DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

MAR 31 2004

MEMORANDUM FOR ACTING UNDER SECRETARY OF DEFENSE (ACQUISITION, TECHNOLOGY AND LOGISTICS)

SUBJECT: Department of the Navy Comments on Final Joint Cross-Service Military Value Reports

We have conducted a review of the final Joint Cross-Service Group (JCSG) Military Value Reports provided by the Office of the Secretary of Defense on March 25-26, 2004. Many of the concerns noted in our initial review have been addressed by the JCSGs in their reports, and the content and clarity of the reports are improved. However, there are several issues that we feel still warrant resolution, either because they were not addressed by a JCSG or because they have arisen in the report revision. These issues are specifically noted below for the applicable JCSG.

Technical

In addressing actions taken in response to the comments on the first report draft, the report notes two actions that must be completed. The Memorandum of Understanding (MOU) between the Technical and Education and Training JCSGs concerning range evaluation needs to be finalized to define the coordination process between those JCSGs. We also recommended in our initial comments that the JCSG reconsider the assigned weights for Selection Criteria #4 as there are technical areas in which the cost of operations and the manpower implications could be significant factors. The final report notes the JCSG intends to suggest an approach on this issue at the April 2, 2004 Infrastructure Steering Group (ISG). We recommend this approach be provided in advance of the meeting so the ISG principals can assess whether it is responsive to the concerns stated.

The report still does not articulate the rationale for all questions, scoring and weighting (i.e. Future Warfighting Capability, Jointness, Multiple Functions/Capability Areas, and Dual Use Capacity). In particular, differences in scoring and weighting between apparently like sub-functions and similarity in scoring between apparently different sub-functions should be explained. The areas of Air Land Sea & Space (ALSS) and Weapons & Armaments (W&A) are similar and as such the weights and scoring are expected to be comparable, however under S&T in Physical Structure & Equipment a 22 percent variation exists relative to Uniqueness, also for D&A in Synergy a 15 variation exists relative to Jointness with no explanation. If this rationale is contained in deliberative documents, the report could just note that fact.

We continue to have a concern that the question requesting funding plans for "high value warfighting capabilities/technology" may not be available at the same level of detail for all Military Departments. We recommend the JCSG provide a clear definition of the information sought to ensure consistency across the Military Departments.

The JCSG proposes to use contractor personnel data as equivalent to government personnel data (e.g., education, patents, etc.) for purposes of determining military value. We strongly believe this is not appropriate for BRAC purposes because it is not auditable and does not reflect the nature of the government workforce or infrastructure requirements. We request that the contractor data be eliminated from the scoring plan in its entirety. Similarly, the use of externally executed funding as a metric skews the value of activities being analyzed. BRAC is specifically related to infrastructure and support costs and externally executed funding has little relationship to that. We recommend externally executed funding be eliminated, or at least marginalized as a measure of military value.

The current Military Value scoring plan uses percentages vice absolute numbers as a measure of value in certain people-related areas. Test runs of the scoring plan have shown that this method produces irrational results in the analysis. We recommend that the method of measurement be changed to use absolute numbers.

Defense Acquisition Workforce Improvement Act (DAWIA) certification is used as a metric of people's military value for all personnel in the Technical professional community. This provides an inconsistent metric for all the services in the sub-function of Science and Technology, since DON does not require DAWIA certification except for limited numbers of management positions. In this area, DAWIA certification provides little to Military Value and should be eliminated from the scoring plan.

The current Military Value approach has individual military value scores developed for each of the 39 sub-functions. The JCSG needs to understand in advance of their capacity and military value analyses what the model will be solving for. This may necessitate having the ability to score activities both at the sub-functional level and in the aggregate at the activity level, as well developing a methodology of how to score many different combinations of the 39 sub-functions.

