

Reorganization of the Office of the Secretary of Defense to Carry Out Reductions in the Number of Deputy Under Secretaries of Defense

Report to Congress



April 2014

Office of the Secretary of Defense

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To comply with the requirement of Section 901(i)(3) of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 and to further the Department of Defense aim to achieve a more effective and efficient Office of the Secretary of Defense (OSD), the Department has prepared the following Report, "Reorganization of the Office of the Secretary of Defense to Carry Out Reductions in the Number of Deputy Under Secretaries of Defense."

This Report details the Department's analysis and determinations for the realignment of the organizational structure of OSD to eliminate the remaining non-Presidentially Appointed, Senate-confirmed (PAS) Deputy Under Secretaries of Defense (DUSDs). Specifically, it outlines the changes required for the merger, elimination, and/or re-designation of the five remaining non-PAS DUSDs, including the DUSD for Installations and Environment in the Office of the Under Secretary of Defense (OUSD) for Acquisition, Technology, and Logistics, the DUSD for Strategy, Plans, and Forces in the OUSD for Policy, and the three DUSDs within the OUSD for Intelligence. These actions will achieve the desired elimination of the DUSD title, consistent with the direction of Section 901 of the Ike Skelton National Defense Act for Fiscal Year 2011 and Section 906 of the National Defense Authorization Act for Fiscal Year 2010.

OSD must continue to evolve as an organization in order to address both current and emerging challenges. The task of addressing Congressional concerns, while simultaneously maintaining the ability to rapidly adjust to Defense priorities and National demands, underscores the need to retain the necessary flexibility to align the structure and focus of OSD to address emerging complexities and dynamics in the national security environment. To this end, the Department is committed to working with Congress to ensure that the Defense organization continues to adapt to meet the security challenges of the 21st Century.

David Hager



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SECTION 1. BACKGROUND

The conferees note that the creation of a Deputy Under-Secretary for Personnel and Readiness will bring the number of deputy under secretaries within the OSD to nine, only four of which require Senate confirmation. Further, there is no consistent organizational approach to the responsibilities and authorities of deputy under secretaries, assistant secretaries, and directors of programmatic offices throughout the four under secretariats within the OSD. The conferees are concerned with this arrangement....

Conference Report for FY02 NDAA, December 12, 2001

There are currently 28 DUSDs within the Department ... all DUSDs, however, are not equal in terms of reporting relationships, pay, precedence, or succession.

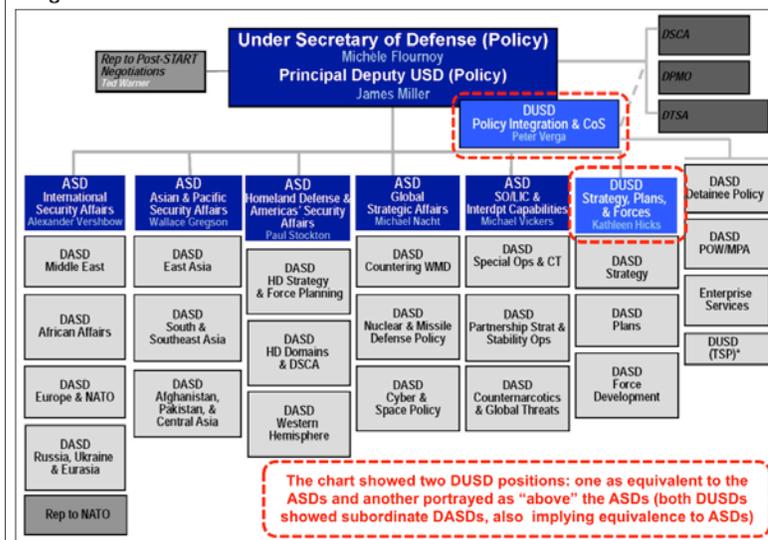
Deputy Secretary of Defense William Lynn, April 27, 2009

Deputy Under Secretaries of Defense (DUSDs) and Assistant Secretaries of Defense (ASDs)

In March 2009, the Chairman of the Senate Armed Services Committee (SASC), in a letter to the Deputy Secretary of Defense, expressed his concern about the establishment of new non-Presidentially Appointed, Senate-confirmed (non-PAS) DUSDs that appeared to be equivalent in responsibility and authority to existing PAS ASDs. In particular, the SASC was concerned with the two DUSDs within the Office of the Under Secretary of Defense (OUSD) for Policy (OUSD(P)) (see Figure 1). This concern prompted the SASC to introduce a provision into the National Defense

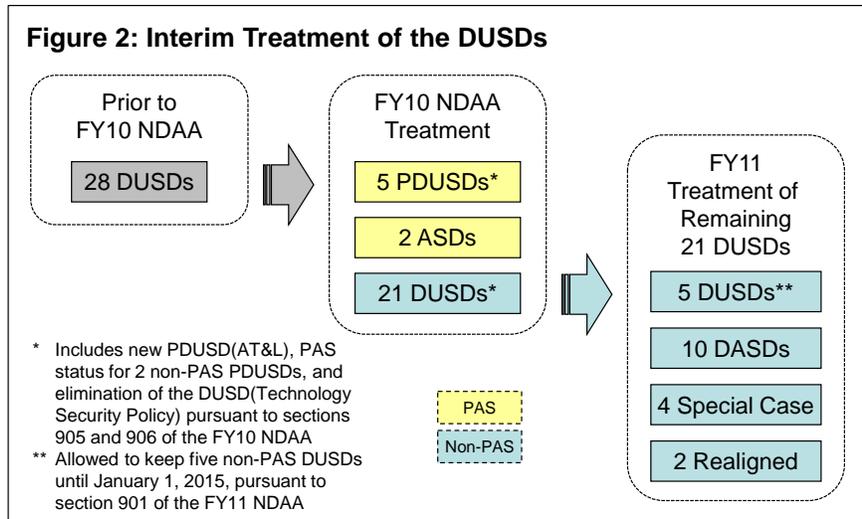
Authorization Act (NDAA) for Fiscal Year (FY) 2010 that would have eliminated all DUSDs immediately and added seven new Presidentialy Appointed, Senate-confirmed (PAS) officials to the Office of the Secretary of Defense (OSD). This action, at the time, would have resulted in an immediate 24 percent growth in OSD in the number of PAS officials.¹ The Deputy Secretary of Defense and SASC staff engaged on an amended provision that, when enacted in the FY10 NDAA (Public Law (PL) 111-84,

Figure 1: 2009 OUSD(P) Organizational Chart



¹ This increase would have occurred during a time when delays in the confirmation of Executive Branch officials were continuing to be a significant concern for both the Executive and Legislative Branches of the Federal Government. These concerns, among others, prompted the passage of the Presidential Appointment and Streamlining Act of 2011, PL 112-166, August 10, 2012.

October 28, 2009), began the standardization of the structure of OSD. It also delayed the elimination of the DUSDs until January 1, 2011, and called for a report to be prepared outlining a plan for broader restructuring. The Report², required by Section 906(a)(3) of the FY10 NDAA (see Appendix A), outlined the Deputy Secretary of



Defense’s plan for a treatment of the DUSDs (see Figure 2) and a request to retain a limited number of non-PAS DUSDs for major pillars of activity within the Offices of the Under Secretaries of Defense (USDs). A “major pillar of activity” is defined as a primary, core set of functions and responsibilities of the USD’s office, which derive from the overall chartered responsibilities and authorities of the USD. The SASC was receptive to the plan and endorsed most of the statutory changes proposed in the Report. However, the SASC’s continuing concerns relative to the use of the DUSD title prompted the SASC to propose, and Congress to enact, in Section 901 of the FY11 NDAA (PL 111-383, January 7, 2011), the retention of only five non-PAS DUSDs until January 1, 2015, and the requirement for this Report outlining how the Department of Defense (DoD) would eliminate these remaining five non-PAS DUSDs (see Appendix A). Further, in addition to the elimination of the DUSD title for non-PAS officials, Section 901(i)(3)(B) specifically required the Secretary of Defense to consider, at a minimum, the feasibility of merging the position of DUSD for Installations and Environment (I&E) with the position of ASD for Operational Energy Plans and Programs (OEP&P); and realigning the OUSD(P) in order to eliminate the DUSD for Strategy, Plans, and Forces (SPF).

