

Appendix A: Detailed Performance Metrics

Performance Metric: Active Component end strength no more than 2% over the fiscal year authorization (at the end of each quarter)

Active Component	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Authorized/Actual*
Army	482,170 (+0.5%)	480,801 (+0.2%)	486,542 (+1.4%)	480,000/499,301 (+4.0%)
Navy	373,193 (+0.3%)	377,810 (+1.4%)	383,108 (+1.9%)	375,700/382,235 (+1.7%)
Marine Corps	173,321 (+0.5%)	172,934 (+0.2%)	173,733 (+0.7%)	175,000/177,779 (+1.6%)
Air Force	355,654 (-1.4%)	353,571 (-1.0%)	368,251 (+2.6%)	359,000/375,062 (+4.5%)

Note: Previous performance data reported authorized end strength, not actual end strength.
*Preliminary data as of October 31, 2003

FY 2003 Quarterly Metric

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
(<2% of Auth)	(<2% of Auth)	(<2% of Auth)	(< 2% of Auth)

FY 2004 Quarterly Metric

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
(<2% of Auth)	(< 2% of Auth)	(<2% of Auth)	(<2% of Auth)

Metric Description. Service end-strength authorizations are set forth in the National Defense Authorization Act for the fiscal year. Services are required to budget and execute to that end strength by the end of the fiscal year. The Services' actual end strength for each quarter will be evaluated against the authorized strength for that fiscal year. By law, the Service Secretaries may authorize operating up to 2% above the authorized end strength, and the Secretary of Defense may authorize the Services be up to 3% above their authorized end strength for that fiscal year, if determined to be in the national interest. FY 2003 is the first year that quarterly comparisons will be made.

Verification & Validation Method. The Directorate for Information Operations and Reports of the Washington Headquarters Service publishes the official end strength for the Services monthly. Preliminary numbers are available 3 weeks after the end of the month, and final numbers are available 5 weeks after the end of the month. The final numbers will be compared to the authorized end strengths for each of the active Components; the difference of the actual from the authorized end strengths will be calculated, as will the percentage delta from the authorized end strength. The resultant percentage will then be checked against the metric. This review is conducted at the directorate level. The results are provided to the leadership when a Component's actual end strength is not within 2% of the authorized end strength.

Performance Results for FY 2003. In his Declaration of National Emergency by Reason of Certain Terrorist Threats, the President, among other things, waived the end-strength

Appendix A: Detailed Performance Metrics

requirement during a national emergency. The Army and Air Force exceeded the 3% criterion; however the Navy and Marine Corps stayed within the 2% limit. Service budget submissions for FY 2004 indicate the Services will meet their authorized strengths.

Appendix A: Detailed Performance Metrics

Performance Metric: Reserve Component Selected Reserve end strength within 2% of the fiscal year authorization (at the end of each quarter)
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Reserve Component	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Authorized/Actual
Army National Guard	353,045 (+0.9%)	351,829 (+0.4%)	351,078 (+0.3%)	350,000/351,089 (+0.3%)
Army Reserve	206,892 (+0.9%)	205,628 (+0.2%)	206,682 (+0.8%)	205,000/211,890 (+3.4%)
Naval Reserve	86,933 (-3.7%)	87,913 (-1.1%)	87,958 (+1.1%)	87,800/88,156 (+0.4%)
Marine Corps Reserve	39,667 (+0.1%)	39,810 (+0.6%)	39,905 (+0.9%)	39,558/41,046 (+3.8%)
Air National Guard	106,365 (-0.3%)	108,485 (+0.4%)	112,075 (+3.4%)	106,600/108,137 (+1.4%)
Air Force Reserve	72,340 (-1.9%)	74,869 (+0.7%)	76,632 (+2.6%)	75,600/74,754 (-1.1%)
Coast Guard Reserve	7,965 (-0.4%)	7,976 (-0.3%)	7,816 (-2.3%)	9,000/7,720 (-14.2%)

Note: Previous performance data reported authorized end strength, not actual end strength.

FY 2003 Quarterly Metric

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Army National Guard	348,415 (-0.4%)	346,740 (-0.9%)	346,482 (-1.0%)	351,089 (+0.3%)
Army Reserve	205,317 (+0.2%)	207,988 (+1.5%)	210,679 (+2.8%)	211,890 (+3.4%)
Naval Reserve	88,441 (+0.7%)	86,683 (-1.3%)	87,382 (-0.5%)	88,156 (+0.4%)
Marine Corps Reserve	39,773 (0.5%)	40,583 (+2.6%)	41,768 (+5.6%)	41,046 (+3.8%)
Air National Guard	110,947 (+4.1%)	109,284 (+2.5%)	108,358 (+1.6%)	108,137 (+1.4%)
Air Force Reserve	75,769 (+0.2%)	74,730 (-1.1%)	74,069 (-2.0%)	74,754 (-1.1%)
Coast Guard Reserve	7,865 (-12.6%)	7,707 (-14.4%)	7,810 (-13.3%)	7,720 (-14.2%)

FY 2004 Quarterly Metric

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
(+/- 2% of Auth)	(+/- 2% of Auth)	(+/- 2% of Auth)	(+/- 2% of Auth)

Metric Description. Component end strength authorizations are set forth in the National Defense Authorization Act for the fiscal year. Components are compelled to budget and execute to that end strength by the end of the fiscal year. The Component actual end strength for each

Appendix A: Detailed Performance Metrics

quarter will be evaluated against the authorized end strengths for that fiscal year. By law, the Secretary of Defense may authorize the Components to vary, by no more than 2%, their authorized end strength for that fiscal year, if determined to be in the national interest.

V&V Method. The Defense Manpower Data Center publishes the official end strength for the Components monthly from data in the Reserve Component Common Personnel Data System (RCCPDS). The data are developed from the input provided by the Components in their feeder systems to RCCPDS. Preliminary numbers are available 4 weeks after the end of the month, and final numbers are available 5 weeks after the end of the month. These numbers are compared to the authorized end strengths. Component manual data may be accepted under extreme circumstances.

Performance Results for FY 2003. In his Declaration of National Emergency by Reason of Certain Terrorist Threats, the President, among other things, waived the end-strength requirement during the time of national emergency. Components, however, have been directed to attempt to meet the 2% criterion, though exceptions are authorized based on the operational situation. Two Components (Army Reserve and the Marine Corps Reserve) exceeded the 2% variance goal in FY 2003. The primary reason for those two components exceeding their authorized levels is directly attributable to the ongoing mobilization. The Coast Guard Reserve missed their authorized strength by 1,280 or 14.2%. However, the US Coast Guard comes under the new Department of Homeland Security not the Department of Defense.

