer of DoD, the Secretary of Defense is ultimately responsible for oversight of all activities within the Department. It would be impossible in an organization as large and complex as DoD, however, for any one individual to be aware of everything of significance that is happening. The Secretary, therefore, must rely heavily on the OSD staff to monitor, review, and evaluate DoD operations to an extent sufficient to ensure that they are achieving the desired objectives, that the Department's principal line management officials are exercising their responsibilities (including their own oversight responsibilities) with an acceptable degree of efficiency and effectiveness, and that the organization as a whole is operating in a manner conducive to the accomplishment of its mission. To do this, OSD officials must:

- o establish clear objectives and fix accountability for implementation when a policy decision is made;
- o establish a feedback mechanism that will show whether implementation has occurred and the decision is achieving the appropriate results;
- o follow up by reviewing performance information to see what is actually happening;
- o evaluate the effectiveness of the policy and the adequacy of its implementation; and

- initiate action to correct a defective policy or improve implementation of a poorly executed policy.

Admittedly, the implementation of every policy decision can not receive the same level of attention, and judgments must be made as to which will be closely monitored and which will not. Nonetheless, the Study Team believes that these principles are essential to the accomplishment of effective oversight and that they should be applied to the maximum extent possible, based on the best available wisdom, foresight, and judgment at any given time. Furthermore, sufficient flexibility must be maintained to adjust OSD oversight activities as changing circumstances and priorities dictate.

The principal means of oversight in the DoD since the 1960's has been the Planning, Programming, and Budgeting System (PPBS) process. This will be even more so in the future, now that an implementation review is to be conducted during the off year of the new two year budget cycle established as a result of recommendations made by the President's Blue Ribbon Commission on Defense Management. (See Appendix B and Part II of this report for a detailed discussion of the PPBS and the implementation review.) However, there is a broad range of activities within the Department not subjected to OSD scrutiny under the PPBS, that also requires oversight. There are several mechanisms, both in and outside of the DoD, that either contribute to, or impact on, the ability of the OSD staff to oversee non-PPBS activities. Principal among these are the following:

A. Defense Acquisition System (DAS). The DAS ranks second in size and importance to the PPBS as a means by which the OSD staff assists the Secretary of Defense in monitoring and evaluating the implementation of Defense policy. This system has undergone a major restructuring during the past several months as a result of the Defense Acquisition Improvement Act of 1986 (Title X, P.L. 99-591) and other acquisition initiatives based upon the recommendations of the President's Blue Ribbon Commission on Defense Management. These initiatives place enhanced centralized acquisition management authorities in the newly created Under Secretary of Defense for Acquisition (USD/A), who serves as the

Defense Acquisition Executive and the Defense Procurement Executive. The USD/A utilizes a Defense Acquisition Board (DAB) and a streamlined DoD acquisition organization structure to establish and oversee the implementation of DoD acquisition policy throughout DoD.

Although the new DAS shows promise, it is too early for the Study Team to make a determination as to whether the recent changes will actually improve acquisition oversight in DoD. Many of the system's key features and operating policies are still being put into place and the Military Departments are still in the process of revamping their acquisition commands and headquarters organizations to conform with the streamlined organizational requirements of the DAS.

B. Secretarial Performance Reviews (SPRs). The Secretary of Defense personally conducts one-of-a-kind reviews to consider matters with which he is personally concerned or that have been recommended for his consideration by a principal member of the OSD staff. These reviews usually involve the status of a particular weapon system development project or another matter of major consequence. Attendance is restricted to the principal officials involved with managing the program or subject under review. Assistants and members of their supporting staff are not admitted. Typically, detailed background material is presented to the Secretary, who reviews progress, addresses problems, institutes corrective action, and issues additional guidance as circumstances require. While there is no set schedule for these reviews, they are held frequently. During the period August 1986 to August 1987, a total of 41 were conducted by the Secretary.

The SPRs are generally considered to be an excellent oversight mechanism by all levels of Defense management. The Secretary of one of the Military Departments, for example, described this process as one in which the Secretary of Defense and the OSD staff operate in their most useful and effective mode.

C. DoD Inspection, Audit, and Investigative Activities. As of March 31, 1987, there were 20,422 audit, investigative, and

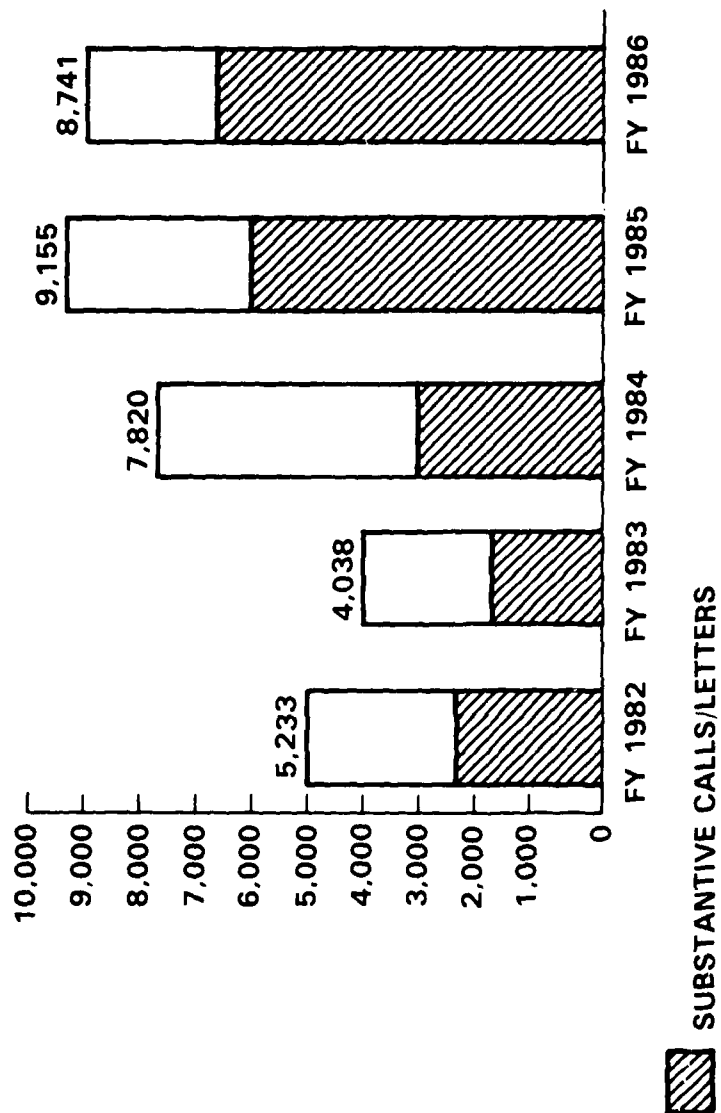
inspection personnel assigned to the Department of Defense Inspector General (DoD IG), the Defense Contract Audit Agency (DCAA), and audit agencies of the Military Departments.

1. DoD IG. The DoD IG operates the DoD Hotline, which was established to provide a mechanism for reporting suspected instances of fraud, waste, and abuse, on an anonymous basis if desired. Chart V-1 depicts the level of activity generated by the Hotline. While the number of trivial calls is relatively high, the receipt of almost 20,000 substantive calls during the five years represented, attests to the utility of the system and reliance on it by individuals with information of potential interest. For the first six months of fiscal year 1987, a total of 5,742 more calls have been received, with 2,026 of those providing substantive information.

The DoD IG's role in the Department's audit activities is pivotal. He is responsible for establishing overall DoD audit and investigative policy, overseeing audit and investigative activities of the Military Departments, and performing independent audits on Defense-wide and special interest matters. Criminal cases are referred to appropriate law enforcement authorities. In other instances, the DoD IG maintains a rigorous follow-up program to ensure that corrective actions are taken by appropriate management officials and that disputed findings are resolved in a timely manner.

2. DCAA. DCAA provides DoD management and contracting officials with a systematic and independent review of contractor proposals, practices, and cost estimating and accumulation systems. Most of the agency's activities are devoted to high dollar or high risk areas, to assure that the maximum benefit is realized from each audit dollar expended. DCAA auditors also provide feedback relative to the overall resolution of their audit recommendations. In situations where DCAA auditors believe that a procurement official has erred or acted improperly, they attempt to resolve the issue with the parties involved. Failing that, the matter is referred to the DoD IG for resolution or further action.

CHART V-1 DOD HOTLINE—TOTAL CALLS AND LETTERS



CALLS & LETTERS	FY 1982				FY 1983				FY 1984				FY 1985				FY 1986				TOTAL			
	5,233				4,038				7,820				9,155				8,741				34,987			
SUBSTANTIVE				2,522	1,718				2,909				6,148				6,524				19,821			

3. Service Audit and Investigative Staffs. The audit and investigative agencies of the Military Departments provide a wide range of evaluative functions for their parent organizations. While the focus of their reviews is largely determined according to each Department's management problems and priorities, they are also tasked by the DoD IG and the Secretary of Defense to examine incidents or issues of particular concern to OSD officials.

D. Directives Implementation and Internal Control System.

The DoD Directives system includes a process for monitoring the promulgation of guidance for implementing all policies contained in DoD Directives and Instructions. While this process does not guarantee compliance, it does provide a method of ensuring that the Military Departments and other DoD Components publish appropriate implementing instructions and that these instructions are consistent with the original intent of the policy issued by the Secretary of Defense through the DoD Directives system.

Additionally, the Assistant Secretary of Defense (Comptroller) manages the Department's Internal Management Control Program. This program requires that managers at all levels in DoD review their own management processes for vulnerability to fraud, waste, and abuse, and strengthen those areas identified as being susceptible to risk. This review extends beyond the traditional "money" areas of concern, such as salary and travel, to include all management procedures. The Comptroller's responsibilities involve monitoring program compliance and performance on a Department-wide basis, evaluating program implementation, and initiating corrective action, when necessary.

E. Military Departments. In the DoD management scheme, the Military Departments are responsible for the implementation of most DoD policies. Thus, they must exercise substantial oversight responsibilities of their own to ensure that their subordinate commands and agencies carry out the implementation process efficiently and effectively. OSD officials must not abrogate their own oversight responsibilities in such instances, but their review should be focused more on compliance (i.e., what is being

done) as opposed to details (how it is being done). Thus, as a general rule, the Military Departments should be free from routine OSD intervention into the detailed workings of programs. Exceptions to this rule should occur only in unusual circumstances, such as cases involving major problems or irregularities, serious national or international political sensitivities, or essential priorities of the Secretary or the Administration. In such cases, some degree of micromanagement is justified. However, routine oversight arrangements should be reinstated as soon as the situation permits.

F. Congress. By exercising its own oversight prerogatives, the Congress, in many ways, promotes increased OSD oversight in those programs and activities that are the subject of its interest. This takes many forms including research and evaluation to prepare for testimony at hearings, respond to Congressional reporting requirements, answer constituent questions, and participate in reviews conducted by Congressional investigative staffs. In addition, Congress has legislated the establishment of oversight and evaluative entities in OSD, such as the DoD IG and the Director, Operational Test and Evaluation. Since the Congress tends to accept testimony from only those at the highest levels in DoD, Congressional oversight often encourages OSD officials to become involved in the details of DoD programs to a greater extent than would otherwise be the case. The Study Team believes that this is understandable and justified in cases involving major policy matters of national interest. However, to the extent that Congress becomes unnecessarily involved in the routine details of DoD activities (i.e., to the extent that it engages in micromanagement of its own), it tends to promote micromanagement by the OSD staff over the Military Departments and other DoD Components.

G. Other. In addition to those cited above, OSD officials employ a variety of other mechanisms in exercising their oversight responsibilities. These include formal briefings from operating officials on selected topics; review of recurring or one time reports required by statute, DoD regulation, or memoranda; activities

of boards and committees composed of selected officials from OSD, the Military Departments, other DoD Components (and, in some cases, from other government agencies, the private sector, or the public); and the reports of evaluative agencies outside of the DoD (such as the General Accounting Office and Congressional investigative staffs), central management agencies of the Federal government (such as the General Services Administration, Office of Management and Budget, Office of Personnel Management, and the National Security Council), and advisory bodies (such as the National Academy of Public Administration and the President's Blue Ribbon Commission on Defense Management). In addition, private interest groups (such as the Heritage Foundation, the Center for Strategic and International Studies, and the Brookings Institution) and the media often develop information or highlight problems that alert OSD officials to matters requiring their attention.

IV. ANALYSIS AND CONCLUSIONS. The PPBS, DAS, and SPR provide effective review mechanisms for ensuring that major policy decisions (those involving important or high cost issues) are being implemented efficiently and effectively, and are achieving their intended results. The procedures for reviewing the implementation and impact of policies dealing with less important matters, however, are more eclectic, and the level of effort expended on them by key policy officials in OSD varies widely. In these instances, OSD officials rely on a wide assortment of management mechanisms in various combinations and with varying degrees of emphasis and the emphasis given to oversight in each case depends on a number of different factors. These include the relative importance of the policy involved to the Defense mission, their cost or sensitivity, the resources (including time and personnel) available to the cognizant oversight official, and the importance that official places on the oversight function in relation to his or her other responsibilities. For some officials, oversight is an integral part of their work routine and the implementation of at least the more

significant non-PPBS/DAS/SPR matters is conscientiously reviewed and evaluated within the constraints of available resources. In other cases, however, OSD officials appear to believe that their jobs are essentially complete once a policy problem has been solved; that is, when a decision has been made at the appropriate level and formally promulgated to the rest of DoD through a DoD Directive, memorandum, or some other official method. In these cases, as may be expected, the review and evaluation of the results of policy implementation tend to be reactive rather than proactive and generally dependent on DoD audit and investigative activities or non-DoD agencies (such as the GAO, Congress, and the media) to highlight problems and force management attention on the need for corrective action.

A number of studies conducted on OSD in the past have addressed this issue. In 1970, for example, the Blue Ribbon Defense Panel went so far as to recommend establishment of a Deputy Secretary for Evaluation to ensure that the oversight function is given appropriate emphasis in OSD. While the Study Team recognizes the need for increased emphasis on oversight by a number of OSD officials, we do not believe that it can or should be achieved through the establishment of a Deputy Secretary for Evaluation or a similar organizational change. Such an action would add another layer to the DoD management process and would separate oversight from policymaking, thereby divorcing two mutually dependent management functions. Effective policymaking requires the feedback that is provided by continuous oversight and effective oversight requires the knowledge and perspective possessed only by the policymaker.

The Study Team believes that action to improve OSD oversight should be accomplished through management emphasis rather than through organizational change. Furthermore, the success of such an effort rests on the adherence to three key principles.

- o First, care should be taken to avoid micromanagement by the OSD staff. As a general rule, the Military Departments and other DoD Components should be responsible for implementation and

responsible for their actions, while the OSD staff monitors results and initiates corrective measures when required, rather than managing policy implementation directly.

- o Second, the extent of oversight, and the resources expended on it, should be commensurate with the importance, sensitivity, and potential impact of the policies being monitored and oversight arrangements must be flexible enough to adjust as these factors change. Excessive review or an overly bureaucratic oversight structure would only serve to absorb scarce OSD resources, place excessive burdens on DoD Components, and inhibit imagination and creativity on the part of operating offices.

- o Finally, as a general rule, those who develop policy should also be responsible for exercising the oversight necessary to ensure that it is being properly implemented. They are in the best position to understand the policy and its objectives. Even more importantly, the feedback received in the oversight process serves as a "reality test" that demonstrates how the policy is faring in the operating environment.

V. RECOMMENDATIONS. The Secretary of Defense should emphasize the importance of oversight in the DoD management process and actively encourage key OSD officials to upgrade their non-PPBS/DAS/SPR oversight activities in accordance with the principles outlined above.

CIVILIAN CONTROL

I. GOLDWATER-NICHOLS DOD REORGANIZATION ACT ISSUES.

A. "Whether the present organization of the Office [of the Secretary of Defense] is optimally structured to assist the Secretary of Defense in effective exercise of civilian control of the Department of Defense, including civilian control of--

- i. defense policy development and strategic planning;
- ii. program and budget development;
- iii. policy, program, and budget execution;
- iv. contingency planning; and
- v. military operations" (P.L. 99-433, Sec 109 (d)(1)(A))

B. "Alternative allocations of authorities and functions of the Office [of the Secretary of Defense] and other reorganization proposals for the Office, including the desirability of...changing the ratio of members of the Armed Forces to civilian employees in the Office." (P.L. 99-433, Sec 109 (d)(6)(D))

C. "Analysis of Civilian Control...

(1) The Secretary of Defense, in considering...whether effective civilian control of the Department of Defense is best assisted by the current structure of the Office [of the Secretary of Defense], shall examine the functions performed in the Office by--

(a) members of the Armed Forces on the active-duty list; and

(b) members of the Armed Forces in a retired status and members of the reserve components who are employed in a civilian capacity.

(2) Such examination shall include a determination of the total number of positions in the Office of the Secretary

determined by the Secretary of Defense), and of such number--

(a) the number of positions held by members of the Armed Forces on the active-duty list, shown for the military equivalent of each civilian pay grade by number and as a percentage of the total number of positions in the Office in the civilian pay grade concerned and in the military equivalent of such civilian pay grade;

(b) the number of such positions held by members of the Armed Forces in a retired status who are serving in a civilian capacity, shown for each civilian pay grade in the same manner as provided under clause (a); and

(c) the number of such positions held by members of the reserve components who are serving in a civilian capacity, shown for each civilian pay grade in the same manner as provided under clause (a).

(3) In determining the total number of positions in the Office of the Secretary of Defense in grades above GS-8, the Secretary shall exclude positions which are primarily clerical or secretarial." (P.L. 99-433, Sec 109 (e))

II. DEFINITION. For the purpose of this report, civilian control has been defined by the Study Team to mean that the Secretary of Defense possesses ultimate authority over the military personnel and functions of the DoD and exercises that authority, either personally or through key civilian assistants, on all matters requiring departmental level decision. This definition recognizes that a Secretary's style of management, either centralized or decentralized, can provide an effective basis for civilian control, as long as top level policy decisions are made by him and his civilian assistants in OSD and the Service Secretariats. However, effective civilian control should not be confused with effective management. It is possible for a Secretary to make poor policy and managerial decisions, yet still have those decisions carried out faithfully by DoD military officials.

III. THREATS TO CIVILIAN CONTROL. Threats to the exercise of civilian control over DoD military activities may be viewed as a continuum ranging from an overt military takeover at one extreme to the undue influence of military personnel on DoD policy and management decisions at the other. An overt military takeover would pose the greater danger to this nation's democratic principles, but it is also the least likely to happen. On the other hand, excessive influence of military personnel on the DoD decisionmaking process may not present an immediate danger to our American way of life, but it does have a higher potential of occurring.

Civilian control requires the presence of three factors. First, civilian officials must be vested with the authority necessary to control military personnel and functions; second, the legitimacy and primacy of that authority must be accepted by the military profession; and finally, civilian authorities must effectively exercise the authority that has been vested in them. Given the presence of the first two factors in the American political system, the quality of civilian leadership becomes critical. As former Secretary of Defense Robert Lovett once remarked, "the only real occasion when civilian control is in doubt is when civilian officials themselves fail to exercise it." This neglect is more likely to occur on the lower levels of the continuum where the threat is not so overt and the apparent consequences are not so revolutionary.

IV. SAFEGUARDS OF CIVILIAN CONTROL. Civilian control of the military is a well established principle of American life, virtually unquestioned in practice or in theory from the earliest beginnings of the nation and it is protected by a wide variety of safeguards. Principal among these are the following.

A. Constitutional Safeguards. The Constitution of the United States places the nation's military under the control of two civilian authorities. Article I, Section 8 empowers the Congress with the authority to establish and regulate the Armed Forces and Article II, Section 2 designates the President as Commander-in-Chief. These

provisions established the principle of civilian control firmly in the American legal system. In addition, by dividing control over the military between two branches of government, it created a "checks and balances" situation in which each branch jealously guards its prerogatives in military affairs, thereby ensuring that neither one becomes unduly influenced by, or influential in, the military.

B. Legislative Safeguards. Title 10 of the United States Code extends the Constitutional principle of civilian control into the laws governing the organization and administration of DoD.

Section 113(b) of Title 10 places the Secretary of Defense immediately below the President in the operational chain of command and gives him "authority, direction and control" over DoD. The Goldwater-Nichols Act, while strengthening the authority of the Chairman, Joint Chiefs of Staff, within the military establishment, also amended Title 10 to clearly subordinate the Chairman and his new functions "...to the authority, direction, and control of the President and the Secretary of Defense..." (10 U.S.C. 151(g)(2) and 153).

Section 131 of Title 10 establishes the Office of the Secretary of Defense, directs the Military Departments and Armed Forces to cooperate with OSD personnel, in order to "carry out effectively the authority, direction, and control of the Secretary of Defense," and prohibits the formation of a military staff within OSD.

Sections 132 through 140 of Title 10 require that all Presidential Appointees in OSD be appointed from civilian life. For certain positions, such as the Secretary, Deputy Secretary, and Under Secretary of Defense (Policy), the appointee may not have served as a regular officer in the armed forces within ten years of appointment. Section 973 (2)(A) of Title 10 also prohibits members of the Armed Forces from holding or exercising the functions of a "civil office" in the federal government while on active duty (i.e., an elective office, a Presidentially appointed office requiring the advice and consent of the Senate, or a position in the Executive Level Schedule). Exception to this latter provision can be made, with the cooperation of the Congress, when deemed in

the national interest. This has occurred only once in the history of DoD. By Public Law 81-788 of September 18, 1950, the Congress authorized General George C. Marshall, to serve as Secretary of Defense during the Korean War.

C. DoD Regulations. Because military officers may not fill Presidential Appointment positions under the provisions of Title 10 of the United States Code, it would not be appropriate for them to be delegated authority to exercise the functions of these positions. For this reason, DoD policy proscribes the assignment of military officers to Principal Deputy Assistant Secretary positions in OSD, or their equivalent, and prohibits those serving in Deputy Assistant Secretary of Defense positions, or their equivalent, from acting for or performing the functions of an Assistant Secretary (DoD Directive 1315.7, "Military Personnel Assignments," January 9, 1987). In addition, DoD Directive 1100.9 ("Military-Civilian Staffing of Management Positions in the Support Activities," September 8, 1971) limits the assignment of military officers in DoD management positions to those instances when they are required by law, or when the position requires skills and knowledge acquired primarily through military training and experience, and the duties of the position provide experience necessary for proper career development.