Medical

It is not clear from the report alone whether the JCSG has considered the DoD commitments that were made in the Federal Register in response to public comments to the draft selection criteria. The ISG comments to the first draft of the JCSG Military Value reports directed the JCSGs to "review [the Federal Register notice containing commitments on how DoD will interpret and apply the final selection criteria] to determine if such commitments should be built into your military value approach." In order to establish for the record that this step has been accomplished, it would be valuable to have the Medical JCSG include a statement to this effect in either its report or the minutes of its deliberations

Supply and Storage

The JCSG does not appear to have responded to our comment about reassessing military value weights as they apply to capacity, condition and location. Our concern is that the scoring plan may unintentionally favor efficient/effective supply functions without regard to size or

location. Capacity is addressed, but not sufficiently to capture distinct differences in kinds of capacity, while location is only considered as it applies to distribution nodes.

The explanation of the Complexity Factor and how it will be used in analysis is more complete than in the original draft. It will be critical, however, for the directions and definitions included with the data call to be very clear on how activities are to fill in the table that will used for the Complexity Factor in order to ensure answers are consistent across activities.

Similar to Technical, the JCSG needs to understand in advance of their capacity and military value analyses what the model will be solving for. This may necessitate having the ability to score activities both at the sub-functional level and in the aggregate at the activity level. The current Military Value approach has each Supply & Storage activity receiving one score, which is an aggregate score of the three subfunctions - supply, storage, and distribution. A methodology and statement should be included in the report that separate military value scores may be used for the individual functions of supply, storage and distribution.

Industrial

As previously mentioned in the Medical comments, it is not clear from the report alone whether the JCSG has considered the DoD commitments that were made in the Federal Register in response to public comments to the draft selection criteria. In order to establish for the record that this step has been accomplished, it would be valuable to have the Industrial JCSG include a statement to this effect in either its report or the minutes of its deliberations.

In reviewing the Supply and Storage JCSG military value report, we find it contains an approach that should be considered for application to the munitions distribution network in the Industrial JCSG. The Supply and Storage JCSG uses similar data to that of the Industrial JCSG, but combines them in a manner we believe better represents the value of activities' roles in munitions distribution. In particular, we urge the Industrial JCSG to consider implementing the approach that weights the value of each transportation mode (air, land, sea) according to the volume or tonnage of material that moves through that mode, as well as delivery cycle.

There appears to be uncertainty within the Industrial JCSG concerning how military value scores are to be treated in development and consideration of scenarios. The issue is whether the military value of an activity in performing a function is a one-time static number or is recomputed for each scenario, taking into account the changes in data that would result from implementing that scenario. We recommend the ISG provide guidance to clarify that military value is a one-time calculated value.

Similar to Technical and Supply & Storage, the JCSG needs to understand in advance of their capacity and military value analyses what the model will be solving for. This may necessitate having the ability to score activities both at the sub-functional level and in the aggregate at the activity level. The current Military Value methodology has separate military value scores being calculated for many sub-functions, as well commodities.

Headquarters & Support

The JCSG has expanded question #446 (common administrative functions) to include not only the major headquarters, but also middle management organizations such as the Navy's Regional Commands. We are concerned that the weighting within the scoring models fails to credit previous consolidations under the Navy's installation management program. While the Navy is certainly open to further opportunity for improvement in shore infrastructure management, it has already invested significantly to consolidate its shore management organization and is concerned about merely restructuring in a different way.

Education and Training

The DON remains concerned about the inclusion of graduate flight training in the JCSG analysis and recommends assigning graduate level flight training to the Services for analysis. We believe that the graduate flight training function is more properly evaluated as an adjunct to basing of operational aviation forces and thus is largely Service-specific. Integration or consolidation potential may arise as the result of considerations of joint basing scenarios, and can be addressed between the Military Departments at that time.

Cost can be a significant factor in choosing ranges for training. It is not clear how this will be accounted for in the Ranges subgroup's analysis plan. Recommend that the subgroup identify a method that recognizes cost implications to training.

Our review of the revised report identified one new area of concern. The ISG identified GLOBAL HAWK as the only UAV platform to be included in the JCSG analysis. Although it is assumed that future UAVs will be jointly operated, there are no UAVs in the present inventory that are considered truly "joint." The ISG should more clearly define the requirements the E&T JCSG should meet assess future training for joint UAVs.

We look forward to discussing these issues at the 2 April ISG meeting.

H T Johnson

H. T. Johnson