Appendix A: Detailed Performance Metrics

Performance Metric: Enlisted recruiting quality

Category	FY 2000 Active/ Reserve Actual	FY 2001 Active/ Reserve Actual	FY 2002 Active/ Reserve Actual ^a	FY 2003 Actual/ Reserve Actual
Percentage of recruits holding high school diplomas (Education Tier 1)	93/90	93/89	94/89	95/87
Percentage of recruits in AFQT categories I–III A	66/65	66/64	70/66	72/66
Percentage of recruits in AFQT category IV	0.9/1	0.8/1	0.6/1.1	0.2/1.5
NOTE: AFQT = Armed Forces Qualification Test. The AFQT is a subset of the standard aptitude test administered to all applicants for enlistment. It measures math and verbal aptitude and has proven to correlate closely with trainability and on the job performance. ^a Targets are the same for the Active and Reserve Components.				

Metric Description. Quality benchmarks for recruiting were established in 1992 based on a study conducted jointly by DoD and the National Academy of Sciences. The study produced a model linking recruit quality and recruiting resources to the job performance of enlistees. As its minimum acceptable quality thresholds, the Department has adopted the following recruiting quality targets derived from the model: 90% in education tier 1 (primarily high school graduates), 60% in AFQT categories I–III A (top 50 percentiles), and not more than 4% in AFQT category IV. Adhering to these benchmarks reduces personnel and training costs, while ensuring the force meets high performance standards.

V&V Method. Data collected as part of the enlistment process are routed, reviewed, and managed using the same mechanisms employed for the performance metric concerning recruiting quantity. The data systems and verification methods are discussed in the table below.

Data Flows for Enlisted Recruiting				
Service	Input	Cross-Check	Aggregate	V&V
Army	REQUEST (Recruiter Quota System) database	Against manually assembled reports that the Army Recruiting Command provides to Army headquarters	HQDA Decision Support System	Army headquarters compared automated data and manually compiled reports monthly
Navy	PRIDE (Personalized Recruiting for Immediate and Delayed Enlistment) database	Recruit Training Center databases	PRIDE database	Office of Navy Personnel reviews input monthly

Appendix A: Detailed Performance Metrics

Data Flows for Enlisted Recruiting				
Service	Input	Cross-Check	Aggregate	V&V
Air Force	AFRISS (Air Force Recruiting Information Support System) databases	MILPDS (Military Personnel Data System)	MILPDS and AFRISS	Commanders of recruiting stations review inputs daily; Air Force Recruiting Service reviews data monthly and conducts periodic audits
Marine Corps	MCRISS-RS (Marine Corps Recruiting Information Support System-Recruiting Station)	Recruiting districts download information from MCRISS-RS	MCRISS-RS	District and regional staff review data monthly; Marine Corps Recruiting Command corrects any discrepancies in Monthly Enlisted Quota Attainment Brief (MATBRF).

Performance Results for FY 2003. The Department largely met its goals for enlisted recruit quality in FY 2003 as it did in FY 2002. Performance surpassed objectives in all but one area—high school diploma graduate accessions in the Reserve Component. Shortfalls were within 6 percentage points and occurred in only two Components (Army National Guard and Naval Reserve). In addition, the Air National Guard switched data systems, resulting in data quality problems.

(From Reserve Input): The Reserve Components, in the aggregate, met their AFQT I-III A goal, but not their Tier 1/HSDG (High School Diploma Graduate) goal for enlisted recruit quality in FY 2003. However, the data above is drawn from personnel data systems that are incomplete or know to contain errors. For example, a recent personnel data system conversion in the Air National Guard resulted in lost or corrupted quality data. Historically, Air National Guard quality is equal to that in the Air Force Reserve, and we believe that continues to be the case. The Naval Reserve policy requires that all non-prior service recruits have at least a high school diploma. Unfortunately, their personnel data system contains inaccurate data or vacant data fields making accurate quality reporting problematic. The Department will work with both the Air National Guard and the Naval Reserve to improve reporting capabilities. The Army National Guard continues to struggle to meet the Department’s quality benchmark for high school diploma graduates. We are committed to achieving recruiting quality in all components in FY 2004.

Enlisted Recruiting: FY 2003 Performance	
Army, Active	93% Tier 1 / 73% Cat I-III A / 0.3% Cat IV
Army, Reserve	93% Tier 1 / 68% Cat I-III A / 0.3% Cat IV
Army, National Guard	84% Tier 1 / 60% Cat I-III A / 3.0% Cat IV
Navy, Active	94% Tier 1 / 66% Cat I-III A / 0.0% Cat IV
Navy, Reserve	84% Tier 1 / 70% Cat I-III A / 0.0% Cat IV
Air Force, Active	99% Tier 1 / 81% Cat I-III A / 0.0% Cat IV
Air Force, Reserve	93% Tier 1 / 73% Cat I-III A / 0.0% Cat IV
Air Force, National Guard	68% Tier 1 / 70% Cat I-III A / 1.0% Cat IV
Marine Corps, Active	98% Tier 1 / 69% Cat I-III A / 0.4% Cat IV
Marine Corps, Reserve	97% Tier 1 / 80% Cat I-III A / 2.0% Cat IV

Appendix A: Detailed Performance Metrics

Performance Metric: Enlisted recruiting quantity

Category	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target/Actual
Number of enlisted Active Component accessions	202,917	196,355	196,472	184,366/184,881
Number of enlisted Reserve Component accessions	152,702	141,023	147,129	136,297/133,075

Metric Description. Department-wide targets for enlisted recruiting represents the projected number of new Service members needed each year to maintain statutory military end strengths and appropriate distributions by rank, allowing for discharges, promotions, and anticipated retirements. As personnel trends change during the year, Active and Reserve Component recruiting objectives may be adjusted.

V&V Method. Each Service maintains data on new enlistments in a dedicated computer system. Automated reports, produced monthly, are used to track progress toward meeting recruiting targets and to set new monthly targets. The data systems and verification methods are discussed in the table below.

Data Flows for Enlisted Recruiting				
Service	Input	Cross-Check	Aggregate	V&V
Army	REQUEST (Recruiter Quota System) database	Against manually assembled reports that the Army Recruiting Command provides to Army headquarters	HQDA Decision Support System	Army headquarters compared automated data and manually compiled reports monthly
Navy	PRIDE (Personalized Recruiting for Immediate and Delayed Enlistment) database	Recruit Training Center databases	PRIDE database	Office of Navy Personnel reviews input monthly
Air Force	AFRISS (Air Force Recruiting Information Support System) databases	MILPDS (Military Personnel Data System)	MILPDS and AFRISS	Commanders of recruiting stations review inputs daily; Air Force Recruiting Service reviews data monthly and conducts periodic audits
Marine Corps	MCRISS-RS (Marine Corps Recruiting Information Support System-Recruiting Station)	Recruiting districts download information from MCRISS-RS	MCRISS-RS	District and regional staff review data monthly; Marine Corps Recruiting Command corrects any discrepancies in Monthly Enlisted Quota Attainment Brief (MATBRF).