D. Professional Military Values. Independent research by scholars and interviews conducted by the Study Team with current and former military officers, unequivocally confirm that the American military views itself as a servant of the nation and has no inclination to contravene civilian direction. Military officers as a group recognize that military institutions exist to serve public purposes and that the determination of these purposes is the constitutional prerogative of elected authority. The principle that the military does what the civilian authority determines, and only that, is so ingrained that it is accepted without question as a fundamental precept of the profession's moral code.

E. Social and Economic Composition of the Armed Forces. The social and economic composition of the officer and enlisted corps of the Armed Forces, which has been examined by several

scholars through the years, indicates that the American military is an establishment that is different, but not distant from the society it serves. Unlike many other countries, there is no evidence to suggest that the military has become seriously insulated from American society at large.

An important mechanism mitigating against the insular effects of military service is the extent to which military officers receive advanced education in civilian colleges and universities. This provides exposure to American values and ideals which sensitizes an officer, normally at his mid-career level, to domestic and other non-military issues, thereby encouraging constructive civilian-military relationships within the DoD establishment and with society at large. Graduate level studies are generally available to officers who demonstrate outstanding leadership potential and the possession of an advanced degree is increasingly regarded as a prerequisite to advancement through the higher ranks. Over 80 percent of general and flag rank officers hold postgraduate or professional degrees, most of which are from civilian institutions. For example, the current Chairman of the Joint Chiefs of Staff holds an MBA from Stanford and a PhD from Princeton.

The extent of this exposure to civilian higher education is demonstrated by the fact that approximately 90 percent of the military officers in OSD hold graduate or professional degrees from accredited universities. In most cases, these degrees are related to their duty assignments.

F. Social Values. One of the strongest safeguards of civilian control is that the American public will not tolerate military insubordination to civilian control. Although defense policies are often the subject of intense public debate, even those supporting a strong military establishment accept the fact that ultimate command authority properly rests with the President and the Secretary of Defense.

G. Administrative Practice. Military officers are employed in OSD in a manner that is consistent with, and reinforces the principle of, civilian control. They generally occupy mid-level

staff positions and report to civilian superiors. Their primary function is to provide the organization with a core of highly motivated professionals who possess the technical military expertise and operational experience necessary to ensure effective decision-making on military policies and programs. In this respect, they complement the career civilians, who provide organizational continuity and technical expertise in other areas, and the political appointees, who establish policy, set objectives, and exercise ultimate decision authority. A detailed analysis of the OSD military professional workforce is provided in the following section.

V. THE MILITARY WORKFORCE. Chart VI-1 reflects the number of OSD positions in civilian grades GS-9 and above, and their military equivalents, that are held by active duty military, military retirees, and ready reservists. Totals by pay grade and category of military affiliation, along with the percentage of active duty military, are provided.

These figures indicate that, although active duty military officers represent a sizeable portion of the workforce (36%), of the 447 officers assigned to OSD, 430 (96%) occupy positions below the executive ranks (i.e., GM15/06 and below). Only a small number serve in the executive ranks, 17 in positions equivalent to the Senior Executive Service and none above that level. In contrast, 255 civilians occupy Senior Executive Service or higher level positions in OSD. Thus, military officers occupy only six percent of the total executive positions in OSD. Further, as Chart VI-2 indicates only nine active duty officers occupy Deputy Assistant Secretary of Defense positions and these tend to be in areas that require a high degree of technical military knowledge.

The number of military retirees and reservists serving in civilian capacities in OSD is minimal. As of January 1987, there were 88 retired military and 43 reserve military personnel serving in civilian positions in OSD. These numbers account for seven and three percent, respectively, of the total number of professional

Chart VI-1

OSD Positions Held by Members of the Armed Forces*

<u>Civilian Grades/ Military Grades</u>	<u>Total Employment</u>	<u>Active Duty Number/Percent of OSD Employment</u>	<u>Retirees</u>	<u>Ready Reservists**</u>
GS9-10/01	28	0/0	3	0
GS11/02	18	0/0	3	0
GS12/03	24	5/21	1	0
GM13/04	75	56/75	2	2
GM14/05	256	199/78	3	2
GM15/06	579	170/29	48	29
ES1-2/07	34	7/21	1	2
ES3-4/08	156	6/4	17	5
ES5-6/09	68	4/6	7	1
EXV/010	0	0/0	0	0
EXIV-I/-	14	0/0	3	1
Total	1252	447/36	88	43

* Figures reflect GS9/01 and above serving in OSD, excluding positions which are primarily clerical or secretarial, as of January 1987. Sources: Active duty, retirees, and total OSD employment from DoD Washington Headquarters Services; Reservists from Defense Manpower Data Center. The data do not reflect the DoD Agencies or Field Activities.

** The Ready Reserve includes Selected Reserve units, Pretrained Individual Reservists and a training pipeline. Selected Reserve units are organized, equipped and trained to perform a wartime mission. Pretrained Individual Reservists include Individual Mobilization Augmentees, members of the Inactive National Guard and Individual Ready Reservists. The Individual Ready Reserve generally consists of people who have served recently in the active forces or Selected Reserve and have some period of obligated service remaining on their contract. The majority of the members in the Individual Ready Reserve do not participate in organized training.

Active Duty Military Occupying Senior Level Executive Positions in OSD (January 1987)

USD/P

- DASD Security Assistance (LTG P. C. Gast, USAF)
- Dir East Asia & Pacific Region (RADM E. B. Baker, Jr., USN)
- Dir Inter-American Region (BG C. M. Brintnall, USA)
- Dep Defense Advisor, USNATO (BG R. A. Norman, USAF)

ASD(FM&P)

- DASD Mobilization Planning & Requirements (LTG V. O. Lang, USA)
- DASD Drug Policy & Enforcement (MG S. G. Olmstead, USMC)
- DASD Military Manpower & Personnel Policy (LTG E. A. Chavarrie, USAF)

DOT&E

- Dep Dir Operations (BG J. G. Schoeppner, Jr., USAF)

ASD(LA)

- DASD Legislative Affairs (RADM J. E. Gordon, JAGC, USN)

ASD(RA)

- DASD Guard/Reserve Readiness & Training (MG H. J. Quinn, USA)
- DASD (Atg.) Guard/Reserve Material & Facilities (Col J. B. Rosamond, USA)

ASD(HA)

- DASD Medical Readiness (MG W. P. Winkler, USA)
- DASD Strategic Planning & Medical Prgm Mgmt (RADM J. A. Zimble, MC, USN)

USD(A)

- Asst DUSD Strategic & Theater Nuclear Force (RADM C. E. Armstrong, USN)
- Asst DUSD Tactical Warfare Programs (BG D. Funk, USA)
- Asst DUSD Test & Evaluation (MG D. W. Jones, USA)

Notes:

1. Of 39 total DASDs, nine are active duty military.
2. In addition, two Senior Military Assistants serve in the Immediate Office of the Secretary (VADM D. S. Jones, USN) and Office of the Deputy Secretary (MG L. H. Buehl, USMC).

positions in OSD in grades GS-9 and above, and their military equivalents. The number of retired military, although fluctuating over the past five years, has remained within plus or minus ten of 80 personnel. Retired military officers represent a source of talent that is useful in many civilian defense positions, and since they are retired, they no longer are dependent on their Service for career advancement. The number of Ready Reserve military has fluctuated similarly, remaining within plus or minus eight of 45 personnel over the same period. The current percentage of reservists in OSD (3.4%) actually falls below the percentage of reservists in DoD overall, which is 4.2 percent.

The largest numbers of military affiliated personnel in OSD (active duty, retired, and reserve) are in the mid-level management grades of GM-13 through 15 and their military equivalents. Approximately 90 percent are in this category. This concentration at the mid-level professional ranks, coupled with the relatively small number of general and flag rank officers serving in executive positions and the absence of such officers in Presidential Appointments, reflects the fact that the military's role in OSD is primarily advisory in nature.

B. Civil-Military Mix by Organizational Component. Chart VI-3 provides a tabular summary of the OSD civilian-military mix by organizational component during the period FY 1983-87. It shows that the number and overall percentage of active duty military serving in OSD have remained fairly constant during the last five years. The OSD offices where active duty military comprise more than half of the total employment, such as Reserve Affairs (76%), Net Assessment (60%), and Health Affairs (55%), are generally involved in functions where an informed military perspective is essential. This kind of experience is usually acquired in the military over the course of several operational and staff tours. It is rarely acquired as a result of civilian-related experience. In contrast, those OSD offices where active duty military comprise fewer than half of the total personnel tend to be less dependent on professional military knowledge for the performance of their

Chart VI-3

OSD Civilian-Military Mix FY 83-87*
(By OSD Office)

	IMMED OFC	DEPSEC	EXEC SEC	AS&DSD	OFC PROTOCOL	DIR NET AS	OFC SEC SP	ATSD IO	OUSD(P)	OASD(ISP)	ODUSD(P)	DIR OT&E	ODUSD(P&R)	OUSD(R&E)	OASD(RA)	OASD(C)	OSADBU	OASD(C)	OASD(FM&P)	DIR PA&E	OASD(A&L)	OUSD(ACO)	OASD(LA)	OASD(HA)	OASD(PA)	GEN COUN	US NATO	OASD(ISA)	OFC IG	OASD(MI&L)	OASD(MR&L)	TOTALS (FY)
FY 87																																
Total	6	6	9	4	1	10	2	4	13	81	43	7	17	10	159	55	69	10	177	113	83	146	1	15	47	52	7	33	72			1252
Military	2	4	6	1	0	6	0	1	5	24	10	3	8	6	65	42	24	1	7	50	23	43	0	7	26	28	0	17	38			447
Percent	33	67	67	25	0	60	0	25	38	30	23	43	47	60	41	76	35	10	4	44	28	29	0	47	55	54	0	52	53			36
FY 86																																
Total	5	4	10	3	2	10	2	4	14	75	38	6	14	7	156	55	72	7	168	107	78	117		18	53	51	7	33	63			1179
Military	2	2	7	0	1	6	0	1	4	28	10	3	8	3	69	41	26	1	10	47	22	32		9	29	29	0	17	34			441
Percent	40	50	70	0	50	60	0	25	29	37	26	50	57	43	44	75	36	14	6	44	28	27		50	55	57	0	52	54			37
FY 85																																
Total	4	5	8	2	3	10	2	4	15	102	60	6			266	40		9	171	64				10	44	85	7	28	65	34	200	1248
Military	2	2	6	0	1	6	0	1	6	36	17	5			96	27		1	9	25				9	21	42	0	17	35	0	73	437
Percent	50	40	75	0	33	60	0	25	40	35	28	83			36	68		11	5	39				90	48	49	0	61	54	0	37	35
FY 84																																
Total	3	2	9	2	3	14	2	4	14	94	61				277			9	159	81				20	47	87	7	33	70	65	234	1297
Military	2	1	6	0	1	8	0	1	6	28	25				103			1	11	26				9	25	44	0	17	42	1	102	459
Percent	67	50	67	0	33	57	0	25	43	30	41				37			11	7	32				45	53	51	0	52	60	2	44	35
FY 83																																
Total	7	4	9	1	3	12	2	4	14	76	53				256			6	142	80				20	52	90	7	30	69	36	205	1178
Military	3	2	6	0	1	7	0	1	7	31	21				101			0	10	24				9	21	46	0	17	44	1	83	435
Percent	43	50	67	0	33	58	0	25	50	41	40				40			0	7	30				45	40	51	0	57	64	3	40	37

* Figures reflect GS9/O1 and above serving in OSD, excluding positions which are primarily clerical or secretarial, as of December 1986. Military figures represent active duty only.
Data provided by Washington Headquarters Services Directorate for Personnel and Security

mission. For example, the Office of the Assistant Secretary of Defense (Comptroller), which relies heavily on fiscal and budgetary expertise, has a workforce that is only four percent military.

VI. CIVILIAN CONTROL OF KEY FUNCTIONS. The specific functional areas the Study Team is required to review by the Goldwater-Nichols Act can be divided into two categories. The first consists of those functions that deal primarily with force development: defense policy development and strategic planning; program and budget development; and policy, program and budget execution. The second consists of those functions related to force employment: contingency planning and military operations.

As discussed earlier in this chapter, the Secretary has unquestioned authority to exercise control over both DoD force development and force employment activities, and the legitimacy of that authority is completely accepted by the military.

For force development functions, the Secretary also has appropriate staff in OSD to support him in exercising civilian control and uses it effectively for that purpose. At the same time, the Secretaries of the Military Departments and their civilian staffs reinforce the civilian authority exercised by the OSD staff, especially in the areas of program and budget development and execution. The civilian control provided by these sources is further buttressed by the Congress as it exercises its constitutional authorities.

For force employment functions, the Secretary primarily and properly exercises his authority through the Chairman, Joint Chiefs of Staff. However, when a crisis occurs, civilian involvement escalates rapidly and the Secretary of Defense, along with the President, becomes involved quickly in the details of crisis management, as often do other members of the National Security Council and the White House Staff. While there have been occasions when some have questioned the wisdom of detailed involvement by civilian officials in remote military operations, now made possible by modern communications, it is notable that no one any longer questions the Secretary's authority to do so. Further, and also important, is

the fact that, while in fast-moving crises, management of the situation tends to be restricted to a small group, that group always includes key OSD civilians, most notably from the policy, legal, and public affairs staffs.

However, contingency planning (what the military calls operations planning), which is the pre-crisis portion of force employment, is an area in which the exercise of effective civilian control is not so evident. The Secretary, Deputy Secretary, and Under Secretary of Defense for Policy are provided access to, and are briefed on, key contingency plans. But, because of the sensitivity of the plans, there is a reluctance to provide access to others in OSD. Some of those interviewed considered this to be "the last area of resistance" to civilian control. Without a support staff in OSD to assist him in guiding and reviewing contingency planning, the Secretary lacks an effective means of ensuring that this planning appropriately reflects politicalmilitary, economic, and foreign policy considerations. A more detailed discussion of contingency planning review and a recommendation that would enhance the ability of the OSD staff to assist the Secretary in exercising effective civilian control can be found in Chapter II.

VII. CONCLUSION. Civilian control is not a problem. The principle of civilian control is fully accepted throughout DoD by military and civilians alike. The functions performed by military members of the OSD staff are consistent with this principle and the current civilian-military ratio is appropriate for providing the Secretary of Defense with balanced staff advice. However, the Secretary should retain the flexibility to adjust this ratio as changing circumstances and staffing needs may require.

The Secretary of Defense possesses and exercises authority over military personnel and activities, and OSD civilian staff support in the functional areas of development and strategic planning; program and policy, program, and budget execution; and

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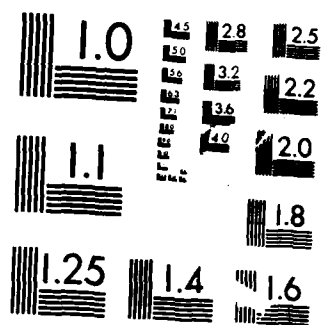
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experience a decline in their income as a result of moving from private sector employment to the government. Furthermore, it also occurs at a time in their personal lives when they are likely to be putting children through college.



In the contingency planning area, however, OSD staff support can be improved. This issue is discussed and a recommendation is provided in Chapter II.

In addition, the Study Team believes that since the quality of civilian leadership is critical to the exercise of civilian control, it is important that DoD attract and retain well qualified candidates for its top level executive positions. This issue is discussed and recommendations are provided in Chapter VII.

VIII. RECOMMENDATIONS.

A. Maintain the Secretary's flexibility to adjust the civilian ratio of the OSD staff as circumstances require.

B. Adopt recommendations in Chapters II and VII, respectively, to:

- o expand the role of OSD in assisting the Secretary to guide and review contingency planning, and

- o eliminate disincentives that are making it difficult to attract and retain top-quality candidates for Presidential Appointment positions.

Chapter VII

POLITICAL APPOINTEES

I. GOLDWATER-NICHOLS DOD REORGANIZATION ACT ISSUE.

"Whether political appointees in the Office of the Secretary of Defense have sufficient experience and expertise, upon appointment, to be capable of contributing immediately to effective policy formulation and management." (P.L. 99-433, Sec 109 (d)(7))

II. BACKGROUND: The employment of political appointees in key executive positions is the principal means by which an incumbent Administration ensures that the policies and objectives it was elected to pursue are in fact being implemented by the various agencies of the government. In OSD, as with most government agencies, these executives fall into two categories: Presidential Appointees and Noncareer Executives.

- o Presidential Appointees are appointed by the President, with the advice and consent of the Senate, and occupy the most senior positions in the organizations; i.e., Secretary and Deputy Secretary, Under Secretaries, Assistant Secretaries, and those positions that by virtue of statute are equivalent in rank to Assistant Secretaries (e.g., the DoD General Counsel, DoD Inspector General, and Director of Operational Test and Evaluation). These are the principal policy-makers and managers in the Department of Defense. (Because they are Presidentially appointed and require Senate confirmation, they are often referred to by the acronym "PAS.")

- o Noncareer Executives are appointed to the Senior Executive Service (SES) by the Secretary of Defense, with the approval of the White House. They generally occupy middle level management and policy positions; i.e., Deputy Under Secretaries, Deputy Assistant Secretaries, and Directors of OSD staff offices. (They are also known as Noncareer Political Appointees or "NCPAs.")

There is another category of political appointees, known as "Schedule C" employees, who are also appointed by the Secretary of Defense, with the approval of the White House. As a rule, they occupy staff/special assistant and secretarial positions that provide personal and confidential advice or assistance to Presidential Appointees and Noncareer Executives. While these individuals perform a number of important and necessary functions, they generally do not occupy key managerial positions or exercise significant executive authorities. Accordingly, Schedule C appointees have not been included in the Study Team's review, and the comments made in this report regarding political appointees are not intended to apply to them.

Charts VII-1 and VII-2 provide a perspective of the political appointee workforce in OSD during the past four Administrations. Since there may be fluctuations in the number of political executives during the course of an Administration, particularly at the beginning and near the end of its term, years approximating a mid-Administration term in office have been selected for display. It should also be noted that many changes have taken place in the organization and structure of OSD during the years between 1970 and 1986. Some functions and personnel have been transferred to other DoD organizations, such as Defense Agencies and DoD Field Activities, as a result of decentralizations or reorganizations. (For example, the administration of the foreign military sales program was assigned to the Defense Security Assistance Agency and the technical review of licenses for the export of munitions and military technology were assigned to the Defense Technology Security Administration.) At the same time, additional responsibilities have been assumed and OSD capabilities have been expanded in areas such as command, control, communications, and intelligence; operational testing; spare parts management; and reserve forces. Because of these changes, statistical comparisons using this data should be made with care.

Bearing this in mind, the charts show that two developments have taken place in the OSD executive work force in recent years.

Chart VII-1

OSD Political Appointees*

<u>Year</u>	<u>Presidential Appointees</u>	<u>Noncareer Executives</u>	<u>Total</u>	<u>Percent Increase Over Base Year</u>
1970	13	15	28	—
1975	15	27	42	50
1978	12	40	52	85
1982	13	45	58	107
1986	18	46	64	129

Chart VII-2

OSD Political Appointees and Career Executives*

<u>Year</u>	<u>Political Appointees</u>	<u>Career Executives</u>	<u>Total</u>	<u>Political Appointees/ Career Executives (Percent of Total)</u>
1970	28	194	222	13/87
1975	42	157	199	21/79
1978	52	169	221	23/77
1982	58	184	242	24/76
1986	64	194	258	25/75

*Derived from the Senate Armed Services Committee Staff Report, "Defense Organization: The Need for Change," October 1985, and the data provided by Washington Headquarters Services. Statistics do not include Defense activities (such as Defense Agencies and DoD Field Activities) that are not a part of OSD.

o First, there has been a significant increase (129 percent) in the number of political executives since 1970. While most of the augmentation has taken place in the ranks of the Noncareer Executives, which have risen from 15 to 46, the number of Presidential Appointees has risen from 13 to 18, an increase of 38 percent.

o Second, virtually all of the new executive positions established in OSD since 1970 have been in the political ranks. While the number of political appointees has been rising steadily, the number of career executives has fluctuated at or below the 1970 level, resulting in a decrease in the proportion of executive positions in OSD that are being held by career executives. In 1970, career executives occupied a total of 87 percent of all executive positions in the organization. By the end of FY 1986, that portion had slipped to 75 percent, a decline of 12 percent.

These trends suggest that the influence of career executives in Defense management has declined in the past 16 years, accompanied by a corresponding increase in the influence of political appointees. While the rate at which the numerical balance is shifting in favor of political appointees may level off, it is unlikely to reverse. Historically in OSD, as is the case with the Federal Government as a whole, once a position has been designated as political, it is rarely converted to career status. Therefore, political appointees have become, and are likely to remain, an increasingly important factor in OSD management. This makes the issue of their ability to perform an even more compelling one.

The process associated with the selection and appointment of political appointees involves several key players who generally fall into three categories:

A. The President and the White House Staff. The President possesses ultimate authority to select political executives for appointment throughout the government. However, except for a relatively few cases involving top level Administration officials, such as Cabinet members, he is usually not personally involved in the selection or appointment process. For the most part, this responsibility is delegated to a member of his immediate staff who, assisted

by the Presidential Personnel Office (PPO), an element of the Executive Office of the President, manages the political selection and appointment process on behalf of the President. The PPO maintains an independent recruiting capability, which is used to locate and screen candidates for vacant political executive positions. In addition, the office reviews and approves the qualifications of candidates recruited independently by the Secretary of Defense and his staff in order to ensure that they are acceptable to the Administration from a technical and a political standpoint. Within the PPO, there is an "account executive" and a small staff dedicated to serving the needs of the Department of Defense.

The Office of Personnel Management (OPM), another element of the Executive Office of the President, maintains administrative oversight over the use of Presidential Appointments and the attendant confirmation process for nominees to these positions. In addition, OPM manages the allocation of Noncareer Executive positions throughout the government by reviewing and approving the establishment of new Noncareer Executive positions and filling vacancies in existing ones.

B. The Secretary of Defense and OSD Personnel Staff. The Secretary of Defense is formally the selecting official for all Presidential Appointees in OSD and the appointing official for Noncareer Executive positions. However, some Secretaries have been more proactive than others in exercising these responsibilities. A few have gone so far as to insist on virtual unilateral selection authority as a condition of accepting their own appointment and have initiated an independent aggressive recruitment effort to identify well qualified candidates. Others have chosen to rely more heavily on the initiative of the PPO and have been satisfied to select the best candidates from among the nominees provided to them. At times, as a matter of loyalty to the President, Secretaries have accepted candidates who were preferred by the President or the White House, but were not their personal preference.