On review, due to the concerns of the SASC, and DoD leadership’s attention on the size and scope of DoD headquarters activities, the number of DUSDs has been decreasing from a high of 28 in 2009 (a mix including PAS, Principal DUSDs (PDUSDs), and non-PAS officials, see Figure 3) to 5 PAS PDUSDs and 5 non-PAS DUSDs in 2011 (see Figure 4). This Report will describe the Department’s actions on and treatment of the remaining five non-PAS DUSDs (see Figure 5) in order to comply with Section 901 of the FY11 NDAA.³

² See Revised Organizational Structure for the Office of the Secretary of Defense, April 2010, <http://odam.defense.gov/OMP/Functions/SpecialInitiativesStudies.aspx>.

³ It is important to note that there will continue to be five PAS PDUSDs who serve as the First Assistants to the five USDs. The elimination of the DUSD title applies only to the non-PAS/non-PDUSD officials.

Figure 3: DUSDs
Prior to FY10 NDAAs

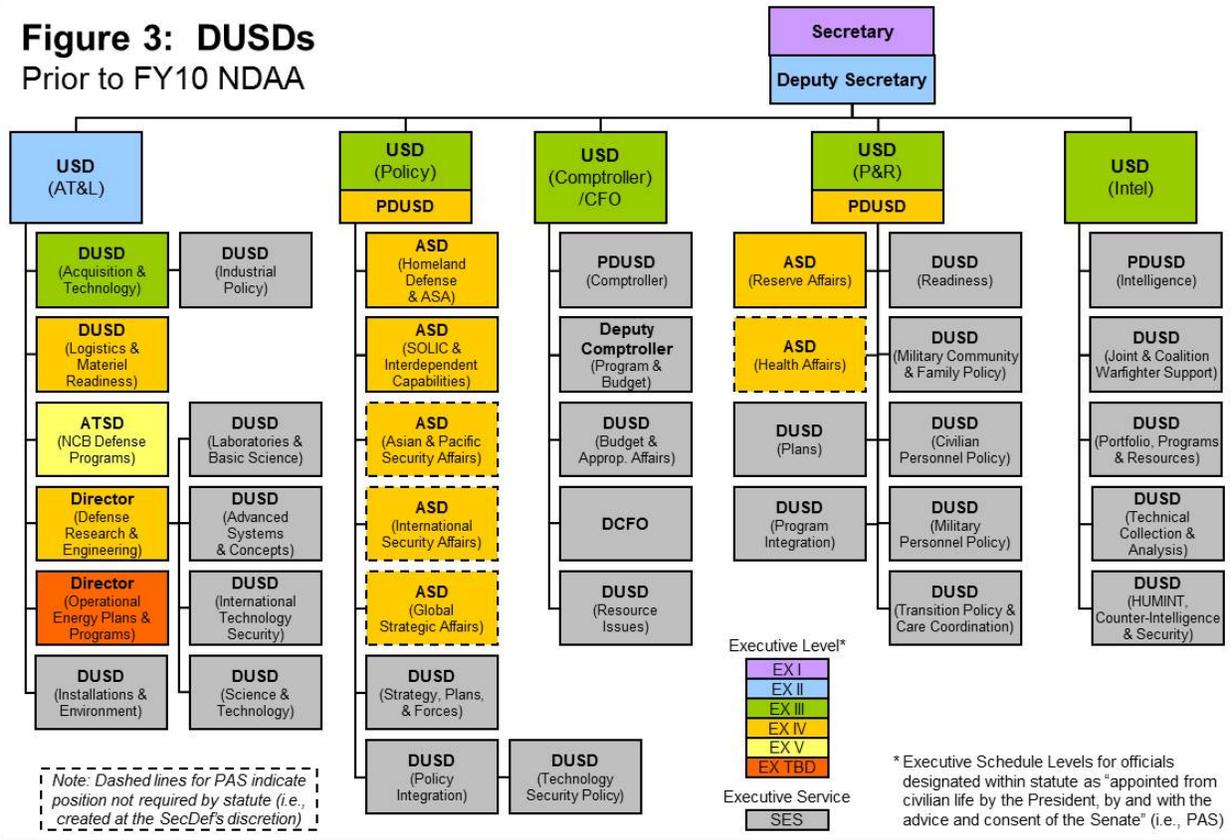
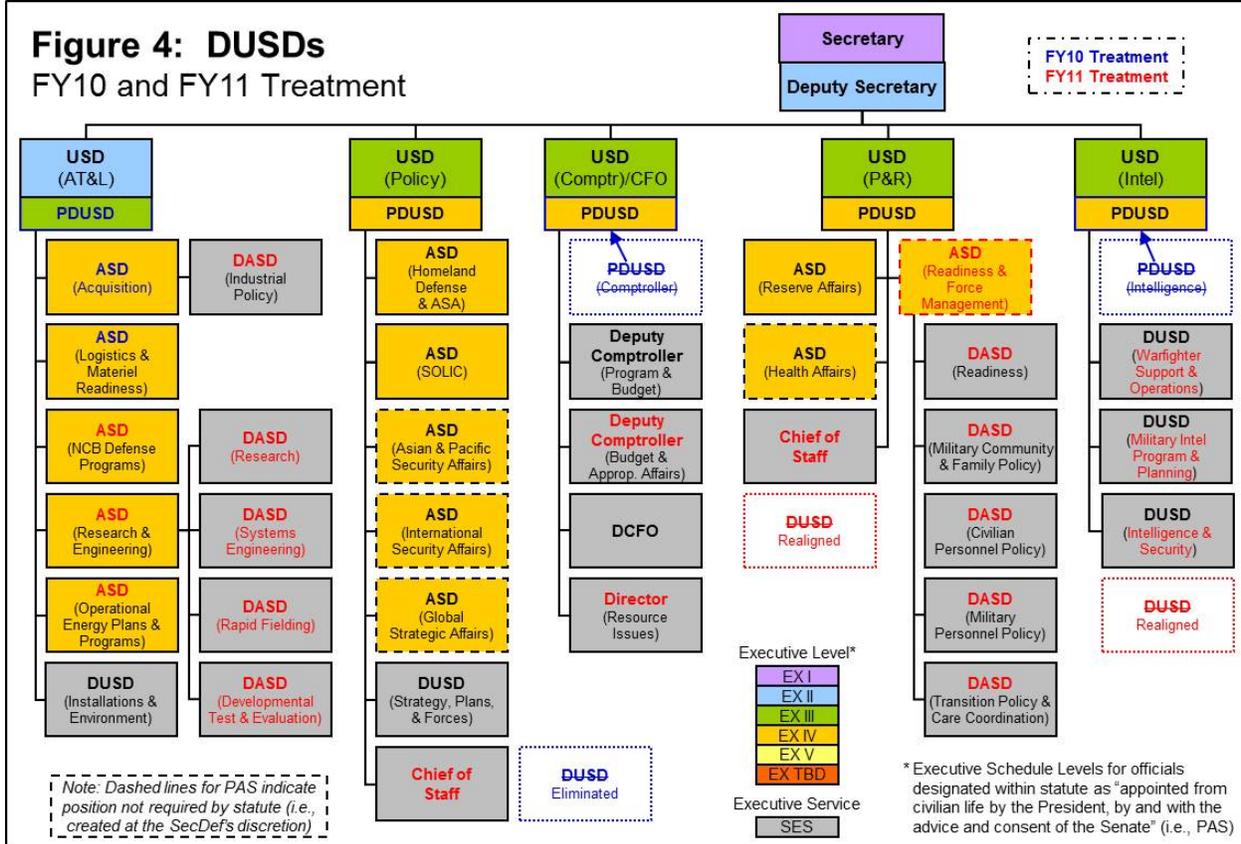
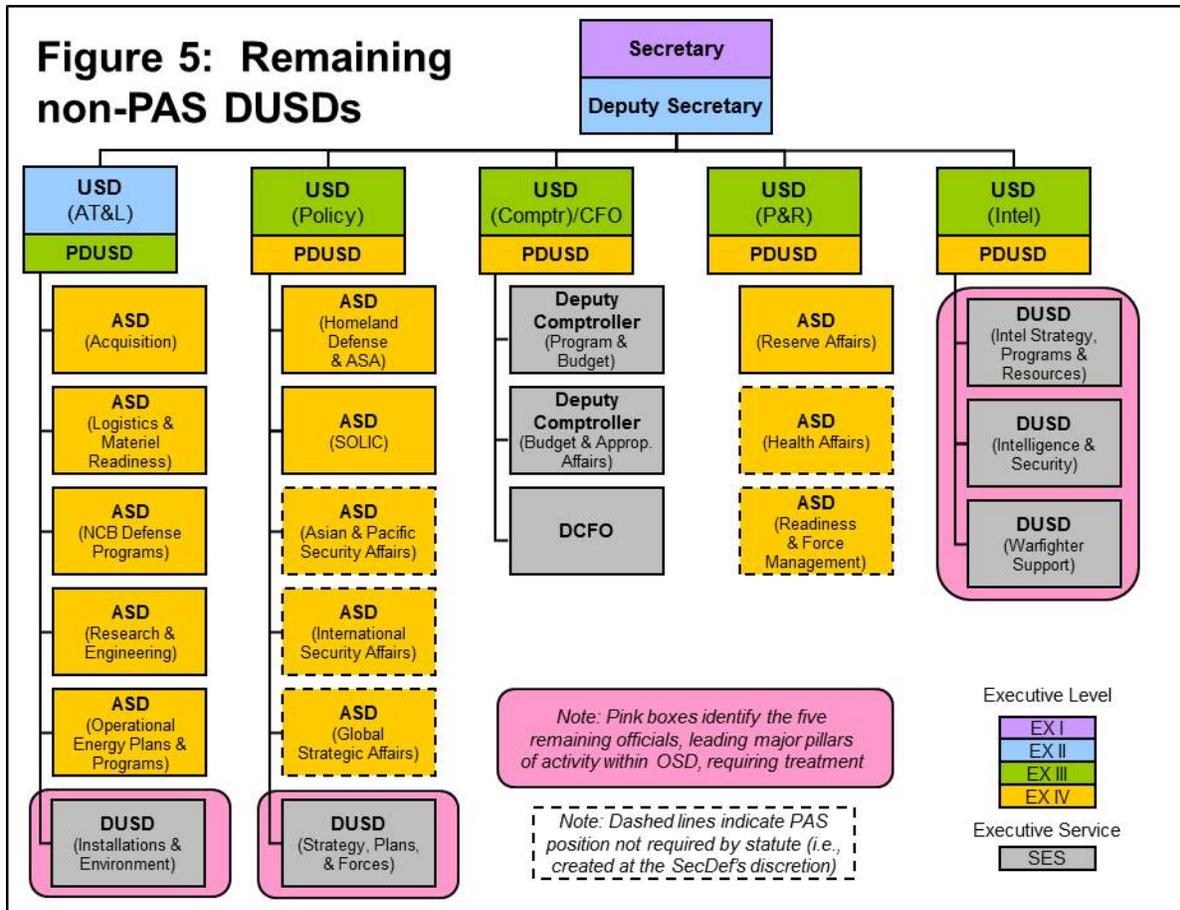