Appendix A: Detailed Performance Metrics

Performance Results for FY 2003. All Active Components met or exceeded their recruiting quantity goal for FY 2003, and achieved Delayed Entry Program levels for FY 2004. Army National Guard missed its FY 2003 quantity recruiting goal by 12.6 percent.

(From Reserve input) Five of six DoD Reserve Components met or exceeded their recruiting quantity goal for FY 2003. Only the Army National Guard failed to achieve its FY 2003 recruiting objective. Although they finished the year with a strong fourth quarter recruiting effort, their shortfall was 7,798 against a mission of 62,000 (13 percent). Almost half of this shortfall was in prior service recruiting. This was due in a large part to the stop loss imposed in the Active Army, resulting in fewer potential recruits in the prior service pool. It is important to note that, their shortfall notwithstanding, the Army National Guard achieved their authorized end strength. Attrition was significantly lower than programmed. The Office of the Secretary of Defense will work closely with the Army National Guard to full assess the causes and the implications of their recruiting shortfall.

Enlisted Recruiting: FY 2003 Performance	
Army, Active	73,800 target/74,132 achieved
Army, Reserve	40,900 target/41,851 achieved
Army, National Guard	62,000 target/54,202 achieved
Navy, Active	41,065 target/41,076 achieved
Navy, Reserve	12,000 target/12,772 achieved
Air Force, Active	37,000 target/37,144 achieved
Air Force, Reserve	7,512 target/7,557 achieved
Air Force, National Guard	5,712 target/8,471 achieved
Marine Corps, Active	32,501 target/32,530 achieved
Marine Corps, Reserve	8,173 target/8,222 achieved

Appendix A: Detailed Performance Metrics

Performance Metric: Active enlisted retention goal

Service	FY 2000 Actual	FY 2001 ^a Actual	FY 2002 Actual	FY 2003 Target/Actual
Army				
Initial	21,402	20,000	19,433	19,821/21,838
Mid-career	24,118	23,727	23,074	18,422/19,509
Career	25,791	21,255	15,700	12,757/12,804
Navy				
Initial	29.6%	56.9%	58.7%	56%/61.8%
Mid-career	46.5%	68.2%	74.5%	73%/76.7%
Career	56.6%	85.0%	87.4%	86%/87.9%
Marine Corps				
First term	26.6% ^c	6,144 ^b	6,050	6,025/6001
Subsequent	63.4% ^c	5,900 ^b	7,258	6,172/5815
Air Force				
First Term	53.1%	56.1%	72.1%	55%/60.5%
Mid-career	69.7%	68.9%	78.3%	75%/72.9%
Career	90.8%	90.2%	94.6%	95%/95.2%

^a Starting in FY 2001, Navy changed the way it calculates retention. The Navy no longer includes personnel who are ineligible to reenlist in retention calculations, so the percentage better reflects the number of people who choose to stay at a given reenlistment point.

^b In FY 2001, the Marines established numeric goals for retention and established subsequent term goals for the first time.

^c FY 2000 rates are from a previous program showing achievements for 2nd term personnel.

Definitions:

Army: Mid-career: 7 to 10 YOS; career: 10 to 20 YOS

Navy: Mid-career: 6+ to 10 YOS; career 10+ to 14 YOS

Air Force: Mid-career: 6 to 10 YOS; career 10 to 14 YOS

YOS = Years of service

Metric Description. The Services determine, within the zone of eligibility, their annual retention goals. Each Service is given latitude in how they establish their categories, establish goals, and track attainment of those goals. For that reason, two metrics are used: number of people retained (used by the Army and Marine Corps) and the percentage of eligible people retained (used by the Air Force and Navy). The annual goals relative to either metric are dynamic and can change during the year of execution.

V&V Method. Each month, the Services' enlisted retention offices will be queried for their goal and retention statistics for that month. Data normally are available two weeks after the end of the month. The Office of the Under Secretary of Defense for Personnel and Readiness reviews retention data obtained from the systems (identified in the following table) monthly. The information is evaluated within the context of recruiting performance, attrition trends, and retention of both officer and enlisted personnel in the Active and Reserve Components. The results of these assessments guide decisions on resource allocations and associated force management initiatives. The following table displays the data systems and data flow.

Appendix A: Detailed Performance Metrics

Data Flow for Active Retention			
Service	Input System	Aggregate System	V&V Method
Army	Reenlistment, Reclassification, and Reserve Component Assignment System (RETAIN) Standard Installation/Division Personnel System (SIDPERS)	Active Army Military Management Program (AAMMP)	Personnel commands report data weekly to the Deputy Chief of Staff, G-1. Major commands process data via RETAIN and report it to ODCS, G-1, quarterly. RETAIN data and SIDPERS updates are used to verify AAMMP assumptions and revise policies as necessary.
Navy	Navy Enlisted System (NES) Officer Personnel Information System (OPINS)	NES/OPINS	Data for enlisted personnel are reported monthly. Data for officers are gathered quarterly. Functional managers, analysts, and policymakers review the data to verify accuracy and monitor trends.
Air Force	Personnel Data System (PDS)—maintained by Headquarters, Air Force Personnel Center (HQ AFPC/DPS)	PDS	Air Force staff reviews retention programming codes and data aggregation methods annually.
Marine Corps	Total Force Retention System (TFRS)—used by commanders to request permission to reenlist individual Marines Marine Corps Total Force System (MCTFS)—transmits headquarters decisions on TFRS requests to the respective commands and, for those requests that are approved, relays reenlistment data back to headquarters	MCTFS	TFRS cross-checks MCTFS. Written guidance for TFRS is provided to field units. Use of data elements in MCTFS is standardized throughout the Marine Corps.

Performance Results for FY 2003. The success of our Armed Forces relies heavily on our ability to retain experienced personnel. The retention successes realized are the result of the effort and support of commanders and Congress and must continue beyond FY 2004. There was an improved active duty retention trend in FY 2002 and FY 2003, but we review this with caution, because the full effects of lifting a majority of the stop loss programs are yet to be felt. For FY 2003, the Army, and Navy met or exceeded all of their goals; the Marine Corps barely missed its first term goal. Effects of an improving economy and the waning emotional patriotic high of decisive victory in IRAQI FREEDOM will combine to increase pressure on our retention programs.