The Assistant to the Secretary and Deputy Secretary for Executive Personnel is the principal staff assistant to the Secretary of

Defense for the recruitment, selection, and appointment of political executives. This individual works closely with the Secretary, DoD officials, the PPO, the candidates themselves, and others as necessary to locate and evaluate candidates, secure the necessary clearances through the PPO, and accomplish the administrative procedures associated with the selection and appointment process. In carrying out these responsibilities, the Assistant to the Secretary and Deputy Secretary for Executive Personnel complies with the provision of the Goldwater-Nichols Act requiring that the Secretary of Defense advise the President of the qualifications needed by candidates to fill vacant Presidential Appointee positions. This is accomplished by providing the PPO with a written description, known as a "search request," which identifies the title, location, level, duties, and knowledge and skill requirements of each vacancy.

The Deputy Assistant Secretary of Defense for Administration, works with OPM to obtain the authority to establish new Noncareer Executive positions and fill vacancies in existing ones, orients new Presidential Appointees and Noncareer Executives and assists them in the transition to their new working environment, and provides ongoing personnel administration and support throughout their tenure in OSD.

C. The Congress. The Congress does not play a formal role in the appointment of Noncareer Executives. It does, however, exercise a strong voice in the appointment of Presidential Appointees through the Senate's constitutional authority to approve or reject the President's nominees for such positions. The appointment of these key officials is, therefore, a joint responsibility, which is shared by the Executive Branch and the Congress as part of the checks and balances built into the American system of government. Nonetheless, it should be primarily incumbent on the Administration, especially the Secretary of Defense, to locate and present to the Congress for its approval, candidates who are well qualified to fill the OSD executive positions for which they are being nominated.

Political Appointees must enjoy the confidence of the Secretary of Defense and the Administration they serve in order to represent

their policies and priorities within the bureaucracy. Accordingly, key policymaking and leadership positions in OSD are generally filled based on a combination of the individual's technical qualifications and political considerations. The extent to which one or another may determine each selection has historically varied from job to job and Administration to Administration. Traditionally, political qualifications have been less important in the "hardware" areas, such as engineering, materiel management, and logistics, while others, such as political-military policy, have required a more rigorous test of political acceptability.

There is a great deal of pressure on every Secretary of Defense from influential party members, Administration officials, interest groups, members of the Congress, and other sources to accept political appointees that have been loyal to them or espouse their particular point of view at the expense of other candidates who may possess superior qualifications. These pressures are an inherent part of our political system. The challenge faced by each Secretary, therefore, is to attract and retain candidates for political executive positions in OSD who possess superior qualifications and loyalty to him and who are, at the same time, acceptable to a broad segment of the party in power.

The consensus of current and former senior OSD officials interviewed by the Study Team was that there is no substitute for putting top-quality people in the key policy positions in OSD to enhance the effectiveness and efficiency of DoD. Logic would seem to dictate that anything that reasonably can be done, should be done to enhance the Secretary's ability to acquire and retain top-quality officials to run the largest and most complex enterprise in the Free World. With this in mind, the Study Team has concentrated its attention on two parallel areas of inquiry: the first is the "readiness to serve" question posed by the Goldwater-Nichols Act, the second addresses related issues not mentioned in the Act, but which impact on the recruitment and retention of political executives in OSD.

III. READINESS TO SERVE. Determining the "readiness to serve" of political appointees at the outset of their tenure in OSD is an elusive task. It is different than evaluating their performance over their entire period of service. In the latter case, one can take a long term view and use an extended period from which to draw judgments regarding job performance. It is also different than measuring an individual's overall potential, since the very concept of potential assumes a learning and maturation process of some determined length. In contrast, the "readiness to serve" question, as framed by the Goldwater-Nichols Act, focuses on how well OSD political executives are able to perform their duties from the first day in office.

Attempting to make such a determination on an empirical basis is difficult. However, the Study Team has developed a series of findings which, taken together, allow us to draw an inferential conclusion regarding this issue:

A. As a group, OSD political appointees are generally qualified to assume the duties of their office upon appointment. Obviously, this is not universally the case and there have been occasions when marginally qualified individuals have been appointed. However, such instances have been exceptions to the rule, and the practice of appointing marginally qualified political executives has never been widespread.

This finding is based on a consensus of opinions expressed in interviews conducted by the Study Team, a review of the qualifications of current officials, and an analysis of data extracted from a survey of Presidential Appointees conducted by the National Academy of Public Administration (NAPA). The NAPA survey collected data on 1525 Presidential Appointees, including 88 OSD officials, who served in the Federal Government during the period from 1964 to 1985. The data on the OSD portion of the survey population indicates that 74 percent of those who held Presidential Appointments in OSD possessed at least one advanced degree. Furthermore, 94 percent came from backgrounds that have traditionally been considered to provide the strongest foundations for top-level DoD executives.

Approximately 36 percent came from high level positions in industry and business; another 12 percent were recruited from research organizations or academia and, most important for the "readiness to serve" issue, approximately 46 percent were already serving in the Federal Government as either career or Noncareer Executives.

While OSD has been generally successful in attracting qualified political executives, the Study Team found that historically, it has been most successful when the following conditions prevail.

- o The Secretary of Defense takes a personal interest in executive personnel matters and pursues a proactive recruitment and selection program managed by his own staff.

- o Responsibility for overseeing this effort is delegated to a high level special assistant who understands the Secretary's policies, personal objectives, and management style, and who has direct access to the Secretary and the authority to speak for him in executive personnel matters. Ideally, this individual is among the first officials appointed during the period of transition to a new Administration and assists the transition team in recruiting well qualified candidates who share the trust and confidence of the Secretary.

- o The Secretary is given the authority by the White House to select his first choice of candidates for the key positions on his management team and the paramount voice in selecting the other political appointees on his OSD (and top Military Department) staff.

B. The amount of time required before a newly assigned political appointee is able to function effectively in OSD varies greatly depending on each individual's background. Those with prior OSD or other DoD experience require little or no transition time, while others may take anywhere from a few months to six months or more before they become fully acclimated to their new responsibilities and working environment. Those assuming technical positions from comparable responsibilities in defense industry, for example, require a relatively short transition period, while those without any previous ties to the defense community take considerably longer.

For the most part, the orientation of new appointees to their OSD work environment is accomplished on an informal basis in the form of briefings, meetings with other key officials, and an intensive "on the job training" effort conducted by their staffs. There is little OSD involvement in formal government-wide orientation programs that have been established for political appointees entering the Federal work force for the first time. However, the Study Team found that this informal approach has worked well, even with first time political executives, and there does not appear to be a need for a more structured transition program in OSD.

C. There is no single ideal background that produces the most successful OSD political executives. Prior government experience can obviously be very helpful in contributing to immediate effectiveness. There is a lot to be said for understanding the processes, organizations, and power centers with which they will have to deal. However, even this does not guarantee success.

Experience indicates that OSD needs a good mix of backgrounds in its leadership positions to function most effectively. Within this mix, new ideas and new blood are essential. Therefore, some number of officials without defense backgrounds may be desirable. Even though they may not master the intricacies of their office as quickly as those who have been more closely associated with the defense community, these officials perform a valuable service simply by questioning long held beliefs and long standing practices. As one former Secretary of Defense told the Study Group, you need some people in the organization to ask the question, "Why are we doing this?"

These findings suggest two conclusions regarding the "readiness to serve" issue.

- o First, OSD political appointees, as a whole, are reasonably ready to perform the duties of their positions upon assuming office, even though not all of them are fully capable of being effective immediately.

- o Second, the fact that an appointee may not be fully effective immediately upon entering office does not mean that he or she is

incapable of being a successful executive in the long run, or even that he or she is not contributing to the organization in the short run.

IV. RELATED ISSUES. In evaluating the state of OSD's political workforce in order to answer the "readiness to serve" question raised by the Goldwater-Nichols Act, the Study Team found the existence of strong disincentives that are making it increasingly difficult to attract and retain top flight talent to serve as political appointees in OSD and elsewhere in DoD.

A. Recruitment Disincentives. As the largest government agency in the Federal Government and what is effectively the largest "business" enterprise in the Free World, the Department of Defense should be directed by the most talented and competent executives available. A period of service in OSD, therefore, must be attractive to people who have already achieved some degree of success and prominence in the private sector.

There are a variety of reasons that prompt such individuals to accept political appointments in OSD; including patriotism, commitment to the goals of an Administration, desire for increased stature or authority, career development considerations, and pure ego satisfaction. These are powerful motivations and should be adequate to provide a large pool of competent executives to serve in key OSD positions. However, the tax consequences of current divestiture rules and restrictions imposed by revolving door legislation are making it extremely difficult to attract top flight private sector executives to OSD service.

o Divestiture requires nominees for Presidential Appointment to dispose of personal holdings that have the potential to cause conflicts of interest with an official's duties, in order to satisfy conflict of interest laws and Senate committee rules. Basically, this is a sound and necessary practice. However, it carries with it an added and unnecessary burden in that the tax liability on the capital gains realized from the sale of such assets falls entirely in the tax year in which the divestiture takes place. To make the situation even more difficult, this increased liability takes place at a time when many appointees

experience a decline in their income as a result of moving from private sector employment to the government. Furthermore, it also occurs at a time in their personal lives when they are likely to be putting children through college.

The Study Team believes that the adverse impact of divestiture should be mitigated by revising conflict of interest statutes to permit Presidential Appointees in OSD and other government agencies to delay the impact of taxes they incur in selling assets to comply with conflict of interest laws and the mandates of Senate committees. This recommendation has been made previously by the National Academy of Public Administration in its 1985 report "Leadership in Jeopardy: The Fraying of the Presidential Appointments System" and was subsequently endorsed by the President's Blue Ribbon Commission on Defense Management.

o Revolving door legislation restricts the type of post-government employment that may be accepted by DoD officials involved in the acquisition process. While some form of post-government employment restrictions for DoD acquisition officials may be required, there is a general consensus that the current provisions are subject to an interpretation that would virtually bar top level DoD acquisition executives from all post-government employment with Defense contractors. While the DoD General Counsel does not share this interpretation, the meaning of the governing statute has yet to be determined by the courts. As a result, many well-qualified prospective political executives shy away from OSD employment in order to avoid the possibility of becoming the inadvertent subject of litigation.

This problem has been cited by David Packard, Chairman of the President's Blue Ribbon Commission on Defense Management, as one which could have a far reaching negative impact on the quality of the acquisition management staff in OSD and the rest of the Department of Defense. The Study Team shares this concern and believes that the revolving door statute should be revised in order to eliminate its susceptibility to the "across-the-board" interpretation that is deterring knowledgeable private sector executives from accepting senior acquisition positions in OSD and other components of the Department.

B. Retention Disincentives. As of the end of fiscal year 1986, the average tenure of Presidential Appointees in OSD was 24 months and the average tenure of Noncareer Executives was slightly over 30 months. In contrast, the life of a Presidential Administration lasts at least four years, to field a new weapons systems takes eight to twelve years, and a significant change in the military force structure requires over five years. Just as good management in DoD requires stability in the Defense budget, it also requires stability in leadership--and for much the same reason--to provide continuity, consistency, and a long term view in decisionmaking and program oversight. Accordingly, once qualified people are appointed as OSD political executives and have become fully acclimated to the OSD work environment, it is in the best interests of the organization to retain them as long as possible. However, the government executive compensation structure is substantially below that of private industry, particularly with respect to Presidential Appointees, and the discrepancies between the two have been widening in recent years. As a result, many top-level OSD executives must accept substantial financial sacrifices in order to enter and remain in government service. Often this sacrifice becomes more difficult to bear as time goes on and new opportunities in the private sector beckon.

The Study Team believes that the financial rewards of government service do not have to be comparable with the private sector in order to attract and retain well qualified Presidential Appointees in OSD. However, we do believe that the gap between the two should be narrowed in a manner that would encourage Presidential Appointees to stay in office for longer periods. A way of accomplishing this would be to adopt a longevity bonus system that would reward long term service, given an acceptable level of performance. One variation of such a system would be to provide Presidential Appointees with a longevity bonus of 10 percent of their monthly salary for each month of service beyond two years and a higher percentage for each month of service beyond three years. This example is intended only to demonstrate the basic

principle of this recommendation. The number of "steps" in the system and the size of each incremental bonus should be developed by compensation experts.

Another option, which could be employed in conjunction with bonuses based on tenure, would be to increase the role played by the most outstanding career executives in OSD by considering them for Presidential Appointment and Principal Deputy positions for which they are qualified. This would reduce the organizational turbulence caused by the turnover of Political Appointees and offer a number of collateral benefits. First, since the individual would be familiar with the work and working environment, he or she would require little or no transition time and should be able to operate effectively almost immediately. Second, since the career executive is likely to look at the appointment as the culmination of a successful government career and has not taken a pay cut to assume the position, he or she is more likely to stay at least through the tenure of an Administration. Finally, since it would provide a means of rewarding exceptional performance by career executives, it would likely improve the morale and motivation of OSD's career executive work force.

V. RECOMMENDATIONS.

A. Reduce disincentives to accept Presidential Appointments by:

- o Revising current legislation to permit the deferral of the tax consequences caused by the divestiture of potential conflict of interest investments.
- o Revise revolving door legislation to eliminate the across-the-board interpretation that is deterring well-qualified executives from accepting top level positions.

B. Improve retention of key officials by:

- o Developing a bonus system based on tenure for Presidential Appointees.
- o Ensuring greater use of outstanding career executives by considering them for Presidential Appointment and Principal Deputy positions.

In addition to these specific measures, the Study Team supports the recommendations for improving the Presidential Appointment System throughout the Federal Government that were made by the National Academy for Public Administration in its 1985 report entitled "Leadership in Jeopardy: The Fraying of the Presidential Appointments System." Their implementation would have a beneficial effect on the ability of OSD to attract and retain well qualified executives for its most senior positions.



**MANAGEMENT STUDY
OF
THE OFFICE
OF THE
SECRETARY OF DEFENSE**

**PART II
OSD STAFF
OCTOBER 1987**

CHAPTER VIII

THE PLANNING, PROGRAMMING AND BUDGETING SYSTEM OF THE DEPARTMENT OF DEFENSE

I. GOLDWATER-NICHOLS DOD REORGANIZATION ISSUE:

1. Whether the planning, programming, and budgeting system of the Department of Defense (including the role of the Office in such system) needs to be revised--

- a. to strengthen strategic planning and policy direction;
- b. to ensure that strategic planning is consistent with national security strategy, policies, and objectives;
- c. to ensure that there is a sufficient relationship between strategic planning and the resource levels projected to be available for the period for which the planning is to be effective;
- d. to ensure that strategic planning and program development give sufficient attention to alliances with other nations;
- e. to provide for more effective oversight, control, and evaluation of policy, program and budget execution; and

- f. to ensure that past program and budget decisions are effectively evaluated, that such evaluations are supported by consistent, complete, and timely financial and performance data, and that such evaluations are fully considered in the next planning, programming, and budgeting cycle.
[P.L. 99-433, Oct.1, 1986 Sec 109(d)2 (A)through (F)]

II. DEFINITION.

The Planning, Programming and Budgeting System (PPBS) of the Department of Defense is described in DoD Directive 7045.14 and DoD Instruction 7045.7. Other documents describe how the system's configuration has stood in various stages of history. These include Enthoven and Smith, How Much is Enough?, Rice, Final Report of the Defense Resource Management Study, and the Packard Commission final report and appendix.* Other parts of this study report also provide a detailed description of the current PPBS (Chapter II and Appendix B). With such detailed descriptions available elsewhere, this section of the study will not provide a detailed description of PPBS here. Rather, the study will move directly to the reorganization issues raised above.

As the study reviews these issues, one fact remains important--the past year has been a period of change. In particular, the Department has implemented most of the Packard Commission recommendations as contained in NSDD 219** and the

* Citations for all these items may be found in the reference section.

** A Quest for Excellence, Appendix pp. 34-37 contains a summary of this Presidential directive.

items directed by Goldwater-Nichols. In addition, the Department submitted its first biennial budget and has modified the PPBS to accommodate a full two year process.* The PPBS framework has accommodated these changes easily because its purpose is clear. PPBS is the overall resource allocation system for the Department of Defense. As reiterated in the most recent directive governing PPBS, its ultimate objective is "to provide the operational commanders-in-chief the best mix of forces, equipment, and support attainable within fiscal constraints." It produces "a plan, a program, and, finally, a budget of the Department of Defense."

III. DESCRIPTION AND ANALYSIS:

A. Strategic Planning and Policy Direction.

1. Policy direction comes from the President to the Secretary of Defense as a result of the interactions among the President, his National Security Advisor, the National Security Council staff, the Secretary of Defense, his staff and other relevant agencies. This gives rise to National Security Decision Directives (NSDDs) which are implemented by the Secretary in the Defense Guidance (Planning Phase) or into other phases of the PPBS process where appropriate.

2. The study staff has concluded that all NSDD 219 planning revisions have been fully put in place for the FY90-94 PPBS cycle. In terms of strategic planning and policy direction, this means that the start to DoD's planning process begins with the publication of the President's national security strategy and

* The PPBS directives are to be modified accordingly (in agreement with memoranda that have established the changes).

the submission of the 5-year provisional budget. This has been accomplished, and was predated with an internal and external review of NSDD 32 (as directed by NSDD 219) that culminated with the issuance of NSDD 238. Thus, the requirement for the consistent link between strategy and policy direction required a sound process.

B. Strategic Planning Consistency with National Security Strategy, Policy and Objectives.

1. The accomplishment of consistency necessarily flows from the publication of the national security strategy and the process for the incorporation of NSDDs and other Presidential guidance in the PPBS process as indicated in A. above.

C. Sufficiency of Relationship Between Strategic Planning and Resource Levels.

1. In the two year cycle of the biennial PPBS, the President issues provisional budget levels at the same time that he submits his two year budget to Congress. The Chairman, JCS, develops a fiscally constrained strategy and force options based on national strategies, policies and provisional budget levels. These are presented to the Secretary of Defense along with appropriate net assessments. Constrained major strategy options are developed and presented to the President for decision. Once these decisions are made, they are codified in the final Defense Guidance along with fiscal guidance for the next five year period. At the macro level, therefore, procedures are in place to deal with the relation of planning to resource availability. In addition, at the micro level, great care is taken to price out the costs of achieving resource objectives so that relative costs of tradeoffs can be understood, and appropriate balance is maintained among objectives--the challenge must be realistic.

D. Strategic Planning, Program Development and Alliances with Other Nations.

1. As a specific element, the Defense Guidance can (and does) emphasize strategy direction with respect to alliances. Similarly, as a result of such direction, the Services' proposed five year programs should reflect such guidance or other Presidential direction. If not, then an issue of compliance may be raised during the summer program review before the Defense Resources Board (DRB). Members of the DRB include the entire policy community: USD(P), ASD(ISA) and ASD(ISP). These offices have the alliance responsibility within OSD. OPD&E has a collateral responsibility with respect to the overall cost-effective allocation of resources.

2. This Administration has enhanced significantly the role of the CINCS in the PPBS process. The CINCS are invited to attend DRB sessions during all phases of the PPBS process. In addition, they are encouraged to submit their priorities directly to the Secretary and his deputy in an Integrated Priority List and raise issues during the program review. Policy with regard to CINCS in the PPBS was published as a change to DODI "045." on April 9, 1987. Of particular relevance to the alliance issue is the fact that the geographic CINCS have the ability to raise alliance issues as well as the OSD assistants to the Secretary of Defense.

3. The foregoing means that the process enables all who have concerns about alliance issues to raise them within the normal PPBS cycle.

F. F. Effective Oversight, Control and Evaluation of
Decisions, and Consideration of Evaluation in Next PPBS Cycle.

1. At each stage in the PPBS, information regarding performance has been required to measure compliance with items such as strategy, goals, resource tradeoffs and even pricing. This has been characteristic of the cycle as implemented in the past. Evaluation and performance has been implicit and fed into the next phase. Thus, the FY85-89 results influenced the FY86-90 course of events, etc. Decisions of a programmatic nature or budget nature are recorded in the Five Year Defense Plan by way of the Program Decision Memoranda or Program Budget Decisions. Thus, there is a formal record of the approved program to measure performance against.

2. The opportunity to develop a biennial budget has, however, given DoD the chance to make the "evaluation function" explicit. Deputy Secretary Taft's memorandum with regard to biennial PPBS highlights this "evaluation" as follows:*

"Let me call your attention to a principal feature of the two-year process: an "Implementation Review," scheduled to take place in October of the off-year of the two-year cycle.... The review's fundamental utility will be to allow us to evaluate how well we are executing the current program and how well the program (as implemented) is satisfying our requirements. The review will be held in conjunction with the PRE meeting to consider the draft Defense Guidance."

* Deputy Secretary of Defense Memorandum, April 6, 1987,
"Implementation of Biennial PPBS"

3. The Implementation Review described by Mr. Taft closes the loop. It provides for a full DRB-level review of evaluation issues that feeds right into the DRB review of the Defense Guidance. This feature is one of the explicit benefits of the two year cycle. It permits a thoughtful and visible evaluation of the Department's decisions and compliance with those decisions. Thus, the PPBS process now has an explicit mechanism to ensure that "evaluations are fully considered in the next planning, programming and budgeting cycle."

IV CONCLUSIONS AND RECOMMENDATIONS

As the discussion above has shown, the study staff has concluded that current PPBS procedures, particularly given the changes implemented in response to NSDD 219 and P.L. 99-433, carry out the tasks posed by the issues raised in Section I. Indeed there are two new features that respond directly to two of the issues. First, the recent expansion and codification of the CINCs' role in the PPBS ensures that alliance issues will be considered by the broadest possible group of those in the Department's leadership that are concerned with such issues. Second, the two year budget has enabled the Department to close the loop between one PPBS cycle and the next in terms of evaluation by permitting time for an Implementation Review that evaluates DoD's policy and program implementation to inform the next cycle's plan and program developments. Consequently, the study staff would recommend no further changes to the PPBS at this time, and would encourage the Department to continue implementing its two-year PPBS.

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CHAPTER IX

FIVE-YEAR DEFENSE PLAN MAJOR FORCE PROGRAM CATEGORIES

I. GOLDWATER-NICHOLS DoD REORGANIZATION ISSUE:

"Whether the major force program categories of the Five-Year Defense Plan could be restructured to better assist decisionmaking and management control." [P.L. 99-433, Sec. 109, para (d) (3)]

II. OPERATIONAL DEFINITION. In analyzing this subject, we have taken the definition of major force program category to be that which the DoD uses in aggregating its resources.