Figure 4: DUSDs
FY10 and FY11 Treatment





OSD Organizational Review

In April 2013, the Secretary of Defense announced an initiative, the Strategic Choices and Management Review (SCMR), with the aim to reduce manpower and resources across the DoD major headquarters. The SCMR was followed in July 2013 with direction from the Secretary of Defense to reduce major headquarters budgets by 20 percent. The OSD resource reduction was coupled with a follow-on OSD Organizational Review effort directed by the Secretary of Defense in August 2013, which aimed to achieve a more effective and efficient organizational structure for OSD. To this end, the OSD Organizational Review focused on an assessment of the responsibilities, functions, and structures of the OSD Principal Staff Assistants (PSAs) and the impact of the 20 percent OSD resource reduction, with direction to examine and refine, where and as appropriate, the OSD consolidation options proposed by the SCMR. The purpose of the OSD consolidation options was to identify opportunities to improve functional alignment, eliminate redundancies, improve span of control, strengthen management functions, and eliminate unnecessary legacy functions. Given these stated objectives, the Secretary of Defense requested, through the ASD for Legislative Affairs (LA), a deferral for the submission of this Report in order to allow proposals on the elimination of the five remaining non-PAS DUSDs to be considered and included in the overall OSD Organizational Review recommendations.

The Secretary of Defense announced his final decisions on the recommendations from the OSD Organizational Review in December 2013 (See Appendix B). Several of the decisions have impacts on the treatment of the DUSDs (e.g., the restructuring of OUSD(P) directly affects the requirement to consider a realignment of OUSD(P) in order to eliminate the DUSD(SPF)). The impacts on the treatment of the DUSDs are addressed in the next section of this Report.

SECTION 2. TREATMENT OF THE REMAINING DUSDs

The following discussion details the treatment of the five remaining non-PAS DUSDs. Considerations included historical organizational practices, current structures and assignments of functions, and alignment with contemporaneous policy imperatives and emerging systemic challenges.

DUSD(I&E)

The first statutory establishment of a DoD official charged with the oversight of installations was the Director of Installations, created by PL 82-534, July 14, 1952. The functions were subsequently transferred to the ASD for Properties and Installations in 1953 and later transferred to different ASDs⁴ until 1996 when the functions were assigned to the DUSD for Industrial Affairs and Installations (a non-PAS official). This official would become the DUSD for Installations and, finally, the DUSD(I&E) in April 2002, as a result of the merger of the DUSD for Installations with the DUSD for Environmental Security. Due to the longevity and history of this function, there exists a variety of statutory functions that have been assigned to the DUSD(I&E), which include provisions in Title 10, United States Code (U.S.C.), Chapters 160—Environmental Restoration, 172—Strategic Environmental Research and Development Program, and 173—Energy Security, among others. Additionally, the DUSD(I&E) is the policy lead for activities in support of Defense Base Closure and Realignment.