Appendix A: Detailed Performance Metrics

Performance Metric: Selected Reserve enlisted attrition ceiling

Selected Reserve Component	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target/Actual
Army National Guard	18.0	20.0	20.6	18.0/18.1
Army Reserve	29.4	27.4	24.6	28.6/22.1
Naval Reserve	27.1	27.6	26.5	36.0/26.5
Marine Corps Reserve	28.4	26.4	26.0	30.0/21.4
Air National Guard	11.0	9.6	7.3	12.0/12.7
Air Force Reserve	13.9	13.4	8.7	18.0/17.0

Note: All numbers are percentages representing total losses divided by average strength.

Metric Description. In assessing retention trends in the Reserve Components, DoD uses attrition rates rather than retention rates. Attrition is computed by dividing total losses from the Selected Reserve Component for a fiscal year by average personnel strength of the Selected Reserve for that year. This metric is preferable to retention rates because only a small portion of the Reserve population is eligible for reenlistment during any given year. In addition to monitoring attrition, the Department has established annual attrition targets for reserve personnel. These targets, which took effect in FY 2000, represent the maximum number of losses deemed acceptable in a given fiscal year—that is, they establish a ceiling for personnel departures. The attrition goal is actually a ceiling, which is not to be exceeded.

V&V Method. Monthly updates of databases maintained by the individual Reserve Components feed the Reserve Component Common Personnel Data System, operated by the Defense Manpower Data Center (DMDC). DMDC is responsible for monitoring data quality. Quarterly workshops, conducted by the Office of the Assistant Secretary of Defense for Reserve Affairs, provide a forum for reviewing the data and recommending ways to improve attrition and meet annual projections.

Performance Results for FY 2003. The Presidential proclamation for the Declaration of National Emergency by Reason of Certain Terrorist Threats and accompanying Executive Order, gave the Military Departments the authority to implement “stop loss” programs in varying degrees: For example the Marine Corps stopped the separation of all of its personnel for a period of time, then focused on certain specialties, while the Army, Navy, and Air Force focused on certain skills or skill/grade mix for a period of time, and the Army then moved to a Reserve component unit stop loss program for those units notified of a pending mobilization. Even though by the year end all Services, except the Army, had cancelled their stop loss programs, the Services established “transition” periods (generally 90 days) after demobilization to allow for the members to take care of matters and get moved back into their civilian lives before they would be allowed to be released from the military. This, coupled with Service members performing duties in support of the war on terrorism, kept the enlisted attrition rates near or below the ceilings across all Selected Reserve Components. Only the Army and Air National Guard components exceeded their ceilings, but not by much. The overall Reserve component attrition rate of 18.4% is the lowest since 1991, when a “stop loss” program was instituted for Operation Desert Storm.

Appendix A: Detailed Performance Metrics

Performance Metric: Satisfaction with military health plan

Metric	FY 2000 Actual ^a	FY 2001 Actual ^b	FY 2002 Actual ^c	FY 2003 Target ^d /Actual
Percentage satisfied with military health plan	39.6	44.6	46.5	≥ Civ. Avg. 59% / 51.2%

^a Survey fielded in November 1999.

^b Surveys fielded in January, April, and July 2001.

^c Surveys fielded in October 2001 and January, April, and July 2002.

^d The civilian average is based on a representative population from the national Consumer Assessment of Health Plans Survey Database (CAHPSD) for the same time period and this will be the target for the Military Health System. (Example: A July 2003 survey would be compared to July 2003 data from the CAHPSD.) Due to the nature of the program, only a DoD-level goal is tracked.

Metric Description. A person’s satisfaction with his or her health plan is a key indicator of the performance of the Military Health System (MHS) in meeting its mission to provide health care to the 8 million eligible beneficiaries. For this metric, the following survey item is used:

We want to know your rating of all your experience with your health plan. Use any number from 0 to 10 where 0 is the worst health plan possible, and 10 is the best health plan possible. How would you rate your health plan now?

Satisfaction is measured as the percentage of respondents (weighted by appropriate sampling weights) who answer 8, 9, or 10.

The survey, fielded quarterly, asks respondents questions about the plan during the prior year. Currently, the results for the year are based on the surveys fielded during the fiscal year, which means the results are actually based on the respondent’s interactions with the health system during the prior fiscal year.

The goals established for this metric in FY 2003 is considered a stretch goals that will drive the organization forward, but will likely not be achieved during that years. For FY 2004, the goal has been changed to reflect the desire to make the goal achievable during the current year, while still closing the gap with the civilian sector in three years. These goals are established based on a civilian survey, and will be updated on an annual basis.

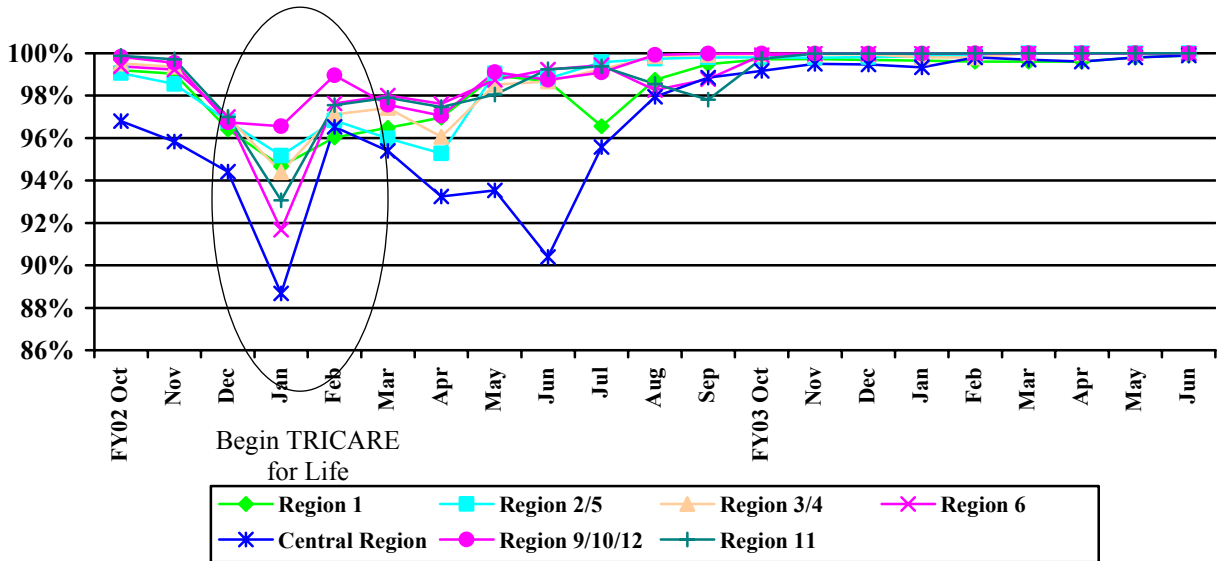
V&V Method. A contractor prepares the data for analysis; data preparation includes editing, cleaning, implementing the coding scheme, weighting the data, and constructing the analytic variables. The contractor provides appropriate data cleaning and checking procedures to ensure a high level of quality control each quarter. The contractor edits the data consistent with the skip patterns in the questionnaire and includes the specifications of such recoding in the survey documentation. The contractor removes problem records from the database. Problem records include blank records, multiple records from the same respondent (the contractor keeps the record with the greatest amount of information), and records from ineligible respondents.