III. DESCRIPTION AND ANALYSIS*

A. GENERAL

1. The FYDP is the official document that summarizes forces and resources associated with programs approved by the Secretary of Defense (prescribed in Program Decision Memorandums (PDMs), Program Budget Decisions (PBDs), and other Secretary of Defense decision documents) for the Department of Defense. The FYDP, which contains prior year (PY), current year (CY), and the Five-Year Proposed Program is generally published 3 times a year and reflects the total resources programmed by the Department of Defense by fiscal year. A historical FYDP is published annually, following the Program Objective Memorandum (POM) update of the FYDP, and contains prior year resource data consistent with the official accounting records for fiscal years 1962 through the prior year.

* This section is largely drawn from DoD 7045.7-H, FYDP Program Structure, September 1986

2. In its first dimension, the FYDP has been composed of ten major defense programs (5 combat force-oriented programs and 5 support programs) used as a basis for internal DoD program review, and in its second dimension by the input-oriented appropriation structure used by the Congress in reviewing budget requests and enacting appropriations. Hence, it serves a purpose of cross-walking the internal review structure which is output-oriented with the Congressional review structure which is input-oriented. With the addition of Program 11, Special Operations Forces and Low Intensity Conflict (SOLIC), we will add an additional combat force-oriented program.

3. This two-dimensional structure and attendant review methodology provides a comprehensive approach to accounting for, estimating, identifying and allocating resources to individual or logical groups or organizational entities, major combat force or support programs referred to as program elements. Such a program element describes the force unit, financial and manpower data, including support requirements organic to the unit, associated with a division, brigade, company, ships, aircraft squadrons, and centralized supporting activities not organic to the unit, such as supply and maintenance depots, recruiting and training activities, individual and professional training, and health and medical facilities.

4. These program elements are designed and quantified in such a way as to be both comprehensive and mutually exclusive, and are continually scrutinized to maintain proper visibility of defense programs. This scrutiny includes vigilance over the resources necessary to equip, man, operate, maintain, and manage a class of combat unit or type of support activity. The elements are frequently rearranged and reaggregated in ways to provide summary categories and FYDP dimensions different from the ten major force programs generally referred to as missions. Since there are varying criteria for mission categories, the Department of Defense has not restricted such analytical schemes to a single display format, favoring instead a more dynamic approach to analytical tools.

B. PROGRAMS

1. A program is an aggregation of program elements that reflects a force mission or a support mission of the Department of Defense and contains the resources needed to achieve an objective or plan. It reflects fiscal year phasing of mission objectives to be accomplished and the means proposed for their accomplishment.

2. The FYDP has been comprised of the following ten major defense programs*:

- a. Program 1 - Strategic Forces
- b. Program 2 - General Purpose Forces
- c. Program 3 - Intelligence and Communications
- d. Program 4 - Airlift and Sealift Forces
- e. Program 5 - Guard and Reserve Forces
- f. Program 6 - Research and Development
- g. Program 7 - Central Supply and Maintenance
- h. Program 8 - Training, Medical, and Other
General Personnel Activities
- i. Program 9 - Administration and Associated
Activities
- j. Program 0 - Support of Other Nations

3. Resources in these programs may overlap areas of management and functional responsibility. Therefore, the programs are not considered to be the exclusive responsibility of any one particular organizational element of the Office of the Secretary of Defense.

* As indicated above, we are adding an additional major program (SOFLIC) at the present time. It will be made up of an aggregation of program elements from the other major force programs.

4. Program 1 - Strategic Forces. Strategic forces are those organizations and associated weapon systems whose force missions encompass intercontinental or transoceanic inter-theater responsibilities. Program 1 is further subdivided into strategic offensive forces and strategic defensive forces, including operational management headquarters, logistics, and support organizations identifiable and associated with these major subdivisions.

5. Program 2 - General Purpose Forces. General purpose forces are those organizations and associated weapon systems whose force mission responsibilities are, at a given point in time, limited to one theater of operations although they are dual or multi purpose forces. Program 2 consists of force-oriented program elements, including the command organizations associated with these forces, the logistic organizations organic to these forces, and the related support units that are deployed or deployable as constituent parts of military forces and field organizations. Also included are other programs, such as JCS-directed and coordinated exercises, Coast Guard ship support program, war reserve materiel ammunition and equipment, and stockfunded war reserve materiel.

6. Program 3 - Intelligence and Communications. Consists of intelligence, security, and communications program elements, including resources related primarily to centrally-directed DoD support mission functions, such as mapping, charting, and geodesy activities, weather service, oceanography, special activities, nuclear weapons operations, space boosters, satellite control and aerial targets. Intelligence and communications functions that are specifically identifiable to a mission in the other major programs shall be included within the appropriate program.

7. Program 4 - Airlift and Sealift Forces. Consists of program elements for airlift, sealift, traffic management, and

water terminal activities, both industrially-funded and nonindustrially-funded, including command, logistics, and support units organic to these organizations.

8. Program 5 - Guard and Reserve Forces. The majority of Program 5 resources consist of Guard and Reserve training units in support of strategic offensive and defensive forces and general purpose forces. In addition, there are units in support of intelligence and communications; airlift and sealift; research and development; central supply and maintenance; training, medical, general personnel activities; administration; and support of other nations.

9. Program 6 - Research and Development. Consists of all research and development programs and activities that have not yet been approved for operational use, and includes:

(a) Basic and applied research tasks and projects of potential military application in the physical, mathematical, environmental, engineering, biomedical, and behavioral sciences.

(b) Development, test, and evaluation of new weapons systems equipment and related programs.

10. Program 7 - Central Supply and Maintenance. Consists of resources related to supply, maintenance, and service activities, both industrially-funded and nonindustrially-funded, and other activities, such as first and second destination transportation, overseas port units, industrial preparedness, commissaries, and logistics and maintenance support. These functions or activities, which are usually centrally managed, provide benefits and support necessary for the fulfillment of DoD programs.

11. Program 8 - Training, Medical, and Other General Personnel Activities. Consists of resources related to training

and education, personnel procurement services, health care, permanent change of station travel, transients, family housing, and other support activities associated with personnel. Excluded from this program is training specifically related to and identified with another major program. Housing subsistence, health care, recreation, and similar costs and resources that are organic to a program element, such as base operations in other major programs, are also excluded from this program. Program 8 functions and activities, which are mainly centrally managed, provide benefits and support necessary for the fulfillment of DoD programs.

12. Program 9 - Administration and Associated Activities. Consists of resources for the administrative support of departmental and major administrative headquarters, field commands, and administration and associated activities not accounted for elsewhere. Included are activities such as construction planning and design, public affairs, contingencies, claims, and criminal investigations.

13. Program 0 - Support of Other Nations. Consists of resources in support of international activities, including support to the Military Assistance Program (MAP), foreign military sales, and the North Atlantic Treaty Organization (NATO) infrastructure.

C. PROGRAM ELEMENTS

1. A program element is a primary data element in the FYDP and generally represents aggregations of organizational entities and resources related thereto. Program elements represent descriptions of the various missions of the Department of Defense. They are the building blocks of the programming and budgeting system and may be aggregated and reaggregated in a variety of ways:

- a. To display total resources assigned to a specific program.
- b. To display weapon systems and support systems within a program.
- c. To select specified resources.
- d. In logical groupings for analytical purposes.
- e. To identify selected functional groupings of resources.

2. The program element concept allows the operating manager to participate in the programming decision process since both the inputs and outputs shall be stated and measured in program element terms. Each program element may or may not consist of forces, manpower, and dollars, depending on the definition of the element.

3. Some examples of program element coding symbology that have been retained through the many structure changes are as follows:

- a. The first position of the six character code identifies the program.
- b. The last position, which is alphabetic, identifies the DoD Component to which the element is assigned.
- c. For Program 5 elements, the second position identifies the major active force program to which it relates.
- d. For Program 6, elements, the second position identifies a specific R&D category, as follows:
 - (1) Research
 - (2) Exploratory Development
 - (3) Advanced Development

- (4) Engineering Development
- (5) Management and Support

e. There are four "sets" of program elements that are located throughout the FYDP structure and are identified by a common code in the fourth and fifth positions, as follows:

- (1) xxx90x -- Visual Information Activities
- (2) xxx94x -- Real Property Maintenance
- (3) xxx96x -- Base Operations
- (4) xxx98x -- Management Headquarters

D. COMPONENT IDENTIFIED CODES

1. The following applicable DoD Component Identifier Codes are contained in the last position of each program element:

- A - Department of the Army
- B - Defense Mapping Agency
- C - Strategic Defense Initiative Organization
- D - Office of the Secretary of Defense
- E - Defense Advanced Research Projects Agency
- F - Department of the Air Force
- G - National Security Agency/Central Security Service
- H - Defense Nuclear Agency
- I - Defense Reconnaissance Support Program
- J - Joint Chiefs of Staff (including the Joint Staff, Unified and Specified Commands)
- K - Defense Communications Agency
- L - Defense Intelligence Agency
- M - United States Marine Corps
- N - Department of the Navy

R - Defense Contract Audit Agency
S - Defense Logistics Agency
U - Undistributed Resources (for OASD(C) use only)
V - Defense Investigative Service
W - Uniformed Services University of the Health
Sciences
X - Inspector General, Department of Defense
Y - Defense Audiovisual Agency (Disestablished
September 30, 1985)

2. Program element codes ending in zero may be used by any DoD Component as applicable and after ASD(C) approval. The zero is replaced by the appropriate DoD Component code when data are reported in the FYDP.

E. RESOURCE IDENTIFICATION CODES

1. Resource Identification Codes (RICs) are used to identify the types of resources assigned to each program element. An explanation of the types of RICs follows:

a. Force Codes. The Force Resource Identification Code is a four-digit code used to identify specific hardware items, or weapon systems, by type and model, such as aircraft, missiles, ships, and specific force organizations such as divisions, brigades, battalions, and wings.

b. Manpower Codes. The Manpower Resource Identification Code is a four-digit code used to identify officer, enlisted, and civilian manpower in both the active and the guard and reserve establishments.

Separate codes permit the recognition of cadets and ROTC enrollees, and identify civilians as either U.S. direct hire, foreign direct hire, or foreign indirect hire.

1. Appropriation Codes. The Appropriation Code and Resource Identification Code is a four-digit code used to identify all appropriation accounts contained in the FYPP Budget as well as those of a historical nature applicable to the FYPP prior year period. In most cases, these correspond to Treasury-assigned appropriation symbols.

2. The purpose of the resource identification code is to permit identification of the precise kinds of resources included in each element.

3. Each DoD Component submitting data to the 1st FYPP has been assigned codes for use in reporting such data in response to guidance for updating of the FYPP. The assignment of these resource identification codes to program elements allow selection of specific data for analysis and management summary purposes.

F. PROGRAM ELEMENT DETAIL

1. The chart on the following page depicts the number of program elements by major force program category as tabulated in 1986. Program II implementation results in a reassignment of some program elements as well as a partial redefinition of program elements. Nevertheless, it needs to be clearly understood that the aggregation of program elements into any particular configuration can be accomplished easily.

IV. CONCLUSION AND RECOMMENDATIONS

11. As indicated above, our program elements are designed and quantified in such a way as to be both comprehensive and mutually exclusive, and are continually scrutinized to maintain proper viability of defense programs. This scrutiny includes vigilance over the resources necessary to equip, man, operate, maintain, and manage a class of combat unit or type of support to provide summary categories and FYPP dimensions different from the ten (and now 11) major force programs generally referred to as missions. Since there are varying criteria for mission categories, the Department of Defense has not restricted such analytical schemes to a single display format, favoring instead a more dynamic approach to analytical tools.

12. The Department has been able to add a new major force program 11 easily because of the flexible FYPP structure and the resultant ability to aggregate in various ways. Indeed, most analysis takes place at the mission level of aggregation which is much below the major force program. Therefore, there is no compelling analytical reason to change major force programs at present. The major force programs are merely convenient aggregations of a combination of output and support-oriented program elements. Force programs and their details are not exclusively assigned to one functional manager, but are available to all staff assistants to the Secretary. This enables the Secretary to have all competing views on major policy or program decisions. Consequently, although the Secretary can easily change the major force programs, any restructuring at present would not appear to provide for any better decision making or management control.



**MANAGEMENT STUDY
OF
THE OFFICE
OF THE
SECRETARY OF DEFENSE**

**APPENDICES
OSD STUDY TEAM
OCTOBER 1987**

Appendix A

Evolution of OSD

Forty years ago on September 17, 1947, James Forrestal was sworn in as the nation's first Secretary of Defense to serve, in the language of the statute creating the position, as "the principal assistant to the President in all matters relating to the national security."¹ The ceremony that day marked the beginning of new organizational arrangements for directing the nation's Armed Forces and had been preceded by intensive political and bureaucratic infighting about the form that such arrangements should take. At that time the outlines of the postwar world could be but dimly perceived; few would have ventured to predict, based on the preceding 160 years of the nation's history, that the United States was about to become the activist leader of extensive alliance systems and that it would still be stationing large numbers of its soldiers, sailors, airmen, and marines outside its borders in 1987. Nevertheless, in 1947 there was a fairly general public consensus that the country should not revert to the isolationism of the '30's nor reduce its armed forces to the levels of those prewar days.

The National Security Act of 1947 that went into effect on that September day forty years ago incorporated a number of public perceptions about the lessons of World War II. Victory had been won not only by the force of arms and America's overwhelming productive capacity, but also by integrated strategic and logistic planning based on common intelligence information and analyses, by unified command of land, sea, and air forces operating on the field of battle, and by the organized application of scientific and technological research efforts to military requirements. Another lesson, one that had been driven home by President Harry Truman in his former role as chairman of the Senate committee investigating the war effort, was that lack of unified control over the separate supply and support activities of the Army and

Navy was wasteful and inefficient. Yet if there was general agreement about such lessons, traditional patterns of thought and practice constrained their full application. The Military Services, if willing to cooperate with each other on their own terms, did not wish to lose their separate identities in some super department; the Congress, if willing to give the President some help so that he might discharge his duties as Commander in Chief more effectively, did not intend to yield its own independent exercise of civilian control over the Armed Forces.

These countervailing pressures resulted in legislation that created the new position of Secretary of Defense but limited him to general direction over the separate Armed Forces, including a newly independent Air Force. He was to integrate these forces but was forbidden to merge them. He was empowered to supervise and coordinate military budgets and encouraged to eliminate unnecessary duplication and overlapping in logistical support activities. For help he was given three special assistants of sub-Cabinet rank but without sub-Cabinet position titles and he was authorized to hire such other civil servants and to detail military assistants from the Services as needed. The legislation extended statutory recognition to three previously existing informal military coordinating agencies that were now to operate subject to the direction of the Secretary of Defense: the Joint Chiefs of Staff, who were also to look to the President for direction, the Army-Navy Munitions Board, and the Joint Research and Development Board. The latter two agencies were provided with chairmen to be appointed by the President, but the members of all three organizations were military and civilian officials whose primary responsibility and loyalty rested in the separate departments that they represented on these coordinating committees. A War Council (later redesignated the Armed Forces Policy Council) was also established by law to advise the Secretary of Defense; it was to be composed of the Secretary as chairman, the civilian Secretaries of the three Military Departments, and the military heads of the Army, Navy, and Air Force.

The legislation also created three new organizations for the coordination of Government-wide programs: a National Security Council to advise the President on the integration of domestic, military, and foreign policies in the interest of national security; a National Security Resources Board to advise on the coordination of military, industrial, and civilian mobilization efforts; and a Central Intelligence Agency. The latter replaced an organization with a similar name and functions that President Truman had established by executive fiat. The National Security Council received a broader mandate than the State-War-Navy Coordinating Committee that had been created by interdepartmental agreement and that soon was displaced completely by the Council. This Congressional eagerness to prescribe for the President the means through which he would conduct the nation's business ran contrary to precedent and Presidential preference, and it placed on the new Secretary of Defense, as the President's principal adviser on national security policy, a large measure of responsibility for meshing military policies with those of other government departments. In addition, this official had the unprecedented task of bringing the Military Services together into some kind of integrated whole. No one short of the President himself had ever before been expected to undertake such duties.

When Forrestal accepted this challenging new assignment and moved from the Navy Department Building on Constitution Avenue to the Pentagon, "he had no office, no staff, no organization chart, no manual of procedures, no funds, and no detailed plans," as the first external study of the new organization was subsequently to observe in 1948.² Implicit in the legislation establishing the position was recognition that the Secretary would need some help in discharging his functions; however, the Congress followed its customary practice and did not specify by law how a Cabinet officer should organize his office. Thus, the Office of the Secretary of Defense "came into being as an extension of the Secretary and developed gradually as Forrestal and his successors enlarged their authority over the vast defense organization."³

The Office of the Secretary of Defense developed and grew as its head became more acutely aware of his burden of responsibilities and of his need for staff. Although Forrestal asked his three special assistants to advise and help him across the full spectrum of his duties, he also placed each in charge of a specific functional area--legal and legislative affairs, budget and fiscal matters, and intradepartmental and intragovernmental coordination. He also utilized as an extension of his staff the interservice coordinating agencies established by the National Security Act. An activist, he did not wait for problems to come to him but raised issues and appointed ad hoc boards and committees to study problems of common concern and to recommend solutions that would further the integration of similar but previously separate activities. These studies sometimes resulted in a decision to establish a new staff section in the Office of the Secretary of Defense for the oversight of matters that required continuing joint coordination such as manpower policies, health and medical affairs, and civil defense planning. Another administrative device utilized by Forrestal--one that facilitated the Services' speaking with one voice rather than three--was his appointment of a civilian chairman for the Military Liaison Committee that had been established by law in 1946 to advise the civilian Atomic Energy Commission on the military application of atomic energy. Soon, with the intensification of the cold war with the Soviet Union in the late 1940's and early 1950's, Forrestal and his successor, Louis A. Johnson, needed to add staff to assist with new responsibilities such as participation in the activities of the North Atlantic Treaty Organization and oversight of military assistance programs to build up the armed strength of allied nations. National Security Council affairs also became an increasingly important concern of Secretaries of Defense, particularly after the Korean War began and President Truman used the Council as a war cabinet. Subsequently, in the Eisenhower Administration, the emphasis on NSC affairs continued under a President who believed in orderly, completed staff work in the formulation of national policy.

Despite a number of positive accomplishments, unification of the Armed Forces by mutual consent and cooperation proved an elusive objective in an environment of scarce financial resources and rapid technological change during the Truman and Eisenhower Administrations. Interservice disputes over roles and missions, budgets, new weapons, and strategic plans prompted successive Secretaries of Defense, with the approval of their Presidents, to return to Congress in 1949, 1953, and 1958 for increased authority over the Department.⁴ For its part, the Congress, while protecting the continued existence of the four traditional Services, generally approved the reorganizations proposed by the Executive Branch. Their effect was to subordinate all components in the Department of Defense to the unequivocal authority, direction, and control of the Secretary of Defense and to provide him with the staff assistance needed for the formulation, execution, and oversight of military policies and programs and for the allocation of resources.

The Congress changed the Departments of the Army, Navy, and Air Force from "executive" to "separately organized" "military" departments, placed their civilian heads completely under the direction of the Secretary of Defense, and repealed the earlier statutory provision that had reserved for the Army, Navy, and Air Force Secretaries all powers not specifically conferred upon the Secretary of Defense. The Service Secretaries were also removed from membership on the National Security Council, leaving the Secretary of Defense as the sole spokesman for the Department in that forum although the Joint Chiefs of Staff continued to be designated as the principal military advisers to the Council. The military heads of the Services became responsible for supervising, rather than commanding, military forces; combatant forces were to be assigned to unified and specified commands responsible to the President and the Secretary of Defense with the Military Departments' retaining responsibility only for the administration and support of such forces.

The Congress conferred a number of important new powers on the Secretary of Defense including specific authority to assign, transfer, consolidate, or abolish functions, to delegate common supply and service support activities to a single department or agency, and to charge the departments and Services with the development and operational use of new weapons systems. The Secretary's control over his organization was also enhanced by the addition to the National Security Act of sections requiring the Military Departments to follow the Secretary's directions in preparing their budget estimates and in executing their obligational and expenditure programs. The Munitions Board and the Research and Development Board were abolished and their functions transferred to the Secretary of Defense for redelegation as he saw fit; however, the Joint Chiefs of Staff--now provided with a Chairman--continued to enjoy statutory protection as an interservice coordinating body with specific duties and a special channel to the Chief Executive. Moreover, President Dwight D. Eisenhower concluded that the Chiefs' organization should continue to exist as a separate entity apart from the Office of the Secretary of Defense, and his successors have followed his precedent in this matter.

Responding to recommendations from outside observers (such as the Hoover Commission on organization of the government) as well as from within the Department of Defense, the Congress also upgraded the rank and increased the numbers of the Secretary's principal staff aides. The 1949 amendments to the National Security Act converted the three Special Assistants to Assistant Secretaries and authorized a Deputy Secretary. The latter has customarily served as alter ego to his chief and borne a large part of the responsibility for internal management of the department. The 1953 reorganization added six more Assistant Secretaries and a General Counsel of equivalent rank; in 1958, however, the number was reduced by two when a higher ranking position, the Director of Defense Research and Engineering, was established to supervise and control all research and engineering activities in the department. Except for specifying that one Assistant Secretary be Comptroller

of the Department of Defense, the Congress left the Secretary free to assign functional responsibilities as best met his needs for staff. The Assistant Secretaries were, however, forbidden by law to issue orders to the Military Departments except as authorized in writing by the Secretary of Defense and then only through the Service Secretaries. The latter, for their part, were enjoined to cooperate fully with the staff of the Office of the Secretary of Defense in the interest of efficient administration. With the 1958 amendments in place, the Department of Defense was a flexibly structured executive department instead of a rigid and elaborate organization prescribed by statute. The Secretary of Defense exercised his control over operational military forces organized jointly in Unified and Specified Commands through the Joint Chiefs of Staff, and looked to the Secretaries of the Military Departments as his assistants responsible for the administrative support of these forces.

