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DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR USD (AT&L) 30 Mar 04

FROM: SAF/IE
1665 Air Force Pentagon
Washington, D.C. 20330-1665

SUBJECT: AF Review, Draft Final Military Value Analysis Reports

Urge the ISG suspend review of subject reports until a robust horizontal integration effort is completed that resolves blatant issues between the reports. This effort must be aimed to create an internally consistent and coordinated Military Value Analysis process and set of rationalized Military Value questions for Data Call #2. Unless this effort is taken immediately, I believe there will be significant interoperability problems among the JCSGs' and Services' analyses during scenario development. Examples of inconsistencies are itemized at Attachment 1.

To move forward, I suggest that the ISG direct the creation of an integration team composed of the JCSG and Service Colonel/GS-15 leaders. Only these senior working group level professionals have the subject matter expertise to coordinate integration across groups, and affect the direction within their groups. This team should report to the BRAC Directors similar to how the Data Standardization Team (DST) worked for Data Call #1. However, one significant difference between this team and the DST is the need for this team to have an unambiguous and powerful charter. The team must resolve duplicative and ambiguous questions, define common terms, attributes, and metrics as appropriate, develop common policies and ensure dissemination of corrective actions in a timely fashion. More details on various crosscutting issues are at attachment 2.

NELSON F. GIBBS
Assistant Secretary
(Installations, Environment & Logistics)

2 Attachments:
1. AF Specific Comments, MV Reports
2. Point Paper on Crosscutting Issues

cc:
AF/CV
ASA (I&E)
ASN (I&E)

AIR FORCE SPECIFIC COMMENTS OF JCSG FINAL REPORTS

Section 1. Supply and Storage (S/S) JCSG Revised Military Value Report Review

Inconsistencies in questions/approach:

- Questions and metrics need to be deconflicted across JCSGs (e.g., chart below illustrates infrastructure MilVal disconnects to be resolved, space standards are different across the Services)

JCSG	Numeric Entry	FAC Cond Index	IRR C1-C4	Color Entry	% Adequate	% Meet DoD Stds	Condition Code
E&T			5		9	1	
H&SA			9	1			
Industrial			8				4
Medical		4					
S&S	1						
Technical		1					

- Conflict with Technical JCSG - Supply is measuring the effectiveness/efficiency of acquisition process by total number of contracts awarded during a year, the number of contracts managed by a Supply and Storage activity and the number of actions that were protested and adjudicated. *This is an administrative-type acquisition process question that is already addressed by the Technical JCSG. A more appropriate measure would be S/S contractor's performance based on throughput. (Criteria 1- Page 14)*
- Qualified/availability of labor pool - S/S is currently measuring by number of years of government service per Government employee, the percentage that has attained a four-year degree and unemployment rate. *The number of years of government service does not relate to the number of years of Supply experience (a person could have 20 years of government experience but only 6 months in Supply); by OPM Classification Standards for Occupational Series in the Supply & Storage function a 4-yr degree is not required, so this is not a measure of qualified supply applicants; and, unemployment rate of the county where the S/S activity resides does not measure labor pool availability, a better measure would be Metropolitan Statistical Data of how many S/S occupations reside in the neighboring locale. (Criteria 3-Page 32)*
  Criteria 4 - Manpower implications. Availability of skilled workforce is being measured by the top-five longest length of time to fill Government civilian job within S/S activity, *administrative fill rate is not an indicator of availability of skilled workforce, it is a measure of civilian personnel's ability to their job and is not related to S/S activities. (Criteria 4 - Page 40)*
- Questions 44-45, 48, p. 33, 34: IT infrastructure. The use of FY06-07 POM dollars is not appropriate as anticipated budgets could easily change, FY03-04 approved budget dollars should be the standard measure. Additionally, an installation budgeting more dollars for IT than another is not necessarily a bad thing. The current scoring is impractical.

Atch 1

Inconsistencies among JCSGs and Services regarding attributes: (Currently using same term to describe different things and different terms to describe the same things)

- Criteria 4 - Cost of Operations. Personnel costs are measuring locality pay of government civilian personnel at the S/S activity location – *This should be drawn from the COBRA data call.*

Apparent Process Fouls:

- None noted.