Performance Results for FY 2003. During FY 2003, significant improvement was made in closing the gap in satisfaction between the Military Health System and the civilian sector. The

Appendix A: Detailed Performance Metrics

satisfaction level increased from 46.5% in FY 2002 to 51.2% in FY 2003. A significant reason for the increase is related to improved performance in the area of claims processing, where 99% of the claims are being processed with the standard of 30 days through the first 3 quarters of FY 2003, compared to 97% for FY 2002. While this improvement in claims processing was achieved in FY 2003, during the next couple of years, the next version of TRICARE support contracts will be implemented, and claim processing performance will need to stay at current levels to maintain overall satisfaction with the plan. This is a significant concern, because during FY 2002, when TRICARE for Life was implemented, claims processing performance dropped below 95% during the initial start-up before returning to original levels. In addition to claims processing, Customer Service and Access improvements will be needed to achieve the ultimate goal of meeting or exceeding the civilian average.

Percent of Claims Processed in 30 Days



Appendix A: Detailed Performance Metrics

Performance Metric: Transforming DoD training (completed)

Metric	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target/Actual
Training tasks completed	N/A ^a	N/A ^a	N/A ^a	3 tasks ^{b/1} ^b
^a This is a new initiative and no historical data are available. ^b 2003 tasks: Develop training transformation (T2) implementation plan by April 2003 (Complete). Complete near-term tasks in the T2 strategic plan by October 2003 (superceded by DEPSEC approved implementation plan June 10, 2003). Obtain joint certification and accreditation of National Training Center (NTC) by October 2003 (superceded by DEPSEC approved implementation plan June 10, 2003).				

Metric Description. The Department’s vision for training transformation (T2) is to provide dynamic, capabilities-based training for DoD in support of national security requirements across the full spectrum of service, joint, interagency, intergovernmental, and multinational operations. The Defense Program Guidance tasked the Under Secretary of Defense for Personnel and Readiness—USD (P&R)—with coordinating requirements, developing plans, and overseeing T2. For this initial metric, several critical tasks and milestone events are identified to track near-term progress in achieving T2 goals. A new capability to develop and report T2 metrics has been established in the Deputy Secretary of Defense approved Training Transformation Implementation Plan, approved June 10, 2003. The Joint Assessment and Enabling Capability (JAEC) will be providing an expanded framework for measuring the outcomes of T2 based upon the requirements of the Balanced Score Card.

V&V Method. The USD (P&R) has responsibility for overseeing and reporting the status of the T2 effort and has established several forums to assist in reviewing, coordinating, and approving plans, programs, and resource decision documents. The joint Integrated Process Team (action officer level), chaired by the Readiness and Training Office, will regularly review the status of T2 tasks and provide input to the Deputy Under Secretary of Defense for Readiness.

Performance Results for FY 2003. The Department is actively engaged in executing the requirements and resources approved by the Secretary of Defense in the Training Transformation Implementation Plan and its associated Resource Program Plan. During FY 2003, the Congress approved an Omnibus Reprogramming Action to provide the additional resources considered critical to implement T2 tasks and support the initial establishment of the Joint National Training Capability. The FY 2004 President’s Budget request reflects \$179.7 million in FY 2004 for the Department to continue to implement the approved goals and milestones for this important initiative.

The resources that have been reprogrammed in FY 2003 and budgeted for in FY 2004 for transforming DoD training have given the program an excellent start. Steps to achieve Initial Operating Capability (IOC) for the Joint National Training Capability in October 2004 are well underway.

Appendix A: Detailed Performance Metrics

Performance Metric: Monitor the Status of Defense Technology Objectives (DTOs)

Metric	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target/Actual
Percentage of DTOs evaluated as progressing satisfactorily toward goals ^a	97	96	97	≥70/96
DTO evaluated in biannual review ^b	166	180	163	149
Total number of DTOs ^{b,c}	347	326	401	386

^a “Progressing satisfactorily” includes DTO rated as “green” or “yellow.”

^b The number of DTOs evaluated and the total number of DTOs are provided for information only and no targets are established.

^c The total number of DTOs is the sum of all DTOs contained in the Defense Technology Objectives for the Joint Warfighting Science and Technology Plan and the Defense Technology Area Plan, dated February of the Calendar Year prior to the Fiscal Year the TARA reviews are conducted.

Metric Description. Technological superiority has been, and continues to be, a cornerstone of our national military strategy. Technologies such as radar, jet engines, nuclear weapons, night vision, smart weapons, stealth, the Global Positioning System, and vastly more capable information management systems have changed warfare dramatically. Today’s technological edge allows us to prevail across the broad spectrum of conflict decisively and with relatively few casualties. Maintaining this technological edge has become even more important as the size of U.S. forces decreases and high-technology weapons are now readily available on the world market. Future warfighting capabilities will be substantially determined by today’s investment in science and technology (S&T).

Our S&T investments are focused and guided through a series of Defense Technology Objectives (DTOs) developed by the senior planners working for the Secretary of Defense and the Chairman of the Joint Chiefs of Staff. Each of these objectives highlights a specific technological advancement that will be developed or demonstrated, the anticipated date the technology will be available, the specific benefits that should result from the technological advance, and the funding required (and funding sources) to achieve the new capability. This list of objectives also distinguishes specific milestones to be reached and approaches to be used, quantitative metrics that will indicate progress, and the customers who will benefit when the new technology is eventually fielded. This metric measures the percentage of DTOs that are progressing satisfactorily toward the goals established for them.

V&V Method. Technology Area Review and Assessment (TARA) teams—independent peer review panels composed of approximately six experts in relevant technical fields from U.S. government agencies, private industry, and academia—assess the DTOs for each program every 2 years. The reviews are conducted openly; observation by stakeholders (typically, senior S&T officials, members of the joint staff, and technology customers) is welcomed.