Availing himself of the increased authority granted in 1958, Secretary of Defense Thomas S. Gates acted to quiet some of the clamor about Service rivalries and duplication that had prompted the Congress to make this grant. He appointed single managers for some supplies and support services used commonly by all the Armed Forces, chartered a Defense Communications Agency to manage the department's long-line world-wide communications facilities, initiated studies looking toward greater centralization of departmental intelligence activities, and established a joint strategic targeting staff to coordinate Air Force and Navy nuclear warfare planning. These initiatives foreshadowed changes in the organization and management of the department introduced by Gates' successor, Robert S. McNamara, who commented later that

It seemed to me, when I took office . . . that the principal problem standing in the way of efficient management of the Department's resources was not the lack of management authority--the National Security Act provides the Secretary of Defense a full measure of

power--but rather the absence of the essential management tools needed to make sound decisions on the really crucial issues of national security.⁵

Like his President a believer in aggressive leadership, McNamara initiated hundreds of study projects ranging over the full spectrum of his concerns--from strategic nuclear policies and weapons systems to disposal of excess real estate. He asked subordinates to present him with alternatives for decision, not a single recommended solution. Studies led to decisions to establish new Defense agencies for common supplies, intelligence, and contract auditing activities. A new unified command, Strike Command, was organized to strengthen U.S. rapid response and reinforcement capabilities. Introduction of the Planning, Programming, and Budgeting System together with enhanced systems analysis capabilities facilitated the comparison across Service lines of mission-oriented forces and activities and permitted quantitatively based decisions on the most cost-effective means of achieving national objectives. Through this process the Secretary supported by the Office of the Secretary, became an active participant--rather than merely final adjudicator--in the formulation of defense policy and the selection of the best instruments for its execution. Another of McNamara's management innovations was his establishment of annual cost reduction programs with specific targets and regularized reporting procedures to motivate personnel throughout the Department to carry out their tasks more efficiently and economically.

Structurally, the organization of the Office of the Secretary of Defense that Mr. McNamara turned over to his successor on February 29, 1968, looked very similar to the one he had inherited from his predecessor.⁶ He had, however, made some changes in functional responsibilities of the Assistant Secretaries to accommodate his desire to recognize the importance of systems' analysis and he had added staff within existing units to take over new tasks, increasing the size of the office by over 60 percent. Among these tasks were managing the production and distribution of ammunition and other critical materiel for forces in Vietnam, promoting the

sale of weapons and equipment to allied nations, reducing the impact of Defense expenditures on the U.S. balance of payments, bringing under centralized oversight the educational activities of the Services, and providing impetus and direction for civil rights and equal opportunity programs. Under McNamara the Secretaries of the Military Departments were expected to give greater emphasis to their role as his representatives and less to their advocacy of the positions of their individual Services. Service staffs were reorganized to make them more nearly parallel and to enhance the ability of the Military Departments to carry out their support--as opposed to operational--roles more effectively.

McNamara's mastery of Defense policy and operational planning, as well as of the administrative and managerial aspects of his responsibilities, made him an effective player in the much less formal coordinating processes preferred by the Presidents whom he served, as contrasted to those of the Eisenhower era. The Congress also responded enthusiastically to the extensive detail on the rationales for Defense programs and budgets that McNamara provided, particularly after the development of the Planning, Programming, and Budget System. Previously, in the late 1950's the House Appropriations Committee and the Senate Subcommittee on National Policy Machinery (the Jackson subcommittee) had called for the Administration to make the budget process a more effective instrument for integrating national security programs.⁷ Moreover, in 1959 the House Armed Services Committee had succeeded in securing for itself and its Senate counterpart a greater role in the review of military budgetary programs.

Despite the unprecedented amount of detail on Defense decision-making now provided annually in McNamara's statements and testimony--perhaps because of it--the appetite of the Congress for ever more involvement in the process was whetted. The Armed Services Committees steadily enlarged their jurisdiction over military programs through legislation requiring prior authorization of research and development of aircraft, missiles, and naval vessels in 1962, of all research and development in 1963, of

procurement of tracked combat vehicles in 1965, and of the personnel strength of the Selected Reserve components of the Armed Forces in 1967. The Appropriations Committees, as well as the Armed Services Committees, steadily expanded the length and depth of their probing in annual hearings that became increasingly time consuming for the Secretary and other senior civilian and military officials of the department. Following the hearings, the committee reports on the authorization and appropriation requests grew increasingly detailed and suggested adjustments in programs that the department could ignore only at its peril, even if the legislation as enacted remained relatively short and simple, in contrast with more recent versions of the 1970's and 1980's. Apart from the hearings on the budget, Secretary McNamara was frequently called to the Hill to defend a number of his decisions, for example: to establish Defense agencies, to build the TFX joint fighter aircraft, and to restrict the bombing of North Vietnam contrary to recommendations of the Joint Chiefs of Staff. Persons with dissenting views within and outside the department were given ample opportunity to air their differences from the Secretary's views. Nevertheless, McNamara generally succeeded in establishing his authority throughout the department and was a persuasive advocate within the Executive Branch, in Congress, and in intergovernmental forums such as the North Atlantic Council for the DoD positions formulated under his guidance. He matched the dimensions of an integrator of Military Forces and adviser to the President as preconceived by the architects of the legislation of 1947, 1949, 1953, and 1958.

Through changes in emphases, in working relationships, and in procedures--rather than by major adjustments in organizational structure--Secretary McNamara's successors in the Nixon and Ford Administrations nudged the pendulum away from centralized decisionmaking and toward a greater measure of decentralization and diffusion of responsibility. In part, this shift reflected the predilections of the Secretaries themselves, and in part it was encouraged by the Congress, which often seemed willing to foster centrifugal tendencies in the Department and to speak

up for special constituencies, usually in the name of enhanced civilian control. Yet the movement toward decentralization was not felt equally in all parts of the organization. New arrangements for closer coordination and Secretarial supervision over such functions as intelligence, communications, and command and control were soon found to be needed and were established by Secretary McNamara's successors because technological advances stimulated increased competition for diminishing resources and because the failure of existing coordinating devices became embarrassingly public knowledge.

Secretary Melvin R. Laird and Deputy Secretary David Packard emphasized a "participatory approach" to Defense management. While retaining--and exercising--the right of final decision, they played a less activist role than had Mr. McNamara and accorded to the Military Services a greater voice in programming and budgeting; systems analysis was deemphasized although not eliminated. The Secretary established a Defense Systems Acquisition Review Council in 1969 to oversee development and procurement of major weapons systems, but the Military Departments enjoyed greater control over the execution of programs as Deputy Secretary Packard sought to enhance the authority and responsibility of the project managers for individual systems.

In this operating climate the Administration was able to undertake a number of new initiatives, for example, to reduce the scale of fighting in Vietnam and withdraw troops, to conclude strategic arms limitations agreements with the Soviet Union, to cut back and later cancel the Army's long-sought anti-ballistic-missile defense system, and to impose budget ceilings at the beginning of the budget cycle, all without arousing public outbursts by military leaders on active duty.

Changes within the Department--both structural and procedural--continued to be evolutionary, and for the most part were accomplished by administrative action rather than by legislation. The Administration sought relatively few changes to the National Security Act of 1947, as amended and found no need for substantive amendments to the basic regulation governing the roles and missions of the Armed Forces.

One change to the National Security Act was initiated in 1969 by the House Committee on Armed Services, which secured enactment of a bill increasing the number of Assistant Secretaries of Defense by one and designating that one an Assistant Secretary for Health Affairs.⁸ More often, however, during the 1970's the interpretation placed on "civilian control" by the legislative branch found expression in increasingly detailed reviews of the budget and increasingly detailed controls and restrictive provisions written into annual authorization and appropriation acts despite Secretary Laird's superb flair for good Congressional relations.⁹ The Congress also continued to add to the portion of the Defense budget requiring prior authorization: procurement of "other weapons" in 1969, active duty strengths of the military forces in 1971, civilian personnel strengths and procurement of naval torpedoes in 1973, operations and maintenance activities in 1981, and ammunition and "other" procurement in 1982.

For its part, the Executive branch turned to a device used several times previously as one mechanism for making organizational changes. Within a few months after taking office, President Nixon and Secretary Laird chartered a Blue Ribbon Panel to study the organization and operation of the Department. This effort produced, one year later, a 237-page report and 113 recommendations.¹⁰ Although 92 of the recommendations were adopted in full or in part,¹¹ an early casualty was the Panel's revolutionary proposal to remove the Unified and Specified Commands from the control of the Joint Chiefs of Staff and to subordinate them to a single senior military commander responsible to a civilian Deputy Secretary of Defense for Operations.¹² In keeping with two of the Panel's recommendations, Secretary Laird won Congressional approval for a ninth Assistant Secretary of Defense and, after a two-year wait, for a second Deputy Secretary of Defense.¹³

The Blue Ribbon Panel found fault with existing arrangements for Secretarial oversight of intelligence, communications, and command and control. Various new patterns were tried during the 1970's. Secretary Laird first established the position of an

Assistant to the Secretary for Communications in May 1961, and subsequently, upon reorganization, Assistant Secretary of Defense for Communications. After the Congress had authorized the ninth Assistant Secretary at the close of 1961,¹⁷ subsequently, Secretary James W. Forrestal charged the responsibility of the post to include both communications as well as communications, but re-designated the position as Director in January 1964. In order to restore systems and report to the Assistant Secretary level.¹⁸ In the intelligence area, Secretary Laird in mid-1964 created the Assistant Secretary for Intelligence with additional responsibility for managing intelligence resources,¹⁹ and two years later abolished the position of Assistant Secretary Administration in order to establish the Assistant Secretary Intelligence.²⁰ At the direction of President Nixon, Laird has established the defense investigative office to exercise centralized control over personnel security investigations, the defense supply agency to consolidate cost accounting, training, and economic activities of the military services, and a unified defense intelligence command under the direction of the National Security Agency.²¹

After intelligence activities were again highlighted by investigations of the Rockefeller, Church, and Pike committees, President Gerald R. Ford and Secretary Donald H. Rumsfeld further consolidated central oversight of defense intelligence agencies. The position of the Second Deputy Secretary of Defense was filled for the first time (from December 1975 until January 1977) and the incumbent given responsibility for intelligence management; in addition, the Assistant Secretary of Defense (Intelligence)--although the position remained vacant after March 1976--was named Director of Defense Intelligence in May 1976. The reorganization subordinated the Directors of the National Security Agency and of the Defense Intelligence Agency directly to the Secretary of Defense through this Assistant Secretary and established the position of Inspector General for Intelligence, directly responsible to the Deputy Secretary of Defense.¹⁹ Despite the increased emphasis on intelligence and communications

oversight, as the Vietnam war wound down Secretaries Laird, Schlesinger, and Kissfeld through transfers of functions to the Services and to defense agencies were able to reduce the personnel strength of the office of the Secretary of Defense by about 700 positions--or one-fourth--between 1969 and 1977.

In addition to modifying the Office of the Secretary of Defense as indicated above, McNamara's successors also made some adjustments in the chain of command to the operating forces. As part of a larger program to increase the proportion of combat to support forces, the Department initiated reviews in 1973 to cut back the number and size of subordinate headquarters. As a result, component command headquarters were abolished in several Unified Commands, and two Unified Commands--Alaskan and Continental Air Defense--were also disestablished, while the Aerospace Defense Command (Air Force) was redesignated a Specified Command.⁴⁰ These changes, like Mr. Laird's earlier decision to abolish Strike Command and replace it with the Readiness Command,⁴¹ did not materially affect relationships that had come to be accepted.

Changes in working relationships between the Secretary of Defense and his staff, on the one hand, and the President, the White House office, and the National Security Council, on the other, resulted from President Nixon's preference for more formal coordination of national policy papers and from the increased influence during the 1970's of the Assistant for National Security Affairs and of the White House staff. Under these procedures the Department not only participated in the deliberations of the National Security Council but also was represented on the Inter-departmental Defense Program Review Committee and on various regional and topical NSC subcommittees, all requiring extensive internal DoD staff work. Coming from a solid and established political base of his own, Secretary Laird was generally successful in having the Department play a meaningful role in the national security process while at the same time he fended off attempts from outside the Pentagon to subordinate Defense policies and

activities to narrowly partisan political concerns. Secretary Schlesinger was less successful in establishing a good working relationship with President Ford.

The change of Administrations in 1977 brought to the helm of the Pentagon Dr. Harold Brown who, having served first as Director of Defense Research and Engineering, and then as Secretary of the Air Force under McNamara, had firm ideas about the need to reduce the Secretary's span of control and to free himself for the most important issues of Defense policy. At his request the Congress, in October 1977, approved legislation to abolish the position of the second Deputy Secretary of Defense that had not been filled by the new Administration and that of the Director of Defense Research and Engineering. In lieu of these appointments the Congress authorized an Under Secretary for Policy without specifying the duties of the position and an Under Secretary for Research and Engineering with the same statutory authority and responsibilities as those of the former DDR&E.²² Secretary Brown rearranged functional assignments of some Assistant Secretaries and reporting channels of others in order to integrate logistics activities with manpower programs, to bring research and development into a closer relationship with weapons acquisition, and to give users more influence over the setting of requirements and priorities for communications, command and control, and intelligence resources and programs. He also increased concentration of top management on North Atlantic Treaty Affairs by adding a special advisor to his immediate staff.²³ Concurrently he reduced his span of control by abolishing the positions of two Assistant Secretaries, subordinated others to the new Under Secretaries, and also placed directors of some Defense Agencies that had formerly reported to the Secretary under intermediate officials. The resulting organizational structure was more hierarchial than that he had inherited from his predecessors. Moreover, these consolidations of offices plus transfers to Field Activities and to Defense Agencies of staff personnel not involved in the formulation of policy or oversight of its execution reduced the size of the Office of the Secretary to its lowest level since the days of Forrestal.

In addition to instigating changes in the Planning, Programming, and Budgeting System that were designed to improve the linkage between military planning and the annual budgets, Secretary Brown established a Defense Resources Board for the systematic review of programs and budgets. He and his staff were active in reformulating U.S. nuclear warfare strategy and in evaluating and managing programs to assure the continuation of adequate nuclear deterrent capabilities. He also looked to his policy staffs for assistance with other Defense concerns--such as strengthening the North Atlantic Treaty Organization--and with Carter Administration initiatives such as the Panama Canal Treaties and the negotiations with the Soviet Union for the second Strategic Arms Limitation Treaty. The Secretary was involved not only in the formulation and coordination of negotiating positions within the Department and the Executive Branch, but also in the process of winning Congressional consent for ratification, successfully in the case of Panama but unsuccessfully with SALT II. Dr. Brown was succeeded in 1981 by Caspar Weinberger who committed himself to "emphasize centralized control of executive policy development but decentralized policy execution."²⁴ Reviving a term and concept from the Laird and Packard period, Weinberger called for "participatory management" during the formulation of policy but delegated to the Military Departments the responsibility for day-to-day management of the resources under their control. With this division of labor he expected the Office of the Secretary to provide "the technical cross-Service and major mission analyses necessary to integrate the Services and to meet the objectives identified by the President and Congress."²⁵ Like Brown, Weinberger sought further improvements in the Planning, Programming, and Budgeting System and enlarged the Brown-originated Defense Resources Board in an effort to facilitate the coordination and resolution of Service and OSD positions on management issues. Other early Weinberger initiatives aimed at streamlining the Defense acquisition process and at enhancing audit and inspection capabilities to reduce fraud and mismanagement.

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responsible for "defense planning" with the assistance of other NSC members.

Domestic politics, economic affairs, and special interests affect national security planning more than they affect defense planning. This has caused the national security planning process to become highly adaptable and responsive. Stability is provided

Despite Secretary Weinberger's delegation of greater responsibilities for program management to the Military Secretaries, he also rearranged and enlarged the functional assignments of several Assistant Secretaries of Defense, requested and received Congressional approval for the establishment of additional senior supervisory positions, and substantially increased the number of officials who reported directly to himself and his Deputy Secretary. Moreover--reflective, perhaps, of the less than harmonious relationships between the Executive Branch and a legislature controlled by the other political party--Congress created additional senior Defense positions that had not been requested by Weinberger and specified duties for others in far greater detail than ever before; such provisions usually appeared as riders in annual authorization acts to protect against possible Presidential vetoes. Prior to 1981, the Congress had prescribed functional areas of responsibility for only three Assistant Secretaries: the Comptroller in 1949, Manpower and Reserve Affairs plus a Deputy Assistant Secretary for Reserve Affairs in 1967, and Health Affairs in 1969. In 1978 the small Business Act required the Department, like other agencies with major procurement programs, to establish a Director of Small and Disadvantaged Business Utilization. After 1981, came an Inspector General, a Director of Operational Test and Evaluation, and three Assistant Secretaries with specific functional responsibilities: reserve affairs; command, control, communications, and intelligence; and special operations. Although Congress responded to an Executive Branch recommendation in replacing the Under Secretary (Research and Engineering) with the Under Secretary (Acquisition) and in authorizing a Deputy Under Secretary (Acquisition), it spelled out the duties of these new officials in detail normally left for DoD Directives, rather than statute.²⁶ Not only did the Congress specify duties and functions of statutory positions, it also broke new ground by mandating the establishment of a Unified Command for special operations and prescribing its composition and functions in detail. ²⁷ Prior to 1936, legislation had merely directed the Joint Chiefs of Staff to establish Unified

Commands subject to the authority and direction of the President and Secretary of Defense while leaving organizational details to the discretion of the Department.

This Congressional interest and intervention during the 1980's in the organization and functioning of the Department of Defense had been stimulated, at least in part, by criticisms and proposals for change that were voiced by two members of the Joint Chiefs of Staff still in active service--Chairman General David C. Jones and Army Chief of Staff General Edward C. Meyer. Subsequently, prestigious scholarly institutes also published reports critical of existing arrangements and procedures. Congressional committees followed up with hearings that were less rancorous than those of the 1950's but that nevertheless highlighted shortcomings in cooperation between military and civilian leadership; the committees also commissioned additional staff studies. Within the Executive Branch Secretary Weinberger in 1983 proposed legislation to strengthen the Chairman and the Joint staff and the Congress incorporated portions of this measure in the following year's Authorization Act. With ferment for change not quelled, the President and the Secretary in 1985 requested former Deputy Secretary Packard to chair a new Blue Ribbon Commission on departmental management and decision-making procedures. After ordering into effect those portions of the Commissions's recommendations that did not require legislation, the President sought and obtained Congressional authorization for the position of Under Secretary of Acquisition, as noted in the preceding paragraph. Proceeding beyond the Administration's agenda, members of the House and Senate Armed Services Committees reached agreement on the most comprehensive legislation on Defense organization since 1958, the Goldwater-Nichols Department of Defense Reorganization Act of 1986.²⁸ It significantly enhanced the authority of the Chairman of the Joint Chiefs of Staff and brought the Unified and Specified Commanders into the budget process. The law did not, however, diminish the authority or responsibility of the Secretary of Defense or alter significantly the organization of the Office of the Secretary, although it will affect relationships with the Joint Chiefs.

Now celebrating its 40th anniversary, the Department of Defense thus continues to undergo evolutionary change as men with good intentions, in mufti and uniform, seek to devise optimal arrangements for protecting the nation militarily with least disruption to other foreign and domestic concerns. Of course, responsibility for striking such a balance remains ultimately with the President, but hardly open to question any more is his need for a surrogate to meld four--and sometimes more but rarely fewer--"military points of views" into a single national security policy. This surrogate for Defense is also expected by the President and by the Congress to manage the administrative and logistical segments of the military establishment as efficiently and economically as possible, while making allowance for the fact that the true touchstone is war readiness and not peacetime economy.

As a result, the evolutionary changes over the past 40 years have generally flowed in the direction of greater consolidation of control by the successive Secretaries of Defense and their staffs, although not without intermittent concessions to participatory management that have had the effect of reducing some of the friction in the process of policy making and execution. Likewise, evolutionary change within the Organization of the Joint Chiefs of Staff has steadily enhanced the influence of its Chairman over his colleagues in the general interest of reconciling military views within a military forum. On the logistical side, the trend has favored the establishment of more Defense Agencies and Field Activities to perform for all the Services a wide range of common support functions. If these Defense Agencies have not been consolidated as a service of supply on the British model, and if the Chairman of the Joint Chiefs is not yet a Chief of Staff of all the Armed Forces, the trend flows in that direction and accords with the political imperatives of the nation.

Footnotes

1. Sec. 202(a), P.L. 253, 80th Congress, 61 Stat. 495.
2. Committee on the National Security Organization. Report to the Commission on Organization of the Executive Branch of the Government. (Washington, D.C.; 1948, mimeo.), Vol. II, p. 98.
3. Steven L. Rearden, The Formative Years 1947-50. (Washington, D.C.; GPO, 1984), p. 57.
4. For detailed account, see Samuel A. Tucker et al., The Department of Defense: Documents on Establishment and Organization, 1944-1978 (Washington: OSD, 1978), pp. 61-235.
5. Statement by Secretary of Defense Robert S. McNamara on the Fiscal Year 1969-73 Defense Program and the 1969 Defense Budget (Washington: DoD, 1968), p. 193
6. Cf. Tucker, op. cit., Charts facing pp. 238 and 240.
7. Cf. Samuel A. Tucker, ed., A Modern Design for Defense Decision (Washington: ICAF, 1966), pp.4-5.
8. Added as a rider to the DoD Authorization Act for FY 1970, Section 404 of Public Law 91-121, Nov. 19, 1969 (83 Stat. 204, 207), that amended Section 136, Title 10, U.S. Code, derived from the National Security Act of 1947, as amended.
9. Compare SecDef Laird, Final Report to the Congress, January 8, 1973, pp. 56-62.

10. DoD, Blue Ribbon Defense Panel, Report to the President and the Secretary of Defense on the Department of Defense, 1 July 1970 (Washington: GPO, 1970).
11. [Directorate for Organizational and Management Planning], ODASD(A), Fact Sheet, Summary Report on the Blue Ribbon Defense Panel Recommendations, 28 Feb. 1975.
12. Compare Deputy Secretary Packard's remarks to the Armed Forces Management Association, OASD(PA), News Release No. 681-70, Aug. 20, 1970.
13. Public Law 92-215, Dec. 22, 1971 (85 Stat. 777), and Section 4, Public Law 92-596, Oct. 27, 1972 (86 Stat. 1318).
14. DoD Directive No. 5135.1, Assistant Secretary of Defense (Telecommunications), Jan. 11, 1972 (37 F.R. 3647); OASD(PA), New Release No. 29-72, Secretary Laird Appoints Dr. Eberhardt Rechtin Acting Assistant Secretary for Telecommunications, Jan. 14, 1972.
15. OASD(PA), News Release No. 19-74, Secretary Schlesinger Consolidates Telecommunications, and Command and Control Responsibilities in His Office, Jan. 17, 1974. DoD Directive No. 5135.1, Director, Telecommunications and Command and Control Systems, Jan. 17, 1974.
16. OASD(PA) New Release No. 673-69, Secretary Laird Assigns Intelligence Responsibilities to Assistant Secretary of Defense for Administration, Aug. 13, 1969.
17. Deputy Secretary of Defense Packard, Multi-addressee Memorandum, Assistant Secretary of Defense (Intelligence), Nov. 3, 1971; [OASD(PA)], Press Conf. Deputy Secretary Packard, Nov. 4, 1971; OASD(PA), News Release No. 943-71, (no

subject; statement by Secretary Laird), Nov. 6, 1971; DoD Directive No. 5115.1, Assistant Secretary of Defense (Intelligence), Jan. 18, 1972 (37 F.R. 3647).