Open write-ups (from AF perspective):

- OSD/ISG Comments on location and overemphasis on transportation nodes. S/S heavily weights availability and throughput of distribution/transportation nodes - no attribute/metric is given to proximity to customer, which may be a more effective way of measuring location. *Changes were made to final report that put even more emphasis on transportation nodes, with no additional of question regarding proximity to customer. (Criteria 1-Page 22-24 and Criteria 3- Page 36-38)*

Section 2. Industrial JCSG Revised Military Value Report Review

Inconsistencies in questions/approach:

Questions and metrics need to be deconflicted across JCSGs (e.g., chart below illustrates infrastructure MilVal disconnects to be resolved, space standards are different across the Services)

JCSG	Numeric Entry	FAC Cond Index	IRR C1-C4	Color Entry	% Adequate	% Meet DoD Stds	Condition Code
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H&SA			9	1			
Industrial			8				4
Medical		4					
S&S	1						
Technical		1					

- Inconsistent approach across JCSG. Maintenance Subgroup is measuring military value across 57 commodity groups for Depot Maintenance and 11 commodity groups for Intermediate maintenance. Ship Overhaul and Repair is measuring depot and intermediate level maintenance by ship maintenance & repair activities by ship classes. Munitions is measuring capability of munitions production, munitions maintenances, munitions storage, munitions demilitarization and armaments production using munitions maintenance commodity groups, demilitarization processes, armaments manufacturing processes that have been used in the last two years.

Inconsistencies among JCSGs and Services regarding attributes: (Currently using same term to describe different things and different terms to describe the same things)

- Maintenance Subgroup has interpreted that Criteria 1 relates to current and near future and Criteria 3 relates to long-term future as well as surge and support of contingencies. The other two subgroups view Criteria 1 as being current state and Criteria 3 as future state, flexibility to future and mobilization.

Apparent Process Fouls:

- Several questions are using FY09 data.

Open write-ups (from AF perspective):

- Sensitivity analysis is on-going and being conducted by contractor LMI, therefore a thorough explanation cannot be included in report.
  A common methodology to measure cost of operations. *Each subgroup has a different methodology in measuring cost of operations. There is a common cost factor being tracked, total operating costs, but each of the groups gets at it in a different fashion. Each subgroup will normalize those costs, as required, utilizing the DoD Cost Comparability Handbook during the scenario phase.*

Measure	Munitions & Armaments Subgroup	Maintenance Subgroup	Ship Overhaul & Repair subgroup
Fixed Costs	Cost to open doors		
Labor	Size of payroll	Direct labor cost/prod hr, Other cost/prod hr, and output per manpower (I-Level)	
Equipment		Replacement costs/CPP	Recent & programmed capital investments, plant replacement, RPM expenses

- Air Force suggestions for the Industrial guiding principles:
  - Military Imperative: Air Force will continue to lead this Nation's sustainment for air and space weapons systems and armaments, was not included in report because the format from OSD did not include an imperative section
  - Discussion on military principle of provisioning some level of munitions storage near an aerial port was not included in the report, however, it will be addressed in scenario stage

Section 3. Headquarters & Support Activities (H&SA) JCSG Revised Military Value Report Review

Inconsistencies in questions/approach:

- Questions and metrics need to be deconflicted across JCSGs (e.g., chart below illustrates infrastructure MilVal disconnects to be resolved, space standards are different across the Services)

JCSG	Numeric Entry	FAC Cond Index	IRR C1-C4	Color Entry	% Adequate	% Meet DoD Stds	Condition Code
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Industrial			8				4
Medical		4					
S&S	1						
Technical		1					

Inconsistencies among JCSGs and Services regarding attributes: (Currently using same term to describe different things and different terms to describe the same things)

- Condition of Facilities – all measuring and weighting differently
- Asking about buildable acres in different ways
- Transportation Modes (S&S doing distance by 50 miles and H&SA doing distance by 100 miles)

Apparent Process Fouls:

- Para 3a: Visibility of Data. States that metrics, scoring plans, and weights may need to be modified once data is received.

Open write-ups (from AF Perspective):

- The Air Force has one regional personnel center (AFPC, Randolph AFB, TX) that provides service in a total force fashion to both military and civilian members and their commanders. The categories used (civilian personnel offices, military personnel centers, and Geographic Clusters – military personnel) represent a different construct than what the AF has adopted as our operating model. Measurement of the sum of the parts may not equal the whole. Additionally, the resources devoted to personnel management may differ dramatically as a result of the activities performed under the "personnel roof". Arguably, the AF has more resources invested in force development than other services. Could be an "apples to oranges" analysis leading to the wrong conclusions.
- Page 3, para 1c: These assumptions generally view IM functions as "business" processes with little or no link to combat readiness and capability. Military value analyses must consider this aspect of USAF combat support.