As of 2013, the major organizational elements of the Office of the DUSD(I&E)(ODUSD(I&E)) were basing, facilities energy and privatization, environmental management, environmental readiness and safety, and facilities investment and management. Prior to the Secretary of Defense-directed 20 percent reduction to OSD manpower and resources, the ODUSD(I&E) had approximately 154 personnel and direct management and oversight of approximately \$177.9 million in installations and environment support funding, reflecting the need to provide resources for a broad and complicated portfolio identified as a major pillar of activity of the OUSD for Acquisition, Technology, and Logistics (AT&L). As the lead office for installations, the DUSD(I&E) has been the principal proponent for energy efficiency, subsequent to

⁴ The installations oversight function has primarily been assigned under the Acquisition and Logistics “umbrella”, except for a brief period from 1977 to 1985, when it was combined with the ASD for Manpower and Personnel (forming the ASD for Manpower, Reserve Affairs, and Logistics and later the ASD for Manpower, Installations, and Logistics).

enactment of the National Energy Conservation Act of 1978 (PL 95-619, November 9, 1978).⁵

The ASD(OEP&P) was initially created as the Director of OEP&P (DOEP&P)⁶ in the FY09 NDAA (PL 110-417, October 14, 2008) in order to establish a senior leader charged with addressing the ongoing concerns of various studies conducted over the preceding few years. Specifically, the House Armed Services Committee (HASC) was concerned with the significantly increased operational energy demands on the military (for example, energy demands for military operations in Iraq and Afghanistan grew from 9 to 16 gallons per soldier per day between 2005 to 2007) and the challenges in managing the use of energy for military operations (including significant logistical burdens and operational vulnerabilities, increased force protection requirements, and the fact that operational energy accounts for as much as three-quarters of DoD's annual use of energy). These concerns, which were recorded in the accompanying House Report 110-652 for the FY09 NDAA, prompted the HASC to introduce a provision for a senior official who would be charged with ensuring that fuel logistics support requirements were considered in DoD's planning, capability requirements, and acquisition processes. This official would lead the development of an annual report on operational energy use and ensure operational energy initiatives had strong advocacy. While a critical element of support for the warfighters, the operational energy organization is much smaller in terms of staff support and budget when compared with ODUSD(I&E). Prior to the Secretary of Defense-directed 20 percent reduction to OSD manpower and resources, the Office of the ASD(OEP&P) (OASD(OEP&P)) had approximately 20 personnel and oversight of an \$8 million budget.

The result of these discrete assignments of responsibility is a bifurcation of functions and activities related to the policy and oversight of energy utilization between the DUSD(I&E) and the ASD(OEP&P). However, it is important to also highlight that there are a wide variety of activities in ODUSD(I&E) that are not focused on energy use alone. On review, the Department has concluded that the merger of the two offices is the optimal arrangement to build synergies between installations, environment, and energy functions and activities. Further, the Department recognizes additional advantages to the merger of DUSD(I&E) and ASD(OEP&P) under the stewardship of one PAS official – the I&E functions would benefit from leadership and advocacy from a PAS official; and the OEP&P function would benefit from increased resources and the collaboration with the facilities energy team. The organizational configuration reflecting the elimination of the DUSD(I&E) is at Appendix C.

⁵ The lead for energy efficiency was passed through predecessor official/organizations since the passage of the National Energy Conservation Act of 1978.

⁶ The DOEP&P was redesignated as the ASD(OEP&P) in Section 901 of the FY11 NDAA.

DUSD(SPF)

Over the last two decades, the SPF functionality has resided under various offices throughout the OUSD(P) (see Figure 6). The SPF functionality migrated from a significant dual role of the PDUSD(P) (identified in 1992 as the PDUSD(Strategy and Resources)⁷) to two discretely aligned ASDs for Strategy (the ASD for Strategy and Requirements from 1994 to 1996; and the ASD for Strategy and Threat Reduction from 1998 to 2000). Further, at various times, the SPF function has been partially located within both the Offices of the ASDs for Special Operations and Low Intensity Conflict (SOLIC) and Homeland Defense (HD).

Additionally, the SPF function was shared with non-PAS DUSDs in the early 1990s (the DUSD for Trade Security Policy and the DUSD for Policy Planning), prior to being merged and placed under a single, non-PAS official in 2009 (the DUSD(SPF)). The SPF functionality represents an OUSD(P) enterprise

capability that integrates various DoD policies across the homeland/continuity, special operations, and international regional elements of OUSD(P), with the analysis of the capability and capacity to support the related missions provided by elements across DoD.

In parallel with the DUSD assessment, the OSD Organizational Review was examining broader effectiveness and efficiencies across OSD, and the OSD PSAs were considering how to implement their pending resource reductions (20 percent manpower and funding reductions). In response to the Secretary's direction, the USD(P) advanced an overall consolidated plan, enabled by organizational flexibility and compelled by the need to address resource reductions, that incorporated the treatment of the DUSD(SPF), while also allowing for accommodation of the variety of organizational and resourcing demands.

To this end, the OUSD(P) realignment plan involves standing down the discretionary ASD⁸ for Global Strategic Affairs (GSA), established in 2008⁹, and

Figure 6: Organizational Placement of SPF Function in OUSD(P)

		1992	1994	1995	1996	1998	2000	2002	2003	2006	2008	2009
Principal Deputy USD(P)		X*						X	X	X	X	
ASDs	Special Operations and Low Intensity Conflict	X	X	X	X	X					X	
	International Security Policy	X	X	X	X			X	X	X		
	Strategy and Requirements		X	X	X							
	Strategy and Threat Reduction					X	X					
	Homeland Defense								X	X		
DUSDs	Trade Security Policy	X										
	Policy Planning		X									
	Strategy, Plans, and Forces											X

"X"s indicate some SPF function assigned / gray boxes established positions / white boxes position eliminated
** Identified as the PDUSD(Strategy and Resources)*

⁷ Not to imply multiple PDUSDs in OUSD(P). The single PDUSD had a specific portfolio in addition to the PDUSD responsibilities. The designation of PDUSD(Strategy and Resources) emphasized the focus of the additional portfolio responsibilities.

⁸ Of the 14 ASDs authorized by Section 138 of Title 10, U.S.C., the functions and titles of nine ASDs are specifically required by statute. The determination of the functions and titles of the remaining five ASDs is at the discretion of the Secretary of Defense, and the positions are referred to as "discretionary ASDs".

standing up an ASD for Strategy, Plans, and Capabilities (SPC). The plan involves a number of actions to include:

- Realigning western hemisphere policy functions from the ASD(HD) to the ASD for International Security Affairs (ISA). This reduces the number of policy offices with a distinct international/geographic focus to two: ASD(Asian and Pacific Security Affairs) and ASD(ISA).
- Realigning cyber, space, and countering Weapons of Mass Destruction (WMD) policy functions from the ASD(GSA) to the ASD(HD). This aligns and creates integration between civil support, continuity, cyber, space, and countering WMD policy within the overall HD portfolio.
- Realigning nuclear and missile defense policy functions from ASD(GSA), security cooperation policy from ASD(SOLIC), and SPF policy from the DUSD(SPF) to a new ASD(SPC). This creates a new ASD focused on overarching DoD strategy and plans, coupled with nuclear and missile defense and security cooperation policy.
- Realigning rule of law, detainee, and Prisoner of War/Missing in Action policy functions from the OUSD(P) Chief of Staff (to be eliminated) to the ASD(SOLIC). This aligns and integrates oversight of missions with similar low-profile and sensitive requirements under a single PAS official.

Overall, this would eliminate the DUSD(SPF), reduce the number of major pillars of activity in OUSD(P), eliminate four Deputy ASDs (DASDs)¹⁰, balance workload across the ASDs, sustain emphasis on the Asia-Pacific Region, and strengthen the focus on security cooperation. While this restructuring does not require statutory authorization, the Department is committed to keeping the Congressional Armed Services Committees advised on the progress of the reorganization efforts. The organizational configuration, informed by the USD(P) consolidation plan and reflecting the final treatment of DUSD(SPF) and the new ASD(SPC), is at Appendix C.