18. SecDef Laird, Multi-addressee Memorandum, DoD Organizational Changes, Nov. 10, 1971; DoD Directive No. 5105.40, Defense Mapping Agency (DMA), January 1, 1972; DoD Directive No. 5105.42, Charter for the Defense Investigative Service (DIS), April 18, 1972.
19. OASD(PA) News Release No. 219-76, Fact Sheet: Defense Intelligence Realignments, May 14, 1976; [OASD(PA)], Press Conf., Deputy Secretary of Defense Robert F. Ellsworth, May 14, 1976; DoD Directive No. 5115.1, Assistant Secretary of Defense (Intelligence)/Director of Defense Intelligence, July 20, 1976.
20. OASD(PA) News Release No. 101-75, Secretary of Defense Announces Changes to the Unified Command Structure, Feb. 28, 1975; Change 2, July 11, 1975, to DoD Directive 5100.3, Support of the Headquarters of Unified, Specified and Subordinate Unified Commands, Mar. 16, 1967; and OASD(PA), News Release No. 532-75, Navy and Air Force Components of Southern Command to Close, Nov. 7, 1975.
21. OASD(PA) News Release No. 595-71, Reorganization of the Unified Command Structure, July 8, 1971.
22. P.L. 95-140, October 21, '77, 91 Stat. 1172. See also House Committee on Armed Services, Hearings on H.R. 6582, HASC Paper No. 95-32, 9th Congress, 1st Session.
23. Cf. Harold Brown, Annual Report to Congress Fiscal year 1979 (Washington: GPO, 1978), pp. 349-50.

24. Caspar Weinberger, Annual Report to Congress, Fiscal Year 1983
(Washington: GPO, 1982), p. I-46.
25. Ibid., p. III-205.
26. Secs. 901 and 902, P.L. 99-661, November 14, 1986.
27. Sec. 1311, P.L. 99-661, November 14, 1986.
28. P.L. 99-433, October 1, 1986, 100 Stat. 992.

Appendix B

Planning Processes, Functions, and Organization

I. PLANNING FOR NATIONAL SECURITY. Planning to assure U.S. security is performed by the National Security Council (NSC), Department of Defense (DoD), Department of State (State), Central Intelligence Agency (CIA), and in other Executive Branch departments and agencies. It is a complex, continuous process designed to establish and revise goals and objectives, choose courses of action, and allocate resources. It is a way to experiment with ideas without expending resources and to reduce risk by ordering and simplifying information for decision makers. This planning uses a hierarchy of systems to integrate many mission areas and organizations with competing demands and interests. These systems are comprehensive, interrelated, and overlapping, yet they are flexible and responsive. Each system's product has multiple audiences with different needs to be addressed. This summary includes changes that respond to the Goldwater-Nichols DoD Reorganization Act of 1986 and the Packard Commission Report* even though the full effects of these modifications will not be apparent for several years.

A. Concepts and Definitions.

1. Strategic Planning. Often used to describe aspects of planning for national security, casual use of this term has resulted in confusion as to its meaning. The uniformed military use it to describe national military planning as directed in the National Security Act of 1947. The Office of the Secretary of Defense (OSD) and many in the national security community use a more generic definition. Throughout this study strategic planning will be viewed as all national planning, military and civilian,

*Formally known as "The President's Blue Ribbon Commission on Defense Management."

that seeks to maintain and achieve world-wide interests and objectives whether military, diplomatic, or economic.

2. Contingency Planning. Although some confusion exists, this term generally includes all efforts to prepare in advance for potential occurrences. It involves military planning, normally referred to as "operations planning," and similar efforts by civilian agencies such as OSD and the NSC.

3. Constrained and Unconstrained Planning. Constrained planning is the development of force proposals within expected resource (dollars and manpower), space, time, or physical limits. Currently, most planning in DoD is constrained to some degree. Unconstrained planning is performed without limitations and is associated with setting warfighting requirements to minimize risk. It provides an opportunity for innovative analysis of strategic choices not possible in a constrained environment. In the past, the Commanders-in-Chief (CINCs) of the Unified and Specified Commands identified unconstrained force requirements for the Joint Chiefs of Staff (JCS), but development of these "minimum risk forces" may be discontinued.

4. Requirements and Capabilities Planning. Requirements planning determines needs and has two components. The first identifies the major military force levels needed to achieve national security objectives without considering resources. Accomplished by the Organization of the JCS (OJCS), it develops a list of major force requirements called the "Planning Force." This integrated, multi-service package is designed to successfully execute the national military strategy in a global war with reasonable assurance of success. Theoretically, it is the starting point for setting funding objectives, but is more useful as a benchmark for assessing the risks associated with existing or proposed capabilities. It also provides a blueprint for wartime force expansion. The second component determines the smaller unit combat and support forces, equipment, weapons, supplies, munitions, and other capabilities needed to support fully the major forces expected to be fielded. These requirements are the baseline for

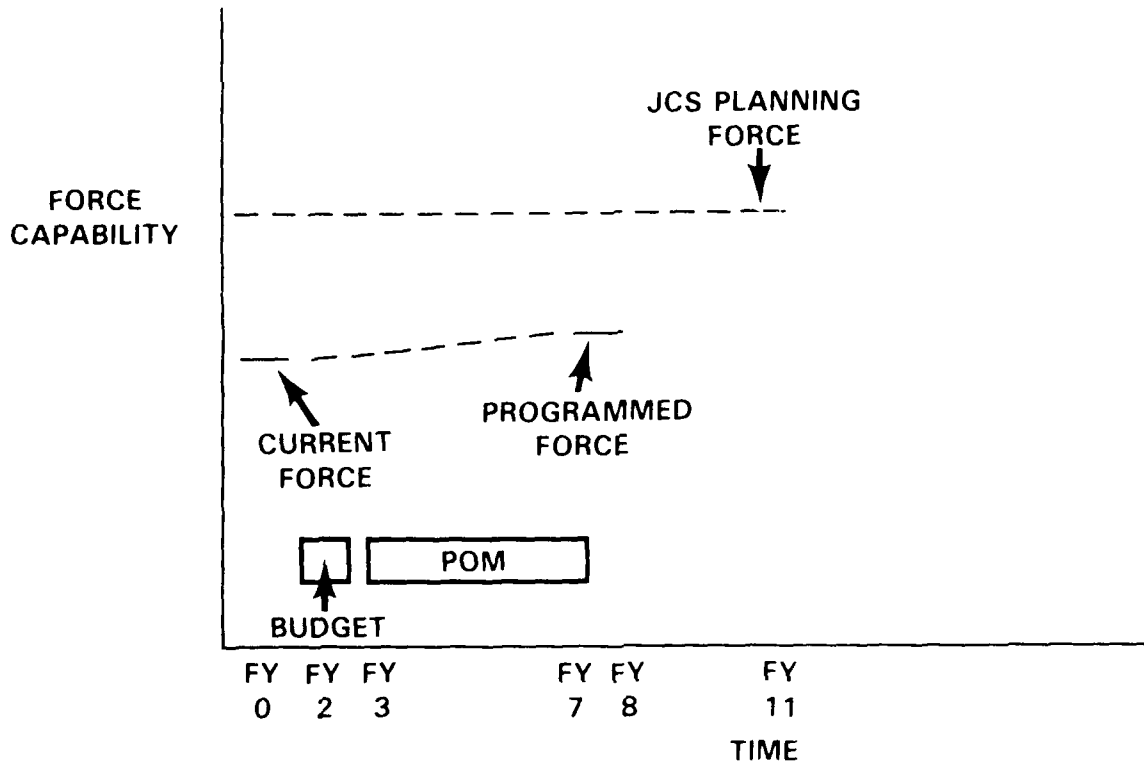
setting equipment and materiel acquisition and industrial base funding objectives.

Capabilities planning is another term with several meanings. To some, it is preparation for the use of existing military forces in combination with operations planning. Others view it as all efforts to specify the forces, weapons, equipment, supplies, and munitions to be funded as the "Program and Budget Forces." The Program Force is the objective used in the allocation of resources (dollars and manpower) and the military department's recommendation for the DoD Five Year Defense Program (FYDP). The Budget Force is the capability proposed or approved for the next fiscal year budget. The "Current Force" is the capability that exists now. These force concepts are depicted in Chart B-1.

B. Categories of Planning. This study will examine the two major categories of planning in which DoD is involved: national security and defense planning. National security planning is the overarching process. It provides guidance to and is supported by the other types of planning. Defense planning encompasses all planning in the Department that supports national security planning. It includes three types of planning: defense policy, force development, and force employment. Defense policy planning involves development of political-military and regional policies and preparation of guidance for DOD's two fundamental responsibilities: (1) development (and maintenance) of military forces and capabilities, and (2) employment of these capabilities. These final types of planning are called force development and force employment planning, respectively.

II. NATIONAL SECURITY PLANNING. Referred to as "comprehensive planning" at times, this planning is managed by the NSC and focuses on preserving the U.S. as a free, prosperous, and democratic state. It prepares for the use of all elements of national power (diplomatic, economic, intelligence, military, psycho-social, and national will). It identifies national security interests and objectives ("what" is to be accomplished), evaluates

FORCES RELATIONSHIPS



POM - PROGRAM OBJECTIVE MEMORANDUM

threats to these interests and objectives, and establishes national security policies to mitigate those threats. To implement these policies, peacetime and wartime national security strategies ("how" to achieve the objectives) are developed, and additional policies and guidance prepared for implementation of these strategies.

Although Executive Branch organizational structures and procedures are modified by new administrations, the essential elements of national security planning are relatively constant. Each President has organized and used the NSC differently, growing from a department dominated entity to a larger, more powerful staff using an expanded committee system.¹ The resulting staff has been the source of both problems and bold initiatives.

Chaired by the President, the NSC is responsible for coordinating all national security affairs and advising the President on the integration of domestic, foreign, and military policies related to national security. This includes evaluating the objectives, commitments, and risks of actual or potential military power. Like the cabinet, it is not a decisionmaking body, but a forum to develop recommendations for the President. The Secretary of Defense is a statutory member and the Chairman of the Joint Chiefs of Staff is a statutory adviser to the NSC. The Chairman has been designated by the Goldwater-Nichols Act as the "principal military adviser" to the President, the NSC, and the Secretary. The NSC staff supports the President and manages the national security planning process. It is supervised by the Assistant to the President for National Security Affairs, commonly called the National Security Adviser.

The NSC committee structure, revised in response to the President's February 1987 Special Review Board report, includes a National Security Policy Group (NSPG), a Senior Review Group (SRG), a Policy Review Group (PRG), and a number of functional or regional interagency groups (IGs) to perform preliminary work on NSC papers. The NSPG is a cabinet level, interagency committee chaired by the President that supervises the development and

implementation of national security policy. The SRG is a cabinet level group, but it is chaired by the National Security Adviser. It reviews and coordinates proposed national security policies and monitors implementation. The PRG is a sub-cabinet level interagency group with responsibilities similar to the SRG. It is chaired by the Deputy National Security Adviser and focuses more on day-to-day operational matters and the functioning of the interagency process. The IGs are chaired by the proponent departments or agencies. A special committee, the Planning and Coordination Group (PCG), was created to perform a specific review of covert action programs by April 30, 1987 and will remain in existence.

Currently, this planning process uses National Security Study Directives (called Presidential or National Security Study Memorandums in some administrations) to ask the appropriate groups to study an issue. Working groups prepare drafts which are reviewed by the various review groups and then the NSC. Upon completion, the study and dissenting opinions are sent to the President for approval. His decision is published in a National Security Decision Directive or NSDD (previously called a Presidential Decision).

NSDDs cover regional security policies, arms control negotiations, economic policies, and other issues. Normally classified and given limited distribution, they are the foundation for Department policies. The NSDD that set basic national security direction early in this Administration was revised in 1986. Prepared in a NSC/DoD/State/CIA cooperative effort, it establishes national security interests, objectives, policies, and strategies to guide the development and employment of military forces.

The two traditional and most visible elements of national security planning involve foreign and defense policy. The Secretary of State conducts "foreign policy planning" with the advice and assistance of the other members of the NSC. Most military commitments result from this process. The Secretary is

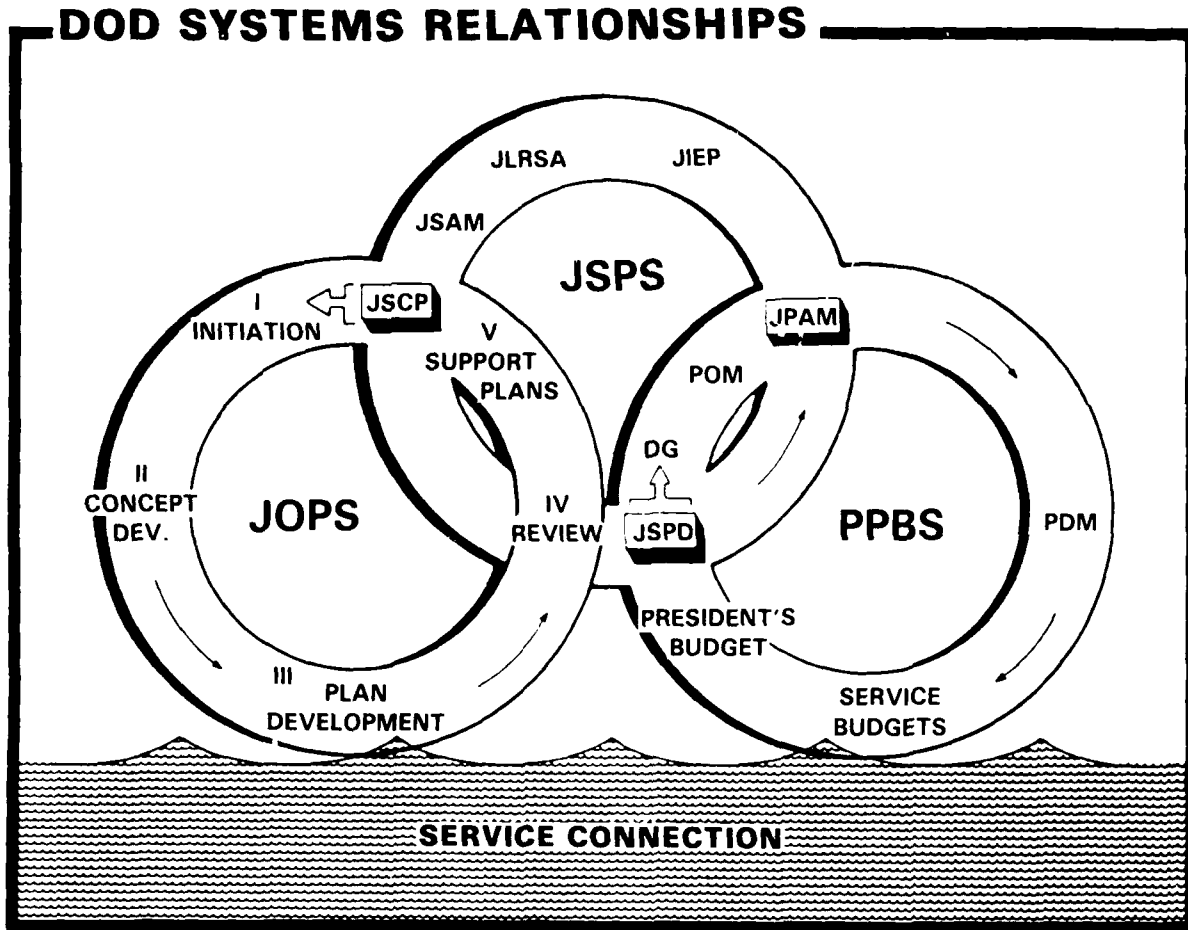
responsible for "defense planning" with the assistance of other NSC members.

Domestic politics, economic affairs, and special interests affect national security planning more than they affect defense planning. This has caused the national security planning process to become highly adaptable and responsive. Stability is provided by the participation of a small core of national security professionals in the Executive Branch.

III. DEFENSE PLANNING. DoD conducts three different forms of defense planning to support national security planning: defense policy, force development, and force employment planning. These forms of planning are accomplished in a complex arrangement of interrelated systems created over time to develop guidance, allocate resources or capabilities, and oversee performance. There are three major systems that meet these needs for management of the Department. These systems--the DoD Planning, Programming, and Budgeting System (PPBS), the JCS Joint Strategic Planning System (JSPS), and the JCS Joint Operations Planning System (JOPS)*--are shown in Chart B-2. Each of the three rings represent a single cycle. The JSPS has a direct relationship with the other two systems since three of its documents are formally included in them. The Joint Strategic Planning Document (JSPD) initiates the PPBS cycle. The Joint Program Assessment Memorandum (JPAM) provides JCS comments related to the Service programs. And, the Joint Strategic Capabilities Plan (JSCP) initiates JOPS. The JSPS links force development (PPBS) and employment (JOPS) planning. The Military Departments provide the data for and the feedback loop between these two types of planning. This is shown as an information pool through which each system passes during a cycle. The mechanism for this is

*The JOPS is to be replaced by a new system called the Joint Operations Planning and Execution System (JOPES), which is under development.

CHART B-2



the interaction between Service planners, who prepare force lists and support requirements for force employment planning based upon existing capabilities, and other Service staff officers, who develop programs and budgets that seek to equip and support the forces in the operations plans and reduce the shortfalls identified during their preparation.

A. Defense Policy Planning. Sometimes called "strategic planning," defense policy planning uses the products of national security planning to develop broad policies to support foreign policy and guide defense activities. It overlaps or affects all other planning. There are two parts to this planning. The first part develops policy guidance for force development planning and the allocation of resources. It takes the national security objectives, policies, and strategies and formulates defense objectives, policies, and strategies to counter the threats. It also results in some general concepts for the use of military forces in the exercise of national power. This portion of defense policy planning is conducted in a formal process, the PPBS. The results of this effort are documented in Part I, Policy Guidance, of the Defense Guidance (DG). The PPBS ensures a systematic, deliberate review of these policies during every cycle.

The second part of defense policy planning is political-military planning. This planning is outside the PPBS and basically unstructured. Its flexibility facilitates responsiveness, rapid adjustments to problems, and required revisions that normally occur at the beginning of an administration. It is accomplished through daily interactions among the Department's senior leadership, the President, members of the NSC, other key players, and the defense leaders of our allies and friends. This informal process occurs during meetings, telephone discussions, or through the preparation of messages, memorandums, and policy papers. It involves political-military affairs, defense policies, and nuclear or regional matters that are of concern to most DoD departments and agencies, the CINCs, or military members of the country teams.

Related to this political-military process are reports, statements, testimony, and speeches by which the Department disseminates explanatory and declaratory policy. These reports include the President's National Security Strategy Report to Congress, the Secretary's Annual Report to Congress, the Chairman's Military Posture Statement, statements and testimony for Congressional hearings, and written responses to Congress or the public. These documents focus on unclassified audiences and support defense budget requests. Although not the primary vehicles for policy planning, these activities provide an opportunity to review, coordinate, and modify defense policies.

B. Force Development Planning. Force development planning is a complex, systematic process designed to allocate resources based upon the relationship of existing capabilities to requirements. It is called "requirements planning" by some because it determines the forces required to carry out the military strategy. It analyzes the output of national security and defense policy planning and develops guidance for the creation of new organizations and the improvement of existing forces. It conducts both constrained and unconstrained planning and fosters competition between organizations for the best ideas.

The conceptual process is illustrated in Chart B-3. It begins with an examination of the threats to U.S. interests, and of the national security and defense objectives and policies. Based on this analysis, a national military strategy and force sizing scenario are created and used to develop a set of joint force requirements, the Planning Force. Then, consistent with provisional budget levels, a constrained strategy, and Presidential decisions, force and capability objectives are identified. These objectives are the basis for programming and the tentative allocation of resources. The resulting "affordable" program forces are documented by the Services and reviewed by the Secretary of Defense. Upon approval, the first year of the FYDP is extracted, validated, and becomes the basis for the defense portion of the President's budget recommendation to Congress.