- Page 10, Criterion 1, Attribute 1, Metric 1 and 2: There is no standard measure of fill time. A zero to one range does not reflect military value. For example, civilian fill times may range from 20-30 days. Is a 30-day fill rate more than 100 times more valuable than a 30-day rate?
- Page 13, Criterion 4, Attribute 1, Metric 1: Locality pay is derived from Bureau of Labor Statistics (BLS) data, which OPM used in formulating locality pay. BLS data would be a better measure....use the data from the COBRA data call.
- Page 20, Criterion 1, Attribute 3: Measure focuses on quantity without regard to quality. Make clear who these questions apply to. If not limited, it's an unreasonable collection requirement. If it is limited, make clear the limits.
- Page 46, Attribute 2, Metric 1: May tie to civilian personnel performance. Not sure it's a valid measure. Should the workforce pool measure total labor pool or just certain occupations?
- Air Force suggestions for the H&SA guiding principles:
    - Agile Combat Support (ACS) requirements drive special basing considerations for the Air Force. The Air Force needs to develop constellations of bases that can provide lateral support to each other so a wing continues to function with part of its normal ACS contingent deployed
    - When it improves military value or provides the same military value at a tangible savings, combine administrative headquarters with other services, agencies, or civilian organizations.
    - Optimize quality of life. Installations should provide for family stability and member support
    - Realign basing structure to combine associate, active associate, operationally integrated and blended units when it makes sense for military effectiveness.
    - For Reserve Component forces, bases must be sufficiently dispersed to attract talented volunteers and promote diversity, without sacrificing economies of scale
    - Unity of command is best achieved by vesting a single commander with the requisite authority to direct all forces employed in pursuit of a common goal; e.g. each military department managing the careers and assignments of their personnel

Section 4. Medical JCSG Revised Military Value Report Review

Inconsistencies in questions/approach:\

- Questions and metrics need to be deconflicted across JCSGs (e.g., chart below illustrates infrastructure MilVal disconnects to be resolved, space standards are different across the Services)

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H&SA			9	1			
Industrial			8				4
Medical		4					
S&S	1						
Technical		1					

Inconsistencies among JCSGs and Services regarding attributes: (Currently using same term to describe different things and different terms to describe the same things)

- Buildable acres and expansion potential: not measured by Medical. The capacity questionnaire included rooms not used
- Availability of skilled workforce: not measured by Medical. The only reference to workforce is under criteria 1, requests core competencies and education levels
  Time frames for data collection: E&T uses 3 most recently completed training cycles, other functions use FY03
- Cost of operations: E&T uses ability to train onsite; Health Care Services uses relative weighted procedures, relative value units, and dental weighted values; RD&A uses FTEs
- Transportation modes: not measured by Medical.

Apparent Process Fouls:

- None noted.

Open write ups (from AF perspective):

- Guiding Principles: This issue remains open pending upcoming ISGs and, if required, IEC. Where there are principles that shape military value in a JCSG area of responsibility, the JCSG military value report should clearly state them. Air Force suggestions for the Medical JCSG are as follow:
  - Beneficiaries surrounding a medical activity are important to maintain medical skills
  - Active Duty AF members and families enrolled in AF facilities should receive their primary medical care from AF providers; for other care, civilianize to extent practicable

- Off-base health care availability is important aspect of cost control and partnerships to provide additional opportunities for maintaining medical proficiencies
- Medical activities with unique geographical aspects or fulfill Service-specific missions (such as G-force simulator) will have high military value
- No strong correlation between most medical training activities and location
- Professional medical education, to include residencies and internships, does not have to be provided in a military treatment facility; therefore, military treatment facilities with local or other federal partnering arrangements have high military value

Section 5. Education & Training JCSG Revised Military Value Report Review

Inconsistencies in questions/approach:

- Questions and metrics need to be deconflicted across JCSGs (e.g., chart below illustrates infrastructure MilVal disconnects to be resolved, space standards are different across the Services)

JCSG	Numeric Entry	FAC Cond Index	IRR C1-C4	Color Entry	% Adequate	% Meet DoD Stds	Condition Code
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- H&SA is requesting the number of institutional training personnel hosted by an installation in their military value data call (Installation Mgt). The majority of that data was collected by E&T during Data Call #1.

Inconsistencies among JCSGs and Services regarding attributes: (Currently using same term to describe different things and different terms to describe the same things)

- Quality of Life attribute used by both H&SA and E&T JCSGs; however, the two are measuring it very differently. H&SA has 3 metrics: owner-occupied housing, percent of bachelor's degree or higher. E&T has at least 12 metrics: billeting facilities, dining options, hospital/clinic availability, dental clinic, community center, theater, shoppette, civilian higher education, wait time for family housing, CDC, AAFES/DeCa availability, civilian locality pay
- Distance to Major Airport is another attribute shared by H&SA and E&T. Definitions of major airport differ.

Apparent Process Fouls:

- None noted.