DUSDs in the OUSD for Intelligence (OUSD(I))

Since its establishment in 2003, OUSD(I) has reserved the DUSD title for only those officials that reported directly to the USD(I) and led major OUSD(I) pillars of activity. There are no PAS officials below the PDUSD(I), who is one of the five PAS DUSDs that will remain. Generally, there have been three or four DUSDs within OUSD(I), with subordinate Directors responsible for major aspects of the DUSD's discrete portfolio. The major consideration for elimination of the DUSD title in OUSD(I) was creating an appropriate title ("retitling") for the officials leading the OUSD(I) major

⁹ The ASD for Global Security Affairs (changed to Global Strategic Affairs in 2009) and ASD for Asian and Pacific Security Affairs were both established at the same time as the ASD for International Security Policy was eliminated. The portfolio of the ASD(GSA) was significantly modified in 2009 with the establishment of the DUSD(SPF) and then DUSD for Policy Integration and Chief of Staff.

¹⁰ DASDs are the senior officials below the level of an ASD that are responsible for major aspects of the ASD's portfolio. The elimination of these DASDs potentially reduces manpower and structure and streamlines OSD resources and functions.

pillars of activity that would properly convey appropriate status and stature for these principal policy advisors to the USD(I). Using this criterion, the Department selected the formulation Director for Defense Intelligence (DDI) because it appropriately confers the title and status for these leaders of the major pillars of activity.

The OUSD(I) is currently executing a reorganization based upon a “troop-to-task” analysis that, when coupled with the Secretary of Defense-directed 20 percent reduction to manpower and resources, will result in a streamlined, efficient, and more focused organization. Accordingly, the DDI title has been reserved for officials reporting directly to the USD(I) and leading major pillars of activity, which as a result of the “troop-to-task” analysis, are now four, including: intelligence strategy, programs, and resources, intelligence and security, warfighter support, and technical collection and special programs. The subordinate officials to the DDIs would continue to be Directors since the DDI construct does not necessitate re-designation of the officials at the subordinate levels. The new organizational configuration, informed by the “troop-to-task” analysis and reflecting the final treatment of the DUSDs in OUSD(I) and the new DDI title, is at Appendix C.

SECTION 3. CONCLUSION

As a dynamic organization, OSD is constantly changing to address both urgent and strategic challenges. Therefore, no iterative change can be viewed as a conclusive or final adjustment. However, iterative changes can, over time, promote consistency and a more fully developed and informed rationale for the organizing principles and structural design of OSD. In this regard, Sections 906 of the FY10 NDAA and 901 of the FY11 NDAA advance a logical evolution and rationalization of OSD and codify important amendments to Chapter 4 of Title 10, U.S.C. regarding the establishment of OSD and OSD officials.

The Department believes that the changes supporting the treatment of the non-PAS DUSDs demonstrate the Department’s full compliance with the mandate of Section 906(a)(2) of the FY10 NDAA, as amended by Section 901(i) of the FY11 NDAA, for their elimination by January 1, 2015. The Department is confident that these actions, along with other recent organizational changes directed by the Secretary of Defense to strengthen and streamline the OSD organization, will improve its overall effectiveness and efficiency at a time when resources are limited and all requirements and investments should ensure the best outcomes for the Department and the Nation. Going forward, as the full implementation of these changes proceed and as additional opportunities to refine and streamline the OSD organization are identified and assessed, the Department is committed to working with the Congress to ensure that the Defense organization, and particularly OSD, evolves to meet the challenges of the 21st Century.

**Appendix A: Section 901(i)
of the FY11 NDAA and
906(a)(2) of the FY10 NDAA**

- (A) by striking “of the office” the first place it appears; and
- (B) by striking “head of the office” and inserting “official designated under paragraph (1) and (2)”;
- (6) in paragraph (4), as so redesignated—
- (A) by striking “office” and inserting “designated official”; and
- (B) by inserting after “evasion)” the following: “and for personnel accounting (including locating, recovering, and identifying missing persons or their remains after hostilities have ceased)”;
- (7) in paragraph (5), as so redesignated, by striking “office” and inserting “designated official”; and
- (8) in paragraph (6), as so redesignated—
- (A) in subparagraph (A)—
- (i) by inserting after “(A)” the following: “The Secretary of Defense shall establish an activity to account for personnel who are missing or whose remains have not been recovered from the conflict in which they were lost. This activity shall be known as the Defense Prisoner of War/Missing Personnel Office.”; and
- (ii) by striking “office” both places it appears and inserting “activity”;
- (B) in subparagraph (B)(i), by striking “to the office” and inserting “activity”;
- (C) in subparagraph (B)(ii)—
- (i) by striking “to the office” and inserting “activity”; and
- (ii) by striking “of the office” and inserting “of the activity”; and
- (D) in subparagraph (C), by striking “office” and inserting “activity”.
- (h) CLARIFICATION OF HEAD OF OFFICE FOR FAMILY POLICY.—Section 1781 of title 10, United States Code, is amended—
- (1) in subsection (a), by striking the second sentence and inserting the following new sentence: “The office shall be headed by the Director of Family Policy, who shall serve within the office of the Under Secretary of Defense for Personnel and Readiness.”; and
- (2) by striking “the Office” each place it appears and inserting “the Director”.

Sec. 901(i)**(i) MODIFICATION OF STATUTORY LIMITATION ON NUMBER OF DEPUTY UNDER SECRETARIES OF DEFENSE.—**

(1) DELAY IN LIMITATION ON NUMBER OF DUSDS.—Section 906(a)(2) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2426; 10 U.S.C. 137a note) is amended by striking “January 1, 2011” and inserting “January 1, 2015”.

(2) TEMPORARY AUTHORITY FOR ADDITIONAL DUSDS.—During the period beginning on the date of the enactment of this Act and ending on January 1, 2015, the Secretary of Defense may, in the Secretary’s discretion, appoint not more than five Deputy Under Secretaries of Defense in addition to the five Principal Deputy Under Secretaries of Defense authorized by section 137a of title 10, United States Code (as amended by subsection (b)(3)).

Time period.
10 USC 137a
note.

(3) REPORT ON PLAN FOR REORGANIZATION OF OSD.—

*Sec. 906(a)(2)
on next pages*

(A) REPORT REQUIRED.—Not later than September 15, 2013, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report setting forth a plan for the realignment of the organizational structure of the Office of the Secretary of Defense to comply with the requirement of section 906(a)(2) of the National Defense Authorization Act for Fiscal Year 2010, as amended by paragraph (1).

(B) ELEMENTS.—In preparing the report required by subparagraph (A), the Secretary shall consider, at a minimum, the feasibility of taking the following actions on or before January 1, 2015:

(i) A merger of the position of Deputy Under Secretary of Defense (Installations and Environment) and the position of Assistant Secretary of Defense for Operational Energy Plans and Programs (as established in accordance with the amendments made by subsection (b)(7)) into a single Assistant Secretary position.

(ii) A realignment of positions within the Office of the Under Secretary of Defense for Policy to eliminate the position of Deputy Under Secretary of Defense (Strategy, Plans, and Forces).

(j) OTHER CONFORMING AMENDMENTS TO TITLE 10.—

(1) Section 179(c) of title 10, United States Code, is amended—

(A) in paragraphs (2) and (3), by striking “Assistant to the Secretary of Defense for Nuclear and Chemical and Biological Defense Programs” and inserting “Assistant Secretary of Defense for Nuclear, Chemical, and Biological Defense Programs”; and

(B) in paragraph (3), by striking “that Assistant to the Secretary” and inserting “Assistant Secretary”.