Appendix A: Detailed Performance Metrics

The TARA teams assess the objectives in terms of three factors—technical approach, funding, and technical progress—and rate the programs as follows:

- ◆ Green—progressing satisfactorily toward goals.
- ◆ Yellow—generally progressing satisfactorily, but some aspects of the program are proceeding more slowly than expected.
- ◆ Red—doubtful that any of the goals will be attained.

The benefits of these ratings are many. Not only do they reflect the opinions of independent experts, but also they are accepted and endorsed by stakeholders. These reviews result, and will continue to result, in near real-time adjustments being made to program plans and budgets based on the ratings awarded.

Performance Results for FY 2003. The Department met its performance target and no shortfall is projected for FY 2004. Although actual performance continues well above target, the target will be maintained at 70% due to the inherent high risk of failure in technology development.

Appendix A: Detailed Performance Metrics

Performance Metric: Reduce Major Defense Acquisition Program (MDAP) acquisition cycle time (months)

Acquisition Cycle Time	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target/ Actual
Acquisition cycle time (for new starts from FY 1992 through FY 2001) (months)	N/A ^a	102	103	<99/104 ^b
Acquisition cycle time (for new starts after FY 2001) (months)	N/A ^a	N/A	N/A	<66/93 ^b

^a The December SAR, which reflects the President's budget submit, is used for calculating acquisition cycle time. There were no December 2000 SARs, because a Future Years Defense Program was not included in the FY 2002 President's budget submit.

^b The FY 2003 Actual is a projection based on preliminary FY 2005 budget data. This projected Actual will be updated as necessary upon release of the December 2003 SARs in April 2004.

Metric Description. Acquisition cycle time is the elapsed time, in months, from program initiation—when the Department makes a commitment to develop and produce a weapon system—until the system attains initial operational capability (IOC). This metric measures the average cycle time across all Major Defense Acquisition Programs (MDAPs). During the 1960s, a typical acquisition took 7 years (84 months) to complete. By 1996, a similar acquisition required 11 years (132 months) from program start to IOC. To reverse this trend, DoD established an objective to reduce the average acquisition cycle time for MDAPs started since 1992 to less than 99 months, a reduction of 25%. We achieved that initial objective. We did so through rapid acquisition with demonstrated technology, time-phased requirements and evolutionary development, and integrated test and evaluation. To continue that improvement, the Department will seek to reduce the average cycle time to less than 66 months for all MDAPs started after FY 2001. To achieve that objective, the Department is introducing improvements to development and production schedules similar to those it initiated for managing system performance and cost. Rapid development and fielding of weapon systems—leveraging new technologies faster—will enable U.S. forces to stay ahead of potential adversaries.

V&V Method. The key measure for this objective is the average elapsed time from program start to IOC, measured in months. Average acquisition cycle time is computed using schedule estimates from Selected Acquisition Reports (SARs). The Department also monitors MDAPs through the Defense Acquisition Executive Summary (DAES) reporting system and the Defense Acquisition Board (DAB) review process. In FY 1998, the Department began to evaluate cycle times of new MDAPs (as well as schedule changes for ongoing programs) during its annual program and budgeting process. For the projected FY 2003 Actual, there are 47 MDAPs in the post-FY 1992 calculation, but only 4 MDAPs in the post-FY 2001 calculation.

Performance Results for FY 2003. The Department saw a relatively small increase (from 103 to 104 months) in the projected average acquisition cycle time for FY 2003. Several programs, such as Black Hawk Upgrade, Land Warrior, and Wideband Gapfiller, were examined and then

Appendix A: Detailed Performance Metrics

restructured with improved schedule estimates. Although only a few programs have been restructured, the extensions have affected the average acquisition cycle time.

Appendix A: Detailed Performance Metrics

Performance Metric: Reduce percentage of DoD budget spent on infrastructure (lagged indicator)

Metric	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target/Actual
Percentage of DoD budget spent on infrastructure	45	47	46	44/44
Note: This is a lagged indicator. Projections are based on the FY 2004 President's budget Future Years Defense Program.				

Metric Description. The share of the defense budget devoted to infrastructure is one of the principal measures the Department uses to gauge progress toward achieving its infrastructure reduction goals. A downward trend in this metric indicates that the balance is shifting toward less infrastructure and more mission programs. In tracking annual resource allocations, we use mission and infrastructure definitions that support macro-level comparisons of DoD resources. The definitions are based on the 2001 Quadrennial Defense Review (QDR), the Future Years Defense Program (FYDP), and a soon-to-be-published Institute for Defense Analyses report (*DoD Force and Infrastructure Categories: A FYDP-Based Conceptual Model of Department of Defense Programs and Resources*) prepared for the Office of the Secretary of Defense. The definitions are consistent with the Goldwater-Nichols Department of Defense Reorganization Act of 1986 (P.L. 99-433). This act requires that combat units, and their organic support, be routinely assigned to the combatant commanders and that the Military Departments retain the activities that create and sustain those forces. This feature of U.S. law provides the demarcation line between forces (military units assigned to combatant commanders) and infrastructure (activities retained by the Military Departments). In addition to more precisely distinguishing forces from infrastructure, the force subcategories have been updated to reflect current operational concepts. The infrastructure subcategories, likewise, have been updated and streamlined.

V&V Method. The Department updates the percentage of the budget spent on infrastructure each time the President's budget FYDP database is revised. The Institute for Defense Analyses reviews and normalizes the data to adjust for the effect of definitional changes in the database that mask true content changes. Prior-year data are normalized to permit accurate comparisons with current-year data. Because of these adjustments, there may be slight shifts upward or downward in the targets established for past-year infrastructure expenditures.

Performance Results for FY 2002. The Department estimates that we will have allocated about 44% of total obligational authority to infrastructure activities in FY 2002, down from about 46% in the preceding year. The efficiencies achieved result from initiatives in the QDR and Defense Reform Initiatives, including savings from previous base realignment and closure rounds, strategic and competitive sourcing initiatives, and privatization and reengineering efforts. The Department expects to continue making progress toward reducing its expenditures on infrastructure as a share of the defense budget in FY 2003.