CHART B-3

FORCE DEVELOPMENT PLANNING

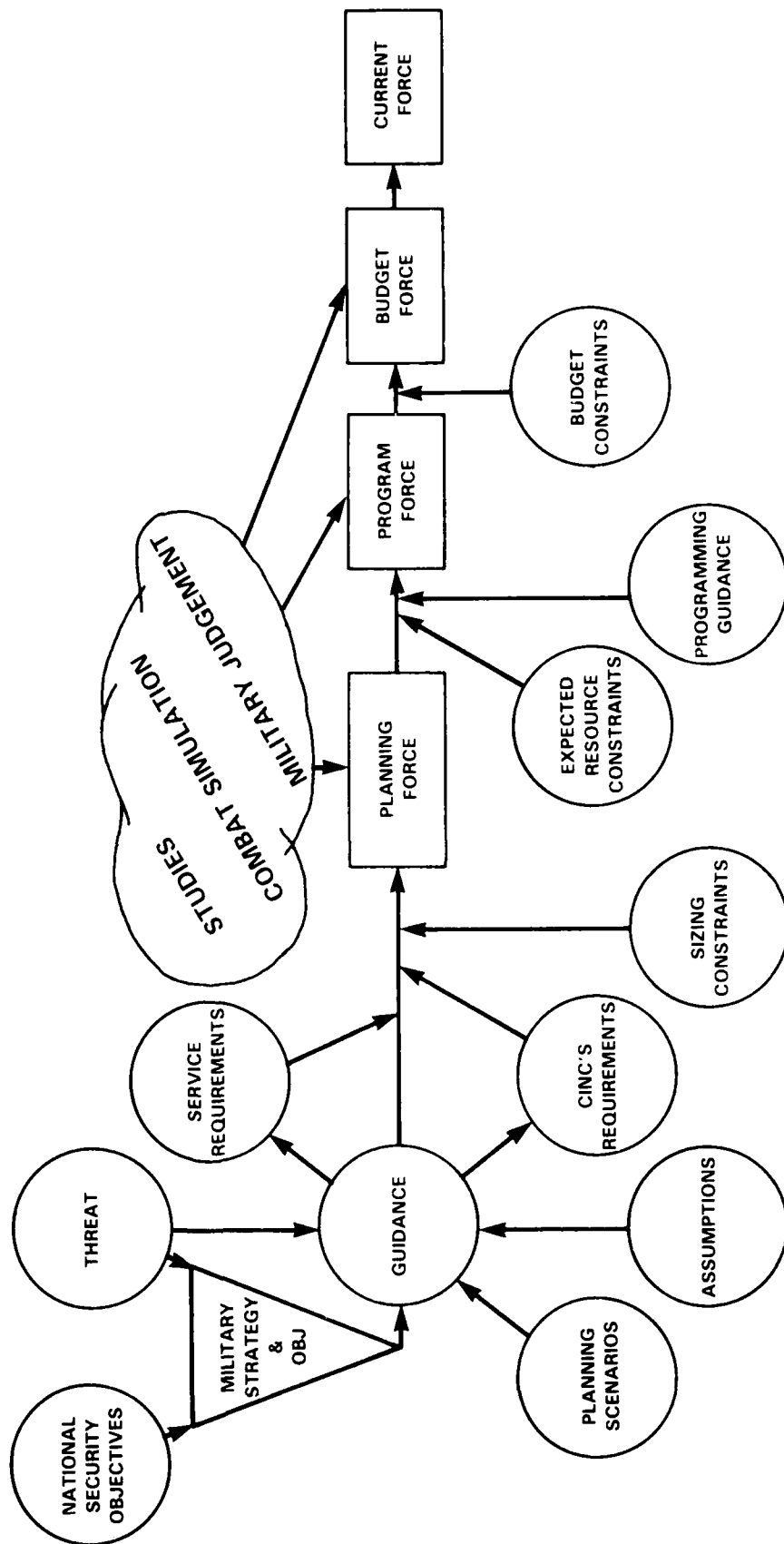
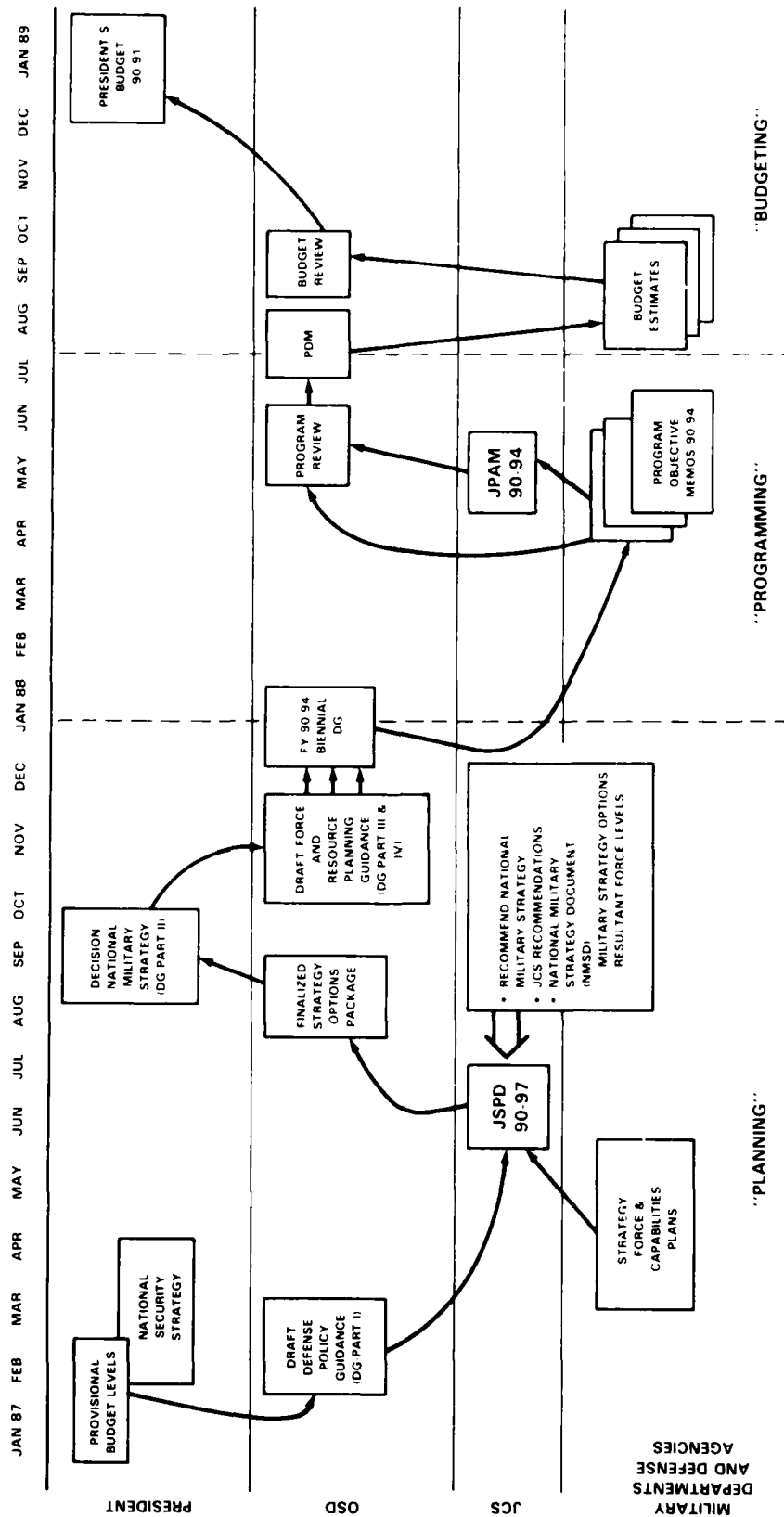


CHART B 4

REVISED PLANNING PROGRAMMING BUDGETING



NOTE: IMPLEMENTATION REVIEW WILL BE CONDUCTED IN FALL 1987

Force development planning is the dominant form of peacetime planning in DoD and is conducted to support the DoD PPBS.

1. Planning, Programming, and Budgeting System (PPBS). This process is DoD's primary management system. All other decision and resource management systems are designed to support or be compatible with it. The PPBS provides a formal, systematic structure for making decisions on policy, strategy, and the development of forces and capabilities to accomplish anticipated missions. It helps identify mission needs, allocates resources to these needs, and reviews and translates them into budget proposals. The PPBS proceeds from unconstrained to constrained planning, from requirements to capabilities, and from policies to a budget. It is the means by which OSD integrates Service capabilities so the CINCs' missions can be accomplished. The phases of the PPBS are not always sequential; there is overlap. The current process is shown in Chart B-4.

The Deputy Secretary is responsible for PPBS management. He uses the Defense Resources Board (DRB), which he chairs, to assist him. The DRB includes the Service Secretaries, the CJCS, and the Under and Assistant Secretaries of Defense. The Service Chiefs attend, but are not members. It allows the OSD staff to challenge any OSD/Service/JCS proposal, but the issues for review are selected by the senior leadership. In the last six years, the CINCs have increased their direct participation in planning and programming. OMB participates in all phases of the PPBS. Representatives from the NSC and OMB staffs attend DRB meetings.

a. Planning Phase. Responsibility for managing this phase is assigned to the Under Secretary of Defense for Policy (USD/P). This phase begins when the President issues provisional budget levels for the next planning period. The first step is the drafting of defense policy guidance for the DG. Using the NSDDs and the recommendations of the DRB members and the CINCs, OSD leads a DoD-wide effort to analyze the threats, objectives, policies and strategies and identify defense policies and guidance for the development force programs.

At this point, the JCS provide their advice to the President, NSC, and the Secretary in the Joint Strategic Planning Document (JSPD). This document, prepared with the assistance of the CINCs, assesses the international environment, reviews the threats to U.S. interests, and evaluates national security objectives, policies, and strategies. It examines past defense policies and recommends military objectives and an unconstrained national military strategy. Included is a summary of the forces required to execute this strategy and attain the national security objectives, the Planning Force, and JCS views on its attainability considering (1) fiscal, manpower, and material constraints; (2) technology prospects; and (3) peacetime industrial output. Risk assessments of the programmed and current forces also are provided as well as recommendations for changes to the last DG. The JSPD supporting analysis is an internal Joint Staff document that uses analytical tools such as war games and decision analysis techniques on national security issues. Because JSPD itself contains little supporting analysis, OSD does not see the rationale for the Planning Force. This has limited the effectiveness of JCS institutional recommendations.

As a result of the Packard Commission recommendations, the JCS now provide to the Secretary with the JSPD a National Military Strategy Document containing a fiscally constrained military strategy, military strategy options, and resultant force levels. These alternatives, along with the CJCS military net assessments, are reviewed by the Secretary and assembled by USD/P into a package for the President along with other net assessments coordinated by the OSD Net Assessment Coordination Group. This strategic options package is reviewed by the President who selects his preferred national military strategy and force levels for use by OSD in allocating resources. The President's decision is the basis for the defense policy guidance and national military strategy published in the DG.

These sections become the foundation for an OSD-led effort to prepare the Force and Resource Planning Guidance portions of

the DG. Through a committee process, constrained Midterm Objectives (MTOs), expected to be achievable in about seven years, are identified and coordinated with members of the DRB and the CINCs. Issues that cannot be resolved by the DG Steering Group are forwarded to the DRB. These deliberations include review of the CINCs' stated problems and shortfalls and the resource assessments prepared for each proposed DG objective. If consensus is not achieved, the final decision is made by the Secretary and his Deputy. These objectives and the previously identified policies are the basis for the Services' program preparations. While the DG contains fiscal guidance, it does not normally limit funding for specific programs. Publication of the DG ends the planning phase of the PPBS.

b. Programming Phase. In the programming phase, the Services and Defense agencies prepare Program Objective Memorandums (POMs) based on guidance in the DG. The POMs are requests for resources needed by the DoD components to accomplish their missions. The Services and Defense Agencies must account for each CINC's stated, prioritized requirements in their POMs. The POMs are reviewed by the JCS and their views are forwarded to the Secretary in the Joint Program Assessment Memorandum (JPAM). This document provides comments on the balance, capabilities, and adequacy of the forces and support levels described in the Service POMs. It is not a critique of the Military Department POMs, but rather an assessment of the ability of the composite force. It includes a comparison of the requirements, objectives, and programmed and existing capabilities with a statement of remaining risks. Where appropriate, recommendations are made to improve overall capabilities within specified funding levels. Although JPAM is a formal step in the PPBS, its late submission, as noted by the PPBS Assessment Group in 1981, means the corporate views of the JCS often are not an important factor in the Program Review. More importantly, the JCS in the past have not made the tough inter-Service recommendations. However, JPAM does possess significant potential

for clarifying and resolving program issues because of the Goldwater-Nichols Act's strengthening of the Chairman's role.

During the next step, the OSD and Joint staffs prepare issue papers on selected concerns in the Service POMs. These papers are reviewed by the DRB in its Program Review. When there is no consensus, the Secretary/Deputy Secretary decide the issues which are reflected in Program Decision Memorandums (PDMs). Then the FYDP is updated, ending the programming phase. Programming is a further refinement of resource allocation on selected major issues. It is the bridge between planning and its broad fiscal parameters and budgeting which meticulously validates all program elements. The Director of Program Analysis and Evaluation (DPA&E) manages this phase of the PPBS.

c. Budgeting Phase. Based on the PDMs, budget estimates are prepared by the Services and forwarded to the Secretary. The OSD Budget Review is centered on Program Budget Decision (PBD) papers which look at specific issues involving the cost and executability of programs in the Service budgets. These papers are coordinated with the appropriate OSD, JCS, Service, and Defense agency staffs. When satisfied with their accuracy, each PBD is forwarded to the Deputy Secretary for decision along with dissenting views. When all issues have been resolved, the final DoD budget is submitted to the Secretary for approval. It then becomes part of the President's budget. This phase is completed when the President sends his budget to Congress in January. Then Congress begins its review of the proposed budget. Although not detailed here, this process is complex and time consuming for the Department's senior leadership. Ultimately, a defense budget is authorized and appropriated. The Comptroller is responsible for this PPBS phase.

Although the PPBS cycle concluded with the budget phase in the past, a recent initiative, to conduct an "implementation review," is being incorporated into the system. This DRB-level review, created in response to the Packard Commission's findings, will evaluate how well the Department is executing the current

program and how well the program is satisfying the requirements. It will consider topics such as major program changes and Congressional actions. The DPA&E is responsible for this review.

2. Supporting Processes. There are a number of processes that support the PPBS. Each is designed to support its organization's unique role in DoD. For the most part, OSD's processes provide policy guidance and oversight. Those in the Joint Staff perform force development and strategic planning. The Military Departments' systems focus on how best to organize, man, equip, and train the military forces. The most important of these supporting processes is the DoD Defense Acquisition System (formerly the Defense Systems Acquisition Review Council System) which supervises the identification and formulation of research, development, and acquisition programs that are to be included in the Service POMs. In addition, each Service has its own acquisition process and PPBS. The JCS use the JSPS to meet their responsibilities for force development and employment planning. Charged by the National Security Act of 1947 to prepare "strategic plans" and provide for the "strategic direction" of the Armed Forces, the JSPS is the capstone system to accomplish this. It is a continuous process where each phase is an outgrowth of the preceding one. A cycle begins with a strategic and intelligence evaluation and a review of existing policies. It determines requirements, develops recommendations for improvements, assesses the Service's proposed allocation of resources, and prepares guidance for the employment of forces. In addition to the three documents mentioned earlier, the JSPS includes: the Joint Long-Range Strategic Appraisal (JLRSA), the Joint Intelligence Estimate for Planning (JIEP), and the Joint Security Assistance Memorandum (JSAM).

C. Force Employment Planning. Often called "capability," "operations," or "contingency" planning, it involves preparing for the use of military forces and capabilities in global or regional operations. It is primarily a function of the JCS and the CINCs, supported by the Military Departments. However, OSD

and other Executive Branch offices do participate in these efforts. The three major components of force employment planning are deliberate, crisis management, and mobilization planning.

1. Deliberate Planning. This is the systematic development of detailed plans for the use of military forces at some indefinite time in the future. Its focus is on near-term plans to support foreign policy and meet U.S. commitments. Plans are developed to meet a wide range of possible events.

Executive Branch involvement in contingency planning has varied significantly. Since the mid-1960's, the NSC has attempted periodically to plan for contingencies with NSC/State/OSD/JCS planning groups such as the Washington Special Action Group (1969) and the Contingency Planning Working Group (1973).² "Ad hoc" groups also have been used. Most of these efforts concentrated on coordination and made sporadic attempts to influence JCS operations planning. None of these organizations and processes have endured to participate permanently in JCS deliberate planning. There are three phases to force employment planning in DoD: policy direction, plan development, and plan review and assessment.

a. Policy Direction. Guidance is given through the "national security and defense policy planning" processes and the personal interaction of the civilian and military leadership. The NSC's policies and strategies, published in NSDDs, are applicable to force employment and development planning. The Secretary's guidance in this area is usually oral, but some general direction is given to the JCS in the Defense Guidance (DG). This document states it is applicable to both development and employment planning. But, since its purpose is primarily force development and its distribution is so wide, it does not include the necessary and sensitive force employment planning guidance concerning when and where forces might be used and which countries can or cannot be counted on for bases and support.

This gap was addressed previously by a document called the Policy Guidance for Contingency Planning (PGCP).³ It was prepared

by the OSD staff under the auspices of USD/P and in close coordination with the Joint Staff. It was designed to facilitate interaction between the Secretary and the JCS; ensure plans are based on realistic, practical political-military assumptions; address contingencies considered vital; and present a wide range of politically useful options. It sought to improve civilian understanding of the plans and their attendant risks, and assure that they are consistent with projected resources. PGCP assigned responsibilities, provided regional-unique policies and assumptions, and presented scenario-specific direction on regional and military objectives. Assumptions covered included likely concurrent contingencies, mobilization actions, overflight and landing rights, support from other nations, national and DoD-wide intelligence assets, likely responses from other countries, national resource priorities and actions, and constraints on military responses (rules of engagement, limits on force commitments, geographical limitations). Efforts to revise PGCP in 1980-81 stalled and were eventually abandoned.

In the current process, the JCS develop the Joint Strategic Capabilities Plan (JSCP), a biennial document, to provide the strategy, force allocation, and guidance for development by the CINCs of operations plans to accomplish assigned military tasks in both global and regional contingencies. JSCP Volume I includes concepts, tasks, and planning guidance. Volume II identifies the forces available, called the "current force," and contains 14 annexes including such subjects as logistics; mobility; unconventional warfare; chemical warfare, nuclear, biological and chemical defense; communications and electronics; and mobilization. Based on the global war strategy, JSCP allocates the current force to various CINCs for development of a family of global plans without dual tasking a given unit. However, if several regional contingencies occur simultaneously, difficult choices would have to be made since each unit would be unable to meet all of its taskings.

b. Plan Development. The Joint Operations Planning System (JOPES) is the formal Joint Staff process for joint force employment planning. These long established, detailed procedures prepare deliberate plans for a wide range of potential contingencies during peacetime or pre-crisis situations. JOPS is structured to ensure the orderly and efficient use of resources in joint military operations and the timely development of effective plans. It determines the requirements for a mission and then evaluates the U.S. ability to provide resources to deploy, execute, and return from the mission. It leads a commander and his staff through a step-by-step planning process to develop either an operation plan in concept format (CONPLAN) or in complete format (OPLAN). Sometimes, it takes a year to produce a plan. Chart B-5 shows the deliberate planning process.

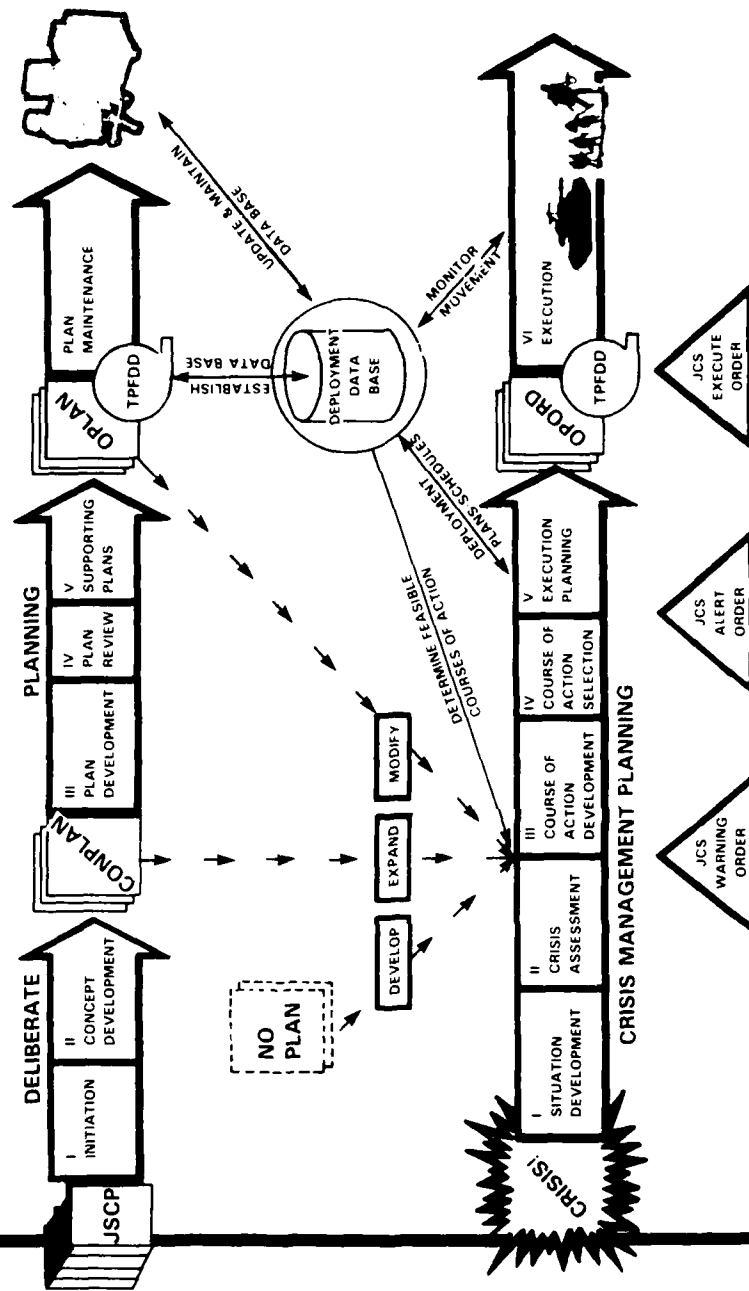
The "Initiation Phase" begins when the Unified or Specified Commanders are assigned tasks by the JCS in JSCP. The tasks, global and regional strategic concepts, and allocated major forces and resources in JSCP guide the gathering of information and coordinating by the CINC and his staff. Information on replacement personnel, logistics factors, and airlift and sealift assets are assembled and the Services, based on actual capabilities, identify other combat and support forces, manpower, material, and facilities available to support the CINCs.

The commander analyzes the mission and determines how to best carry out the operation in the "Concept Development Phase." It consists of a series of steps to collect and analyze intelligence and takes the CINC's staff and the Joint Staff through a problem solving process. With his staff's advice, the CINC decides on the best course of action for accomplishing the mission and translates it into a concept of operation that presents an overall picture and clarifies how he intends to allocate, employ, deploy, and support his forces. Upon approval by the JCS, the concept is distributed for use in OPLAN development.

In the "Plan Development Phase," the concept is expanded into a complete operations plan. The commander and his staff

CHART B-5

JOINT PLANNING SUMMARY



assign responsibilities, sequence events, time tasks, and determine required resources. The CINC's Service planners work closely with the Military Departments and other supporting commands to identify resupply, engineering, medical, and other support requirements and to develop detailed force lists and a Time-Phase Force Deployment Data (TPFDD) file. Potential force and resource shortfalls are identified and the deployment of forces is tested in a transportation feasibility analysis. The plan is documented in proper format and submitted to the JCS for approval.

The resulting plan is checked in the "Plan Review Phase" to ensure it is adequate for accomplishing the mission; and feasible in terms of available forces, resources, and support. Approval is given only for continued planning; execution is handled in a separate process.

In the "Supporting Plans Phase," all plans required to support the CINC's approved plan are finalized, documented in the proper format, reviewed, and approved. These plans deal with mobilization, deployment, and employment. They are developed by component commands, joint task force commands, and other supporting commands and agencies. The result is a family of plans to accomplish the CINC's overall mission. Each Military Department supports joint planning with its own unique systems and documents.

Deliberate planning is never finished. Plans are updated continuously to reflect changes in objectives, threats, force structure, or for other reasons. Periodic plan maintenance is conducted every four months. This routine task focuses on changes to deployment data and reduces the amount of change needed to adapt a plan for execution.

c. Plan Review and Assessment. This last phase of deliberate planning takes place concurrently with portions of the JOPS process. It includes briefings to the Secretary and USD/P which allows them to ensure the plans meet guidance. However, the Secretary is not supported by his civilian staff in this effort. Although the risks identified by the CINCs and an

updated threat assessment are used by the JCS to develop recommendations for the Secretary, these briefings are of limited use because the detailed planning information is tailored and simplified for oral presentation.