(2) Section 2272 of such title is amended by striking “Director of Defense Research and Engineering” each place it appears and inserting “Assistant Secretary of Defense for Research and Engineering”.

(3) Section 2365 of such title is amended—

(A) in subsection (a), by striking “Director of Defense Research and Engineering” and inserting “Assistant Secretary”;

(B) in subsection (d)(1), by striking “Director” and inserting “Assistant Secretary”;

(C) in subsection (d)(2)—

(i) by striking “Director of Defense Research and Engineering” and inserting “Assistant Secretary of Defense for Research and Engineering”; and

(ii) by striking “Director may” and inserting “Assistant Secretary may”; and

(D) in subsection (e), by striking “Director” and inserting “Assistant Secretary”.

(4) Sections 2350a(g)(3), 2366b(a)(3)(D), 2374a(a), and 2517(a) of such title are amended by striking “Director of Defense Research and Engineering” and inserting “Assistant Secretary of Defense for Research and Engineering”.

(5) Section 2902(b) of such title is amended—

(A) in paragraph (1), by striking “Deputy Under Secretary of Defense for Science and Technology” and inserting

SEC. 905. REPEAL OF REQUIREMENT FOR A DEPUTY UNDER SECRETARY OF DEFENSE FOR TECHNOLOGY SECURITY POLICY WITHIN THE OFFICE OF THE UNDER SECRETARY OF DEFENSE FOR POLICY.

(a) REPEAL OF REQUIREMENT FOR POSITION.—

(1) REPEAL.—Section 134b of title 10, United States Code, is repealed.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 4 of such title is amended by striking the item relating to section 134b.

(b) PRIOR NOTIFICATION OF CHANGE IN REPORTING RELATIONSHIP FOR THE DEFENSE TECHNOLOGY SECURITY ADMINISTRATION.—The Secretary of Defense shall ensure that no covered action is taken until the expiration of 30 legislative days after providing notification of such action to the Committees on Armed Services of the Senate and the House of Representatives.

(c) COVERED ACTION DEFINED.—In this section, the term “covered action” means—

(1) the transfer of the Defense Technology Security Administration to an Under Secretary or other office of the Department of Defense other than the Under Secretary of Defense for Policy;

(2) the consolidation of the Defense Technology Security Administration with another office, agency, or field activity of the Department of Defense; or

(3) the addition of management layers between the Director of the Defense Technology Security Administration and the Under Secretary of Defense for Policy.

Sec.906

SEC. 906. DEPUTY UNDER SECRETARIES OF DEFENSE AND ASSISTANT SECRETARIES OF DEFENSE.

(a) DEPUTY UNDER SECRETARIES OF DEFENSE.—

(1) IN GENERAL.—Chapter 4 of title 10, United States Code, is amended by adding after section 137 the following new section:

“§ 137a. Deputy Under Secretaries of Defense

“(a)(1) There are five Deputy Under Secretaries of Defense.

“(2)(A) The Deputy Under Secretaries of Defense referred to in paragraphs (1) through (3) of subsection (c) shall be appointed as provided in the applicable paragraph.

“(B) The Deputy Under Secretaries of Defense referred to in paragraphs (4) and (5) of subsection (c) shall be appointed from civilian life by the President, by and with the advice and consent of the Senate.

“(b) Each Deputy Under Secretary of Defense shall be the first assistant to an Under Secretary of Defense and shall assist such Under Secretary in the performance of the duties of the position of such Under Secretary and shall act for, and exercise the powers of, such Under Secretary when such Under Secretary is absent or disabled.

“(c)(1) One of the Deputy Under Secretaries is the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics appointed pursuant to section 133a of this title.

“(2) One of the Deputy Under Secretaries is the Principal Deputy Under Secretary of Defense for Policy appointed pursuant to section 134a of this title.

Section title changed to "Principal Deputy Under Secretaries of Defense" (PDUSDs) in Sec. 901 of the FY11 NDAA

“(3) One of the Deputy Under Secretaries is the Principal Deputy Under Secretary of Defense for Personnel and Readiness appointed pursuant to section 136a of this title.

“(4) One of the Deputy Under Secretaries shall be the Principal Deputy Under Secretary of Defense (Comptroller).

“(5) One of the Deputy Under Secretaries shall be the Principal Deputy Under Secretary of Defense for Intelligence.

“(d) The Deputy Under Secretaries of Defense take precedence in the Department of Defense after the Secretary of Defense, the Deputy Secretary of Defense, the Secretaries of the military departments, the Under Secretaries of Defense, and the Deputy Chief Management Officer of the Department of Defense.”.

10 USC 137a
note.
Effective date.

*Sec. 906(a)(2) is the
requirement that the
only DUSDs will be
the PAS PDUSDs*

(2) DELAYED LIMITATION ON NUMBER OF DEPUTY UNDER SECRETARIES OF DEFENSE.—Effective as of January 1, 2011, the five Deputy Under Secretaries of Defense authorized by section 137a of title 10, United States Code (as added by paragraph (1)), shall be the only Deputy Under Secretaries of Defense.

(3) REPORT ON REVISED ORGANIZATIONAL STRUCTURE FOR OSD.—Not later than March 15, 2010, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report setting forth a plan for the realignment of the organizational structure of the Office of the Secretary of Defense to comply with the requirement in paragraph (2).

(b) ASSISTANT SECRETARIES OF DEFENSE.—

(1) REDESIGNATION OF DEPUTY UNDER SECRETARY FOR LOGISTICS AND MATERIEL READINESS AS ASSISTANT SECRETARY.—Chapter 4 of such title is further amended—

(A) by transferring section 133b to appear after section 138 and redesignating such section, as so transferred, as section 138a; and

(B) in such section, as so transferred and redesignated, by striking “Deputy Under Secretary” each place it appears and inserting “Assistant Secretary”.

(2) ADDITIONAL ASSISTANT SECRETARIES.—Section 138 of such title is amended—

(A) by striking subsection (a) and inserting the following new subsection (a):

“(a)(1) There are 12 Assistant Secretaries of Defense.

“(2)(A) The Assistant Secretary of Defense referred to in subsection (b)(7) shall be appointed as provided in that subsection.

“(B) The other Assistant Secretaries of Defense shall be appointed from civilian life by the President, by and with the advice and consent of the Senate.”; and

(B) in subsection (b), by adding the following new paragraphs:

“(6) One of the Assistant Secretaries shall be the Assistant Secretary of Defense for Acquisition. The Assistant Secretary of Defense for Acquisition is the principal adviser to the Secretary of Defense and the Under Secretary of Defense for Acquisition, Technology, and Logistics on matters relating to acquisition.

“(7) One of the Assistant Secretaries is the Assistant Secretary of Defense for Logistics and Materiel Readiness appointed pursuant to section 138a of this title. In addition to any duties and powers prescribed under paragraph (1), the Assistant Secretary of Defense

President.

Appendix B: OSD Organizational Review Memorandum



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

DEC 04 2013

MEMORANDUM FOR: SEE DISTRIBUTION

Subject: Results of the Office of the Secretary of Defense Organizational Review

This memorandum outlines the results of the Office of the Secretary of Defense (OSD) Organizational Review recently concluded by former Secretary of the Air Force Mike Donley. It includes implementation of my direction to reduce the total number of OSD personnel and its budget, my decisions on the Strategic Choices and Management Review and other proposals for organizational changes, and related planning for the future.