Appendix A: Detailed Performance Metrics

Mission and Infrastructure Categories Used for Tracking the Portion of the DoD Budget Spent on Infrastructure
Mission Categories
Expeditionary forces. Operating forces designed primarily for non-nuclear operations outside the United States. Includes combat units (and their organic support) such as divisions, tactical aircraft squadrons, and aircraft carriers.
Deterrence and Protection Forces. Operating forces designed primarily to deter or defeat direct attacks on the United States and its territories. Also includes agencies engaged in U.S. international policy activities under the direct supervision of the Office of the Secretary of Defense.
Other forces. Includes most intelligence, space, and combat-related command, control, and communications programs, such as cryptologic activities, satellite communications, and airborne command posts.
Infrastructure Categories
Force installations. Installations at which combat units are based. Includes the Services and organizations at these installations necessary to house and sustain the units and support their daily operations. Also includes programs to sustain, restore, and modernize buildings at the installations and protect the environment.
Communications and information infrastructure. Programs that provide secure information distribution, processing, storage, and display. Major elements include long-haul communication systems, base computing systems, Defense Enterprise Computing Centers and detachments, and information assurance programs.
Science and technology program. The program of scientific research and experimentation within the Department of Defense that seeks to advance fundamental science relevant to military needs and determine if the results can successfully be applied to military use.
Acquisition. Activities that develop, test, evaluate, and manage the acquisition of military equipment and supporting systems. These activities also provide technical oversight throughout a system's useful life.
Central logistics. Programs that provide supplies, depot-level maintenance of military equipment and supporting systems, transportation of material, and other products and services to customers throughout DoD.
Defense health program. Medical infrastructure and systems, managed by the Assistant Secretary of Defense for Health Affairs, that provide health care to military personnel, dependents, and retirees.
Central personnel administration. Programs that acquire and administer the DoD workforce. Includes acquisition of new DoD personnel, station assignments, provisions of the appropriate number of skilled people for each career field, and miscellaneous personnel management support functions, such as personnel transient and holding accounts.
Central personnel benefit programs. Programs that provide benefits to Service members. Includes family housing programs; commissaries and military exchanges; dependent schools in the United States and abroad; community, youth, and family centers; child development activities; off-duty and voluntary education programs; and a variety of ceremonial and morale-boosting activities.
Central training. Programs that provide formal training to personnel at central locations away from their duty stations (non-unit training). Includes training of new personnel, officer training and Service academies, aviation and flight training, and military professional and skill training. Also includes miscellaneous other training-related support functions.
Departmental management. Headquarters whose primary mission is to manage the overall programs and operations of DoD and its Components. Includes administrative, force, and international management headquarters, and defense-wide support activities that are centrally managed. Excludes headquarters elements exercising operational command (which are assigned to the "other forces" category) and management headquarters associated with other infrastructure categories.
Other infrastructure. Programs that do not fit well into other categories. They include programs that (1) provide management, basing, and operating support for DoD intelligence activities; (2) conduct navigation, meteorological, and oceanographic activities; (3) manage and upgrade DoD-operated air traffic control activities; (4) support warfighting, war-gaming, battle centers, and major modeling and simulation programs; (5) conduct medical contingency preparedness activities not part of the defense health program; and (6) fund joint exercises sponsored by the Combatant Commanders (COCOMs) or JCS directed. Also included in this category are centralized resource adjustments that are not allocated among the programs affected (e.g., foreign currency fluctuations, commissary resale stocks, and force structure deviations).

Appendix A: Detailed Performance Metrics

Table D-1				
Department of Defense TOA by Force and Infrastructure Category (FY 2004 \$ in Billions)				
	FY 1999	FY 2000	FY 2001	FY 2002
Forces				
Expeditionary Forces	129	130	137	147
Deterrence and Protection Forces	8	8	9	13
Other Forces	31	29	31	33
Defense Emergency Response Fund	0	0	0	14
<i>Forces Total</i>	168	167	177	207
Infrastructure				
Force Installations	21	23	23	26
Communications & Information	4	4	5	6
Science & Technology Program	8	9	9	10
Acquisition	8	9	9	8
Central Logistics	17	20	18	20
Defense Health Program	20	21	19	26
Central Personnel Administration	9	10	11	7
Central Personnel Benefits Programs	8	8	8	8
Central Training	24	25	26	29
Departmental Management	16	15	15	16
Other Infrastructure	3	4	9	4
<i>Infrastructure Total</i>	138	148	152	160
Grand Total				
	306	315	329	367
Infrastructure as a Percentage of Total	45%	47%	46%	44%

Appendix A: Detailed Performance Metrics

Performance Metric: Fund to a 67-year recapitalization rate by 2007

Metrics	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target/ Actual
Facilities recapitalization metric—FRM (years)	141	192	101	67/149
Facilities sustainment model—FSM (percent)	78 ^a	70 ^b	89	100/93
^a FSM did not exist in FY 2000 and FY 2001; these are estimates. Source: DoD Financial Statement, Required Supplemental Information.				

Metric Description. The facilities recapitalization metric (FRM) is a performance indicator that measures the rate at which an inventory of facilities is being recapitalized. The term “recapitalization” means to restore or modernize facilities. Recapitalization may (or may not) involve total replacement of individual facilities; recapitalization often occurs incrementally over time without a complete replacement.

The performance goal for FRM equals the average expected service life (ESL) of the facilities inventory (estimated to be 67 years, based on benchmarks developed by a panel of Defense engineers in 1997). The ESL, in turn, is a function of facilities sustainment. “Sustainment” means routine maintenance and repair necessary to achieve the ESL. To compute a normal ESL, full sustainment levels must be assumed. A reduced ESL results from less than full sustainment. For this reason, the metrics for facilities recapitalization and facilities sustainment are unavoidably linked and should be considered together.

Sustainment levels required to achieve a normal ESL are benchmarked to commercial per unit costs; for example, \$1.94 per square foot annually is needed to properly sustain the aircraft maintenance hangar inventory for a 50-year life cycle. The facilities sustainment model (FSM) adjusts these costs to local areas and assigns the costs to DoD Components and funding sources.

The recapitalization rate—measured by FRM in years—is compared to service life benchmarks for various types of facilities. For example, the ESL of a pier is 75 years, and the ESL of a dental clinic is 50 years (provided the facilities are fully sustained during that time). The average of all the ESL benchmarks, weighted by the value of the facilities represented by each benchmark, is 67 years. Weighting is required to normalize the ESL. For example, without weighting, 50 years is the ESL of a hypothetical inventory consisting of administrative buildings (75-year ESL) and fences (25-year ESL). But fences are insignificant compared to administrative buildings—DoD has \$22 billion worth of administrative buildings, but only \$3 billion worth of fences and related structures—and should not have equal weight. The ESL of this hypothetical inventory when weighted by plant replacement value is 68 years, not 50 years.

For evaluating planned performance, both metrics (FSM and FRM) are converted to dollars (annual funding requirements) and compared to funded programs in the DoD Future Years Defense Program (FYDP). Both metrics can also be used to measure executed performance.