2. Crisis Management Planning. This time sensitive planning involves the development of plans or directives for the use of military forces or capabilities in on-going or real-time situations. A crisis often develops with little warning, and the President and his advisers must make timely decisions concerning a suitable diplomatic, economic, or military response, often with limited information. Each one of these fast breaking events is different. They might range from disaster relief in South America or deployment of a division sized force for a combat operation.

There are two focal points for crisis management in DoD: the OSD Crisis Action Center (CAC) operated for the Secretary by the Deputy Under Secretary of Defense for Policy, and the National Military Command Center (NMCC) operated by the OJCS. The OSD CAC coordinates political-military matters with the NSC, State, Federal Emergency Management Agency (FEMA), Department of Justice, other departments in the Executive Branch, and the NMCC. The NMCC coordinates military matters with the CAC, NSC, State, and the Services and provides the means to pass the directions of the President to the Unified and Specified Commanders.

a. The JCS Crisis Action System (CAS). This process, Chart B-5, is a time-sensitive planning system that tailors, expands, and further develops an existing operation or concept plan into an operation order or creates a new order when no plan exists. Even though an existing plan may need major adjustments before translation into an operations order, planning time during a crisis is saved because of the efforts in deliberate planning. CAS is a flexible process for the rapid exchange of information. Its objective is the timely development of military options to present to the Secretary and President. It uses common planning procedures and formats but recognizes that the degree of detail will vary based on the time available.

During the "Situation Development" phase, the JCS and civilian leadership monitor the situation to determine if, or to what extent, U.S. interests are threatened. Upon recognition, a problem is brought to the attention of appropriate officials through a written report. The Unified Commander sends his assessment of the crisis to the JCS and indicates the forces he has available, the earliest time they can be committed, and limiting factors.

Reporting is increased in the "Crisis Assessment" phase. Information is gathered to develop recommendations for the Secretary and President. Confirmation of a crisis results in identification of possible tasks and constraints and preparation of a JCS assessment of the military implications. Then, the Chairman issues a warning order to the appropriate commander, the Services, and other field commands that establishes command relationships and indicates potential courses of action.

The "Course of Action Development" phase is where detailed alternative courses of action, forces lists, support requirements, and recommendations on the best course of action are prepared. Component commands, supporting commands, and all agencies work with the CINC in planning. Time is critical, so information is exchanged rapidly and existing operations plans are reviewed to find one suitable. Then, the CINC submits an abbreviated estimate and his recommendation to the Chairman.

The JCS review the CINC's estimate in the "Course of Action Selection" phase. Based on the CINC's and the Transportation Command's estimates, the Chairman develops and presents a recommendation to the Secretary and President. Non-military options prepared by the NSC, State, or the Central Intelligence Agency may also be considered. The President's decision is announced in an Alert Order. Sent to all appropriate commands, it describes the course of action selected, sets schedules, and establishes special ground rules for execution.

When the Alert Order is received, the CINC begins "Execution Planning." His staff finalizes the force list, assists completion of the computerized deployment data base, and completes detailed

resupply and replacement requirements. The operations order, prepared in message format, contains the task organization, situation description, mission, concept of operations, anticipated time of execution, rules of engagement, command relationships, and logistics and administrative guidance. Supporting and component commands and agencies develop supporting orders, as required.

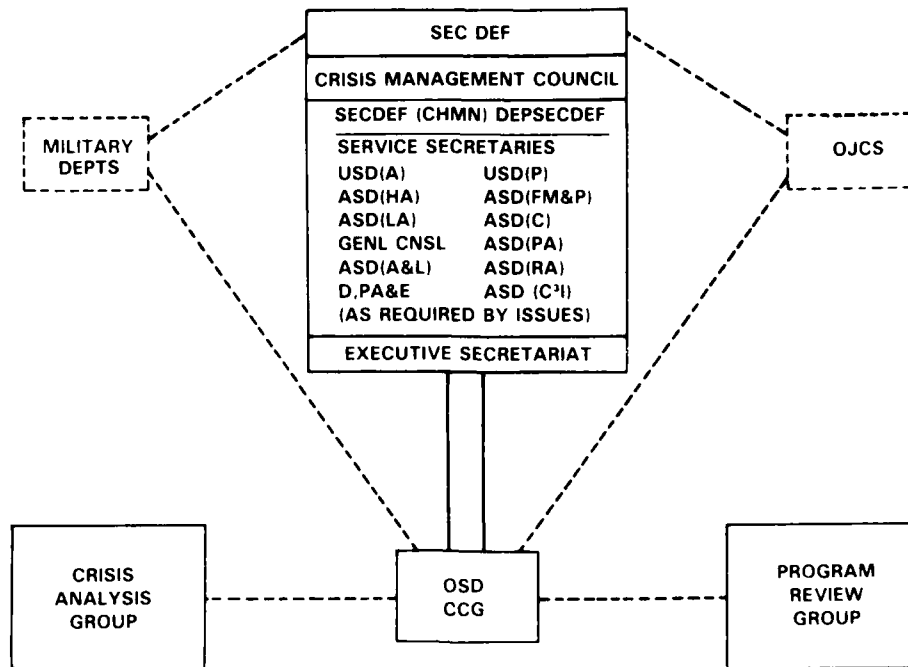
When the President decides to exercise a military option, the Secretary directs the Chairman to issue an Execution Order instructing the CINC and supporting commands to carry out the provisions of the order. This begins the final phase, "Execution," which continues until the operation is complete.

b. OSD Crisis Management System (CMS). This standby system is activated at the call of the Secretary. Its purpose is to enable OSD to accomplish its essential emergency functions effectively during a major national security crisis. It focuses on those activities where the Under Secretaries and Assistant Secretaries play the major roles. The CMS permits the rapid coordination of multiple actions, collection and analysis of essential information, and resolution of issues at the lowest appropriate level. It provides a forum for coordinated recommendations to the Secretary and a central point for the Secretary and other OSD and DoD principals to stay abreast of crisis-related activities.

The CMS does not alter existing lines of authority or responsibility. Senior executives in OSD, the JCS, and Joint Staff, and the Military Departments retain their full responsibilities to advise the Secretary and implement decisions. The CMS only facilitates the staffing process, and ensures that OSD senior staff have the mechanisms and procedures essential to discharge their responsibilities in an emergency. The basic elements of the CMS are shown in Chart B-6.

The Crisis Management Council (CMC) is the senior forum for advising the Secretary on matters requiring decision. Chaired by the Secretary, it provides a forum to discuss critical issues of military, political, and economic contingencies and to present

OSD CRISIS MANAGEMENT SYSTEM



BOARDS

ACQUISITION	INSTALLATION & LOGISTICS	MANPOWER	HEALTH AFFAIRS COUNCIL	POLITICAL MILITARY
ASD(A&L)	ASD(A&L)	ASD(FM&P)	ASD(HA)	USD(P)

COMMITTEES

- POLICY GUIDANCE
- FORCE EXPANSION
- ALLIED SUPPORT
- INSTALLATIONS
- SUPPLY & MATERIEL MGMT
- PRODUCTION MGMT
- TRANSPORTATION MGMT
- MILITARY MANPOWER
- CIVILIAN MANPOWER
- SECURITY ASSISTANCE
- MEDICAL, MOBILIZATION & DEPLOYMENT STEERING

REPORTS TO: _____

INFORMATION ONLY: _____

dissenting views to the Secretary. The CMC meets regularly during a crisis and serves as a mechanism for rapidly informing the leadership of changing conditions and providing guidance. There is the potential for a conflict of roles between the CMC and the NMCC.

The Crisis Coordination Group (CCG) works directly for the CMC. It provides a central point of contact for the timely dissemination of information and coordination of all crisis matters within OSD and among OSD and other DoD and Executive Branch organizations. Upon activation, the CCG monitors all crisis-related activities requiring OSD attention. It is staffed by representatives of the principal OSD staff with liaison from the Joint Staff's Crisis Action Team (CAT) of the NMCC, the Military Departments, appropriate Defense Agencies, State, the Federal Emergency Management Agency (FEMA), and other Federal departments and agencies. OSD representatives are expected to draw on their offices for support, guidance, and information.

Central to the CMS are the functionally oriented boards and committees chaired at the USD/ASD and DUSD/DASD level respectively. These groups are activated by their respective chairmen separately or concurrently, depending on the needs of the principals whom they support. Their purpose is to exchange information, deliberate on major crisis issues, coordinate actions, and provide advice and recommendations to their chairmen. The boards and committees have no intrinsic authority.

Support to the CMC also is provided by the Crisis Analysis Group, which provides a multi-disciplined analytical capability to support staff evaluation of needs and policy options. The Program Review Group is the final CMC support group and concerns itself with PPBS issues. It also assists the DRB during non-crisis activities.

3. Mobilization Planning. The final major type of force employment planning establishes long-range policies and procedures for the rapid transition of the reserve components and U.S. manpower and industrial resources to a posture of

support for general war. It bridges force development and force employment planning by identifying capabilities needed to support major contingency plans. OSD and the Military Departments are the primary players in these efforts, but other Executive Branch offices are involved. There are three categories of mobilization planning. The first, "military mobilization," focuses on preparing the nations military forces for mobilization. It involves planning for the activation of selected reserve units, the recall of the Individual Ready Reserve and retired military personnel, an increase in civilian hiring, the initiation of the draft, and the training of mobilized units and individuals. The second is "industrial mobilization" which includes the preparation of factory tooling plans and programs; development of standby production lines and plants; stockpiling of raw materials, parts, and end items; establishment of requirements for military and essential civilian needs; development of priorities and enforcement procedures; and creation of controls for materials rationing. The final area is "civil defense." This involves planning for the protection of the nation's leadership, general population, and key industrial installations and facilities.

DoD's Mobilization and Deployment Steering Group, revitalized recently, has developed a comprehensive mobilization policy and revised the DoD Master Mobilization Plan (MMP). This plan provides broad guidance for mobilization planning and assigns specific responsibilities and tasks. OJCS coordinates Service mobilization planning and integrates these efforts with other types of force employment planning. Also under development is an OSD/JCS Joint Industrial Mobilization Planning Process to complement other mobilization planning efforts.

Footnotes

1. Hall, David K., Implementing Multiple Advocacy in the National Security Council 1947-1980, Vols. 1 and 2, University Microfilms International, Ann Arbor, May 1982.
2. Odeen, Philip, "National Security Policy Integration," Coopers and Lybrand, Washington, September 1979, p. 38.
3. Komer, Robert W., "Strategymaking in the Pentagon," in Reorganizing Americas Defense, eds. Robert J. Art, Vincent Davis, and Samuel P. Huntington, Pergamon - Brassey's, Washington, 1985, p. 216.

Appendix C

Defense Acquisition System

On September 1, 1987 the Deputy Secretary of Defense signed DoD Directive 5000.1 "Major and Non-Major Defense Acquisition Programs," DoD Instruction 5000.2 "Defense Acquisition Program Procedures," and DoD Directive 5000.49 "Defense Acquisition Board." These issuances prescribe the policies and procedures under which the Defense Acquisition System shall operate. They build upon changes introduced throughout the tenure of the current Administration, reflect the President's implementation of decisions regarding the President's Commission on Defense Management (Packard Commission), and carry out Congressional direction contained in the provisions of the Defense Acquisition Improvement Act of 1986.

1. SYSTEM OVERVIEW. DoDD 5000.1 prescribes the policies which govern defense acquisition programs. The Directive provides for a single uniform system and designates the Under Secretary of Defense (Acquisition) (USD/A) as the principal advisor to the Secretary of Defense on acquisition matters, the Defense Acquisition Executive (DAE), and the Defense Procurement Executive. It provides for a streamlined DoD acquisition structure through establishment of Service Acquisition Executives (SAE) to administer acquisition programs in the Military Departments, Program Executive Officers to administer a defined number of acquisition programs, and Program Managers to manage specific acquisition programs. For major acquisition programs, there may be no more than two management tiers between a Program Manager and the DAE, and no more than one management tier between a Program Manager and the SAE. This structure is also to be used, to the extent practicable, for non-major acquisition programs.

5000.1 also outlines the policies under which major systems are reviewed, evaluated, approved, acquired, and managed. In addition, the Directive contains policy guidance concerning acquisition program improvement, strategy, and stability. In this regard, DoD Components

are required to conduct realistic long-range planning, plan for economical rates of production and multi-year procurement, establish program baselines, identify trade-offs between cost and performance, utilize prototyping for critical components, increase competitive practices throughout the process, and maximize the use of "off-the-shelf" products. Finally, the Directive emphasizes the need for a strong U.S. industrial base and cooperative efforts with Allies. All of these provisions reflect specific recommendations made by the Packard Commission and approved by the President.

DoDI 5000.2 prescribes the procedures to be used for implementation of the policies contained in DoDD 5000.1. It details the processes, procedures, and responsibilities that serve as the basic guidelines for key officials throughout the acquisition process.

II. DEFENSE ACQUISITION BOARD. DoDD 5000.49 prescribes the mission, membership, responsibilities, and authorities of the Defense Acquisition Board (DAB). The DAB is the body responsible for carrying out the duties of the Joint Requirements and Management Board recommended by the Packard Commission. It is the vehicle through which major systems are reviewed. DoDD 5000.49 designates the DAE as DAB Chair and makes that official responsible for supervising its operation and administration.

The objective of the Defense Acquisition Board is to ensure that major acquisitions are carried out efficiently and effectively to achieve the operational objectives of the Armed Forces in their support of national objectives. The Board reviews weapon systems at six major decision points, or milestones, in the weapons acquisition cycle, as outlined below.

<u>MILESTONE</u>	<u>ISSUES CONSIDERED</u>
0	Whether to program and budget for a new acquisition.
I	Whether to proceed with the demonstration/validation phase. This includes consideration of program alternative trade-offs.
II	Whether to proceed with Full Scale Development (FSD) and Low Rate Initial Production (LRIP) of selected components.

- III Whether to proceed with Full Rate Production (FRP), deployment or construction.
- IV Actions and resources needed to ensure that operational readiness and support objectives are achieved and maintained for the first several years.
- V System's or facility's current state of operational effectiveness, suitability, and readiness, to determine whether major upgrades are necessary, or deficiencies warrant consideration or replacement.

The Milestone 0 decision determines mission-need and approves program initiation and authority to budget for a new program. Normally, a concept exploration/definition phase follows this approval. Primary considerations during this milestone evaluation include: (1) mission area analysis; (2) affordability and life-cycle costs; (3) the ability of a modification to an existing U.S. or Allied system to provide needed capability; and (4) operational utility assessment. A major acquisition is not approved unless sufficient resources can be programmed to be available to ensure completion of the projected system development. (Similar decisions are made for Milestones I - V (See DoDD 5000.1 and DoDI 5000.2 for additional details.))

Many of the organizations involved in the DAB are also involved in the PPBS. This involvement has been strengthened by the two new positions created by recent Legislation; the USD/A and the Vice Chairman of the Joint Chiefs of Staff. According to the Packard Commission report, the Vice Chairman should play an active role in all joint programs and in appropriate Service programs by defining weapons requirements, selecting programs for development, and thereby facilitating an early trade-off between cost and performance. The USD/A will consider the recommendations made by the Vice Chairman when making acquisition decisions. While participating as members of the Defense Resources Board (the group that supports the Secretary during the PPBS process) the Vice Chairman and the USD/A should work together to ensure that the decisions that they supported during the DAB process are implemented effectively.

While the establishment of these two positions will improve the requirements relationship between the DRB and DAB processes, some problems will continue to exist. These will occur whenever the budget and program estimates used by the DAB to make their affordability determinations differ from the DoD Budget that is eventually approved by Congress. (The DAB budget decisions and budget estimates occur prior to the Congressional budget decisions.) In order to meet actual budget constraints, acquisitions that had been approved by the DAB based on some production level often are cut below that level. Some of these systems may not have been approved if the final funding levels had been known during the DAB evaluations.

Appendix D

Analysis of Selected Management Concepts

A series of five papers were prepared at the request of the Office of the Secretary of Defense to provide the Study Team with an objective perspective on the management concepts associated with the recommendations contained in recent reports dealing with DoD organization. These papers provide contemporary theoretical and empirical perspectives on selected management concepts. Concepts included are span of control, functional versus mission organizational arrangements, centralized versus decentralized management, matrix management, and management versus control.

The papers were prepared under the direction of Dr. Michael G. Hansen who, at the time, was Director of the Key Executive Program, School of Government and Public Administration, The American University. Dr. Hansen is now Director of the Federal Executive Institute. The papers and their authors are as follows:

"Series Overview and Management Versus Control,"

Dr. Michael G. Hansen, School of Government and Public Administration, The American University, Washington, DC.

"Function vs. Mission Departmentation," Dr. Barry Bozeman, with R. F. Shangraw, Jr., Department of Public Administration, Maxwell School of Citizenship and Public Affairs, Syracuse University, Syracuse, NY.

"Span of Control," Dr. Albert C. Hyde, Director, Public Administration Program, San Francisco State University, San Francisco, CA.

"Centralization vs. Decentralization in Organizations and Management," Dr. E. Samuel Overman, University of Colorado, Denver, CO.

"Matrix Organization," Dr. Michael J. White, J.D., Ph.D., School of Public Administration, University of Southern California, Los Angeles, CA, and Leff Thornton Katz Reez and Mocciaro, Los Angeles, CA

Several common themes emerge when the prescriptive fundamentals, empirical evidence, and implications of the concepts covered in these five papers are considered together.

- o First, all the concepts considered represent structural, or formal, management tools or methods to influence organizational outcomes. Although there are a variety of approaches from which to analyze and act upon organizational problems, classical, structural thinking remains preeminent in contemporary management thought.

- o Second, there is a paucity of empirical evidence to verify the assumptions of, and claims for, these classical management precepts. The tendency is to accept classical, structural maxims on faith, to act on them as if they were true despite the absence of empirical verification. As early as 1946, Herbert Simon claimed such classical principles were merely proverbs. Yet, people tend to accept their veracity and believe in such concepts regardless of their basis in fact.

- o Third, the papers all emphasize there is no one right way to manage. The classical concepts described in these papers, even without empirical foundation, represent but one approach to influencing organizational outcomes. As the authors of the papers make clear, workable solutions to organizational issues and problems depend on the perspective from which those issues or problems are viewed.

There are, in sum, no golden rules for organizational change. Organizational issues and problems are now so complex, and uncertainty and randomness in organizational environments so rampant, that simple cause and effect problem "solutions" are

difficult, if not impossible, to isolate, implement, and evaluate. In complex, highly politicized environments, it is the cumulative effect of individual changes, the response to particular issues and problems, guided by informed management practice over time that influences the direction and nature of organizational change.

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DEFENSE (U) OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON DC W E SMITH 01 OCT 87

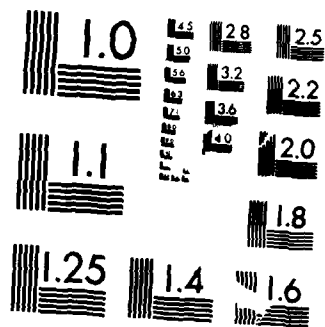
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Appendix E

"NETMAP" Management Analysis of OSD

NETMAP* International, Inc., a management consulting firm, analyzed survey data to produce graphic representations that map the manner in which OSD actually operates, in contrast to what is implied by formal organization charts.

Survey questionnaires were completed by 230 key officials in the Office of the Secretary of Defense (OSD), the Organization of the Joint Chiefs of Staff (OJCS), the Military Departments, the Defense Agencies, the DoD Field Activities, and selected Unified and Specified Commands. The survey focused on communications between individuals and, to be recorded, had to be confirmed by both individuals. The survey was done in two parts, both of which asked about frequency of communication (daily, weekly, etc.).

- o The Defense Agency and DoD Field Activities part also asked about accuracy, timeliness, and utility of the communications.

- o The OSD part of the survey asked for a rating of the importance of the communication in six management areas: policy and force development, force employment planning, management of operations and crises, resource management, oversight/evaluation, and "other issues." These areas were chosen to help analyze specific issues the Goldwater-Nichols DoD Reorganization Act of 1986 had asked be studied.

Further, data on the individual's military status (active duty, retired, reserve); tenure in current position; tenure in OSD; prior OSD and DoD service time; etc., were collected.

The NETMAP graphic representations of top level communications in DoD reflected both organizational and individual personality factors. The representations were primarily used to confirm information developed from interviews and other research.

*NETMAP is a registered trademark of NETMAP International, Inc.

Appendix F

List of Interviewees from Outside of DoD

The Study Team received briefings on each major OSD organization and discussed issue areas with the head of the organization or his representatives. The Team also met with representatives of OSD's major customers, the Military Departments and the Organization of the Joint Chiefs of Staff. In addition, we interviewed the following distinguished group of former senior civilian and military officials and academicians.

Augustine, Honorable Norman R.
Barrett, Dr. Archie D.
Brehm, Honorable William K.
Brown, Honorable Harold
Carlucci, Honorable Frank C.
Collins, John M.
Dawson, Rhett B.
Foreman, Ann
Gansler, Jacques S.
Goodpaster, General Andrew J., USA(Ret)
Gorman, General Paul F., USA(Ret)
Hammond, Dr. Paul Y.
Hansen, Professor Michael
Howgill, Colonel Colin, RAF
Huntington, Professor Samuel P.
Ignatius, Honorable Paul R.
Kester, Honorable John G.
Komer, Honorable Robert W.
Korb, Dr. Lawrence J.
Locher, James R.
McGiffert, Honorable David E.
McNamara, Honorable Robert S.
Moorer, Admiral Thomas H., USN(Ret)
Murray, Dr. Robert
Nitze, Ambassador Paul H.
Odeen, Philip A.
Perry, Dr. William J.
Powell, Lieutenant General Colin L., USA
Puritano, Honorable Vincent
Scowcroft, General Brent, USAF(Ret)
Slocombe, Walter B.
Smith, General William Y., USAF(Ret)
Stilwell, General Richard G., USA(Ret)
Woolsey, Honorable R. James
Younghusband, Major General Glenn, Canadian Forces

Appendix G

Management Study of the Office of the Secretary of Defense

Team Members

Howard G. Becker - Project Director
Mark E. Smith III - Study Director

Douglas L. Brown
John S. Ellison
Ralph P. Kennedy
Barbara H. Knox
Lawrence E. Masterson
J. Kenneth Schreier
Samual A. Tucker

Administrative Support Staff

SP4 Malessa E. Carr, USA
Nancy E. Gorski
Patricia Horton
F. Patricia McKay
Glenna F. Williford
Jacquelyn A. Sellers