First, I want to thank you for your continued service and dedication to both our Department and our Nation. This has been a trying period for all DoD personnel and their families in the wake of sequestration, furloughs, and a Government shutdown. Through it all, you have remained dedicated to your work and focused on accomplishing your important missions, as we undergo a difficult transition from ending the second of America's two longest wars, in an era of significant budget growth, to one of reduced resources and a world that presents new threats and new challenges. There is no doubt that, as the DoD's most senior civilian staff, OSD continues to provide the essential support and leadership that will help us overcome any challenge this Department or our Nation may face in the future.

It is the responsibility of our Nation's leaders to work together to replace the steep, abrupt, and deep spending cuts that have been imposed under sequestration. At the same time, in this very constrained budget environment, it is critical that we bring greater efficiency to our DoD management headquarters, including OSD, so that scarce resources can be focused on combat capabilities. I have, therefore, directed a 20% reduction in OSD's operating budget over the Fiscal Year (FY) 2015-2019 Future Years Defense Program. To protect joint readiness and training, this reduction will not include the Combatant Commanders' Exercise and Engagement Training Transformation Program; however, this Program will be reviewed separately for potential management efficiencies in the ongoing FY2015 Program Budget Review. In addition, I have taken into account the impact of these reductions on some of the smallest OSD offices and directed appropriate accommodations.

Over the next five years, OSD's total workforce of civilian, military, and contractor personnel will be reduced to obtain the necessary savings. Some of these savings will be achieved through significant reductions in civilian personnel; much of these savings will be achieved through contractor reductions. We are still finalizing the details, which will be available when the budget is submitted next year. But we will save at least \$1 billion over the next five years. I will provide implementing guidance to the Director, Cost Assessment and Program Evaluation to finalize OSD budget and manpower totals during the FY2015 Program Budget Review and to reflect these decisions in an appropriate Resource Management Decision.



OSD014014-13

In reducing and constraining the size of our management headquarters, we must also take the opportunity to reshape and strengthen our staff to better position OSD to meet the emerging challenges ahead. In this context, I am directing the following organizational changes and realignments:

- Strengthening the Office of the Deputy Chief Management Officer (DCMO) to meet Office of Management and Budget (OMB) and Congressional expectations for better coordination and integration of DoD's business affairs by realigning the Office of the Director of Administration and Management (DA&M) and its subordinate elements and resources within the DCMO structure, better enabling DCMO to fulfill its responsibilities.
- Strengthening the ability of the Office of the DoD Chief Information Officer's (CIO) to address the growing information technology (IT) and cyber challenges, improve oversight of IT resources, and further enable successful implementation of the Joint Information Environment through the realignment of the oversight of business systems from the DCMO to the DoD CIO, allowing each organization to focus on its core responsibilities.
- Restructuring the Office of the Under Secretary of Defense for Policy to balance workload across its Assistant Secretaries of Defense (ASDs), sustain emphasis on the Asia-Pacific Region, and strengthen focus on security cooperation.
- Directing the Under Secretary of Defense for Personnel and Readiness to undertake a study to rebalance internal resources across her Office's three ASDs, to better position the Office to address major concerns related to DoD downsizing, such as readiness, total force management, and compensation.
- Directing the Under Secretary of Defense for Intelligence to establish its post-9/11, post-Operation Iraqi Freedom/Operation Enduring Freedom steady-state configuration and level of effort.
- Combining the Office of the Assistant to the Secretary of Defense for Intelligence Oversight with the Defense Privacy and Civil Liberties Office under the DA&M.
- Realigning the Office of Net Assessment (ONA) under the Office of the Under Secretary of Defense for Policy, preserving it as a distinct organization that reports to the Secretary, through the Under Secretary, to better ensure that ONA's long-range comparative analyses inform and influence the Department's overall strategy and policy.
- Approving plans for eliminating the five remaining non-Presidentially Appointed, Senate-confirmed Deputy Under Secretaries of Defense, fulfilling the direction from Congress.

Specific guidance and timelines related to these decisions will be distributed separately to the affected offices. The Deputy Secretary of Defense will oversee implementation of these changes. My desire is that these changes begin immediately and be in place by January 1, 2015. The DA&M will track and report the progress of implementation to the Deputy Secretary on a regular basis. The General Counsel of the Department of Defense, in coordination with the ASD for Legislative Affairs, will prepare any legislative proposals necessary to effect these changes and seek fast-tracking of such proposals through OMB to Congress for its consideration and approval.

Mr. Donley also recommended, and I have approved, issues for additional follow-up that would further improve the management and administration of OSD. These include refining OSD budget categories, improving oversight of contractor support, reviewing DoD databases managed by OSD, and completing a systematic review of OSD's workload. I am also directing a biennial review of OSD to establish a regular assessment of OSD requirements and enhance the agility of this critical staff in response to rapidly changing DoD needs. I have assigned these follow-up tasks to the DCMO and the DA&M for appropriate action.

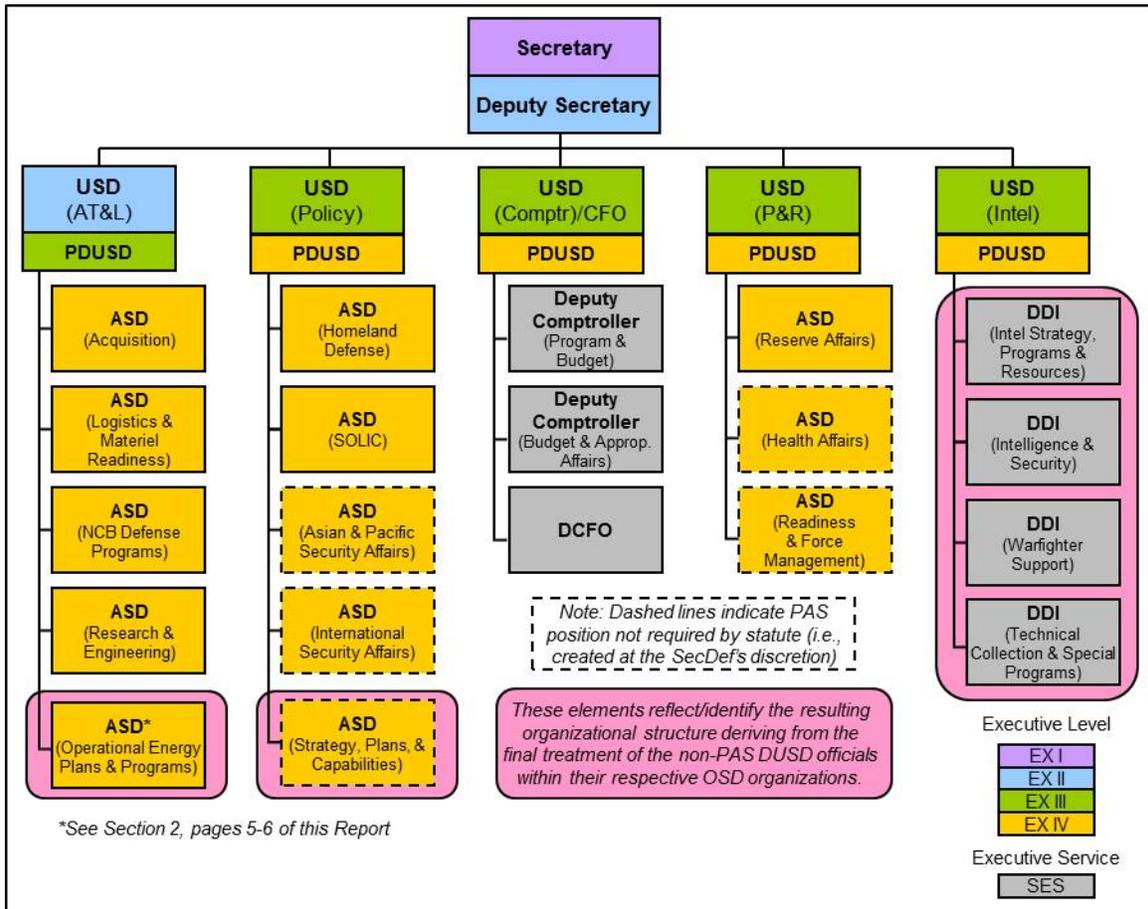
As we implement these changes over the next year, I ask that you continue to focus on OSD's top leadership and management tasks: establishing direction and setting DoD priorities, formulating policies; allocating resources; guiding force employment; representing DoD in our external relationships; and overseeing policy and program implementation in DoD's operating components. As a critical staff for the Deputy Secretary and myself, and as a critical asset for this Department, you should be focused on performing only those top leadership and management tasks that cannot be performed by others; and, consistent with your assigned responsibilities, you should, therefore, continue to look for opportunities to divest administrative and program management responsibilities where feasible.