Appendix A: Detailed Performance Metrics

V&V Method. Recapitalization rates are computed according to set procedures for transmitting program and budget data to the Office of the Secretary of Defense (maintained by the Program, Analysis and Evaluation Directorate of the Office of the Secretary of Defense) and set rules as described in the August 2002 document, *Facilities Recapitalization Front End Assessment*. Data collection procedures are quite complex and are derived from multiple sources to include several hundred FYDP program elements, multiple funding appropriations and resources from outside DoD, and hundreds of thousands of real property records. The various data elements are summarized and merged in the Defense Programming Database (DPD) Warehouse, where the recapitalization rate is computed from the data. All the data submitted to the DPD Warehouse are audited for accuracy by multiple DoD offices. The benchmark for the DoD average recapitalization rate goal (67 years) is based on service life benchmarks developed by DoD in 1997.

Sustainment rates are computed in a similar manner. Approximately 400 benchmarks for sustainment are contained in the DoD Facilities Pricing Guide and are each documented for source and estimated quality. These individual cost factors are combined with real property inventory databases by the DoD FSM, which is maintained under contract by R&K Engineering of Roanoke, VA. FSM outputs are merged with programming and budget data contained in the DoD FYDP; merging is done in the DPD Warehouse, where sustainment rates are computed.

Performance Results for FY 2003. These metrics do not yet capture “actual” expenditures as the term “actual” is normally understood. For recapitalization, there is no reporting process for determining the “actual” (i.e. executed) recapitalization rate in a given year, and there are many barriers to doing so. For example, appropriations for military construction projects – which make up the bulk of the recapitalization investment – are good for five years and are typically executed over more than one year. Additionally, Congressional adds, rescissions, reprogrammings, and late project adjustments all alter the “actual” recapitalization rate. There is no system as yet to capture these changes at the DoD level. For sustainment, a system is in place to capture the “actual” sustainment expenditure at the DoD level, however FY03 is the very first year for the system and the initial results may or may not be reliable. The initial result the FY03 sustainment rate is 79% – not 93% as budgeted. However, it is very likely that that some of the “unexecuted” sustainment migrated to and was executed as recapitalization – but there is no system as yet in place to show the effect of such migrations on the recapitalization rate. Hence, the table continues to show budgeted rates, not actual rates.

Shortfalls in facilities recapitalization (and associated sustainment) were considered in development of the amended FY 2002 and FY 2003 budgets. Although performance as measured by the budgeted recapitalization and sustainment rates improved from FY 2001 levels, the targets (67-year recapitalization rate and full sustainment) were not achieved in either budget. As a result of not achieving full sustainment levels, the theoretical service life of the inventories (67 years) suffered another incremental reduction. As a result of not achieving a 67-year recapitalization rate, obsolescence in the facilities inventories increased incrementally. The cumulative and compounding effect of these shortfalls is measured by the number of C-3 and C-4 facilities reported in the Department’s readiness reports (68% of facility classes are reported as having serious deficiencies that adversely impact mission performance).

Appendix A: Detailed Performance Metrics

Because of the way these metrics are constructed, the underperforming results of FY 2002 and FY 2003 do not directly affect the sustainment and recapitalization performance targets for FY 2004. The goal for sustainment remains full sustainment; a 7% shortfall in programmed sustainment in FY 2003 cannot be offset with 7% overage in FY 2004. The interim goal for recapitalization remains 67 years, even though past performance has already reduced the service life of the facilities inventory. The direct effect of undersustainment and underrecapitalization is captured in the *accelerated recapitalization rate* that is required to restore readiness to at least C-2 status by 2010.

Appendix A: Detailed Performance Metrics

Performance Metric: Eliminate inadequate family housing by 2007

Metric	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Number of inadequate family housing units	182,246	170,314	143,608	129,955
Percentage of total family housing units ^a	60.9%	58.5%	53.4%	51.1%

^a Targets or Projected Performance are not established for the Percentage of total family housing units.

Metric Description. The Secretary of Defense has established a goal to eliminate all inadequate family housing by the end of FY 2007. Each Military Service has developed a Family Housing Master Plan that outlines the approach it will follow to achieve this long-term goal. These plans identify the program requirements, by year, to eliminate inadequate family housing by FY 2007.

Inadequate housing, in general, is any unit that requires a major repair, component upgrade, component replacement, or total upgrade. Each Service has evaluated its housing and identified inadequate units. Each Service has then developed a plan to eliminate this inadequate housing through a combination of traditional military construction, operations and maintenance support, and privatization.

V&V Method. Information was gathered from the OSD files and from the Military Departments FY 2002 Family Housing Master Plans, which are submitted annually to the Deputy Under Secretary of Defense (Installations and Environment). (Due to the implementation of the new OSD Housing Requirements Guidance, Service Family Housing Master Plans were not provided in FY 2003, as a result, the housing baseline will be adjusted with the FY 2004 Master plans). These Master plans provide detailed information, by installation, on the Service's ability to achieve the 2007 family housing goal.

Performance Results for FY 2003. The Department reduced inadequate family housing by 14,000 units in FY 2003 through revitalization, demolition, and privatization. The total number of inadequate family housing upgraded through privatization totals about 38,000 units.

Appendix A: Detailed Performance Metrics

Performance Metric: Reduce Customer wait time (days)

Metric	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target/Actual
Customer Wait time (days)	N/A ^a	18	16	16/19 ^b
^a Reporting of CWT did not begin until FY 2001. ^b Through 3rd Quarter of FY 2003				

Metric Description. Customer Wait Time (CWT) measures the elapsed time from order to receipt when a customer orders an item of material. The customer’s order may be filled from assets on hand at the customer’s military installation or naval vessel, or through the DoD wholesale logistics system. For purposes of this Enterprise Level Metric, CWT includes orders for spare and repair parts ordered by organizational maintenance activities. CWT captured for orders considered below enterprise level are maintained by each of the Military Services and the Defense Logistics Agency.

V&V Method. Data on transaction volume and order-receipt times are collected monthly from various Military Service systems. The Military Services roll the inputs from their respective systems into a single Service report in spreadsheet format that they submit to the Defense Automatic Addressing System (DAAS). DAAS then calculates a weighted average (based on the relative volume of transactions) for the entire DoD, which is the figure reported above. All Military Service inputs are based on an agreed-upon set of business rules. This methodology helps to ensure consistent treatment of data and valid comparisons across DoD Components.

Performance Results for FY 2003. Preliminary indications are that DoD will not meet its FY 2003 CWT target of 16 days because of the increase in demand for critical items and delays in closing out transactions caused mainly by the execution of Operation Iraqi Freedom.