Thank you again for your dedicated support to our mission of national defense and for your continuing efforts to improve the effectiveness and efficiency of this Department.

DISTRIBUTION:
Secretaries of the Military Departments
Chairman of the Joint Chiefs of Staff
Under Secretaries of Defense
Deputy Chief Management Officer
Commanders of the Combatant Commands
Director, Cost Assessment and Program Evaluation
Director, Operational Test and Evaluation
General Counsel of the Department of Defense
Inspector General of the Department of Defense
Assistant to Secretaries of Defense
DoD Chief Information Officer
Assistants to the Secretary of Defense
Director, Administration and Management
Director, Net Assessment
Directors of the Defense Agencies
Directors of the DoD Field Activities



Appendix C: Final Treatment of the Five Remaining Non-PAS DUSDs



Glossary

ABBREVIATIONS AND ACRONYMS

ASA	Americas' Security Affairs
ASD	Assistant Secretary of Defense
AT&L	Acquisition, Technology, and Logistics
CFO	Chief Financial Officer
CT	Counterterrorism
DASD	Deputy Assistant Secretary of Defense
DCAPE	Director of Cost Assessment and Program Evaluation
DCFO	Deputy Chief Financial Officer
DCMO	Deputy Chief Management Officer
DDI	Director for Defense Intelligence
DOEP&P	Director of Operational Energy Plans and Programs
DOT&E	Director of Operational Test and Evaluation
DUSD	Deputy Under Secretary of Defense
EX	Executive Schedule
FY	Fiscal Year
GC	General Counsel
GSA	Global Strategic Affairs
HD	Homeland Defense
I&E	Installations and Environment
IG DoD	Inspector General of the Department of Defense
ISA	International Security Affairs
NCB	Nuclear, Chemical, and Biological
NDA	National Defense Authorization Act
OASD	Office of the Assistant Secretary of Defense
ODUSD	Office of the Deputy Under Secretary of Defense
OEP&P	Operational Energy Plans and Programs
OSD	Office of the Secretary of Defense
OUSD	Office of the Under Secretary of Defense
P&R	Personnel and Readiness
PAS	Presidentially Appointed, Senate-confirmed
PDASD	Principal Deputy Assistant Secretary of Defense
PDUSD	Principal Deputy Under Secretary of Defense

PL	Public Law
PSA	Principal Staff Assistant
SASC	Senate Armed Services Committee
SCMR	Strategic Choices and Management Review
SES	Senior Executive Service
SOLIC	Special Operations and Low Intensity Conflict
SPC	Strategy, Plans, and Capabilities
SPF	Strategy, Plans, and Forces
U.S.C.	United States Code
USD	Under Secretary of Defense
VRA	Vacancies Reform Act of 1998, as amended
WMD	Weapons of Mass Destruction

DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purpose of this report.

Assistant Secretary of Defense (ASD): The PAS officials who exercise the authority of either the Secretary or an Under Secretary for a specified subject area or for a major pillar of activity within a USD’s enterprise. Of the 14 ASDs authorized by Section 138 of Title 10, U.S.C., the functions and titles of nine ASDs are specifically required by statute. The determination of the functions and titles of the remaining five ASDs is at the discretion of the Secretary of Defense, and the positions are referred to as “discretionary ASDs”.

Deputy Under Secretary of Defense (DUSD): A non-PAS official, who exercises the authority of an Under Secretary for a major pillar of activity within the USD’s enterprise. A major pillar of activity is defined as being one of the major functions and responsibilities of the USD. The equivalents to a DUSD within the OUSD(C)/CFO are the Deputy Comptroller and Deputy CFO.

Direct Report: Those positions, other than administrative and clerical, which report directly to a particular official.

Executive Schedule (EX): The Executive Schedule is the basic pay schedule for positions that are largely Presidentially Appointed, Senate-confirmed (PAS) and classified above the Senior Executive Service (SES). It is divided into five pay levels, EX I being the highest and EX V being the lowest. In the Department of Defense, there is only one EX I official: the Secretary of Defense. The Deputy Secretary of Defense, Secretaries of the Military Departments, and Under Secretary of Defense for

Acquisition, Technology, and Logistics (USD(AT&L)) are EX II. The other USDs and equivalents are EX III, and the ASDs and ASD equivalents are EX IV.

First Assistant: The first assistant, under the Federal Vacancies Reform Act of 1998 (VRA), as amended, is the individual who, subject to the limitations of the VRA, is normally the “Acting” official during the absence or disability of a PAS official, exercising the authority, direction, and control of that official. In most cases, the principal deputy to a PAS official will also be the first assistant to that official.

PAS: The officials within the Department that are designated within statute as positions that are to be appointed from civilian life by the President, by and with the advice and consent of the Senate. The acronym is derived from the term “Presidentially Appointed, Senate-confirmed.”

Principal Deputy Under Secretary of Defense (PDUSD): The first assistant to an Under Secretary, who assists in the duties of the USD’s enterprise and will act for and exercise the powers of the USD when the USD is absent or disabled. All PDUSDs are PAS officials.

Principal Staff Assistant (PSA): The Secretary of Defense exercises authority, direction, and control over the Department of Defense (DoD), in part, through the OSD Principal Staff Assistants (PSAs). The OSD PSAs are the Under Secretaries of Defense; Deputy Chief Management Officer (DCMO); Inspector General of the DoD (IG DoD), General Counsel of the DoD (GC DoD); Director of Operational Test and Evaluation (DOT&E), Director of Cost Assessment and Program Evaluation (DCAPE); and those ASDs, Assistant to the Secretary of Defense, and OSD Directors, and equivalents, who report directly to the Secretary or Deputy Secretary of Defense.

Specified Officials: The officials serving in positions specified in Section 131(b)(4) of Title 10, U.S.C.. The Specified Officials are PAS officials who report directly to the Secretary and Deputy Secretary of Defense without intervening authority. Title 10 currently identifies them specifically as the DCAPE, DOT&E, GC DoD, and IG DoD.

Under Secretary of Defense (USD): The PAS officials who exercise the Secretary of Defense’s authority across broad functional areas. The USD has been the primary functional domain official reporting to the Secretary and Deputy Secretary of Defense since 1977. There are currently five USDs: AT&L; Policy; Comptroller; Personnel and Readiness (P&R); and Intelligence.

Prepared by:
Directorate for Organizational and Management Planning
Office of the Director of Administration and Management

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