Open write-ups (from AF perspective)

- This issue remains open pending upcoming ISGs and, if required, IEC: In the Flight Training Subgroup Military Value Analysis, F-35 graduate training should be removed from the scope of the JCSG
- Some metrics/questions lacked justification making them difficult to understand their need. Range questions still lack justifications or rationales

- AF recommended E&T JCSG use common attributes among subgroups and among JCSGs to maximum extent possible, as different analytical constructs may prove incompatible during scenario development. None were changed
- Several comments were included on para 3a in the Specialized Skill Training Subgroup Military Value Analysis, however no changes were made
- Military Value questions resident in data call #1 and which must be asked during the Military Value data call need to be annotated. Flight Training provides a list of questions without specifying if they are military value only or from Data Call #1. It is assumed only the military value specific questions are now listed; however, the other subgroups provide a complete list of questions and indicate which come from Data Call #1.
- The Accident Potential Zone question justifications in Flight Training are incorrect. The percentage of incompatible land doesn't prevent encroaching - only zoning and other restrictions can impact physical encroachment. These were not changed.
- There were two typographical errors in the Range Subgroup Mil Val questions; however these were either not included or included with new errors
- Air Force suggestions for the E&T JCSG guiding principles
  - Installations with larger capacities (particularly Airspace) are of comparatively greater Military Value for flight training
  - Managed training areas (particularly Airspace) would be extremely hard to reconstitute if lost to the BRAC process
  - Quality of life is a recruiting and retention issue that has military value
  - The military requirement to achieve culturalization early in one's military career means we cannot contract out major parts of early military training: basic training, officer accession training, entry level technical schools, undergraduate pilot training, junior officer PME
  - Service professional military education benefits from day-to-day interaction among advanced, intermediate development education, and senior development education training
  - Exploit best practices - establishing centers of excellence and outsourcing to alternate providers has value only where Military Value is effectively and efficiently enhanced
  - Minimize redundancy - consolidate SST instruction when standardized joint individual instruction and standards exist and you can either tangibly raise military value or produce the same military value at a tangibly lower cost. Common functional areas have the most value across Service training where Services are engaged in common operations. Gains from reduced costs and increased efficiency must be offset against possible reduction in readiness. (e.g. consolidate training at fleet concentration centers)

Section 6. Technical JCSG Revised Military Value Report Review

Inconsistencies in questions/approach:

- Questions and metrics need to be deconflicted across JCSGs (e.g., chart below illustrates infrastructure MilVal disconnects to be resolved, space standards are different across the Services)

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Technical		1					

- Technical, E&T Ranges and AF are using different measures/calculations for encroachment

Inconsistencies among JCSGs and Services regarding attributes: (Currently using same term to describe different things and different terms to describe the same things)

Apparent Process Fouls

- Critical: Page A-17, both questions use "estimate." Need to delete estimate. Rationale: we must use certified data, not estimates; actual FY03 replacement costs should be available
- Critical: Page A-21, FTFEf. Delete reference to program years beyond FY05. Rationale: we cannot use program data beyond FY05. Rationale: we cannot use program data beyond FY05.
- Critical: Page A-21, MTFEf. Delete reference to program years beyond FY05. Rationale: we cannot use program data beyond FY05. Rationale: we cannot use program data beyond FY05.
- Critical: Page A-26, FTFEf and MTFEf Delete reference to program years beyond FY05. Rationale: we cannot use program data beyond FY05. Rationale: we cannot use program data beyond FY05.
- Critical: Page A-29, FTFEf and MTFEf Delete reference to program years beyond FY05. Rationale: we cannot use program data beyond FY05. Rationale: we cannot use program data beyond FY05.

Open write ups (from AF perspective)

- Air Force suggestions for the TJCSG guiding principles:

  - Retain in place major facilities and equipment that exist primarily to meet military capability requirements, especially if they are unique national capabilities and/or are impractical or extremely costly to move or reconstitute.
  - Ensure that licenses/permits/frequencies currently granted to/needed by the military departments are transferable/available to support any proposed BRAC technical infrastructure realignments.
  - Activities for weapon system capability areas used by more than one military department are a priority for scenario development.
  - Air Force will retain the key capabilities for design, development, and testing (DD&T) of manned and unmanned air and space weapons systems
  - Air Force will retain the key capabilities for DD&T of air and space armaments
  - Air Force will retain the key capabilities for DD&T of the C4ISR network required to achieve predictive battlespace awareness and full spectrum C2 of air and space forcesAir Force will retain the key capabilities for S&T related to air and space vehicles and materials, sensors, air and space propulsion, directed energy and air munitions
  - Retain at least sufficient technical infrastructure and intellectual capital to effectively perform in-house and/or manage the contracted research, acquisition and development, and T&E of weapon system capabilities under the purview of the military department that has the preponderance of the DoD force structure in that capability.
- Intramural versus extramural funding bias. The Navy and Army perform a significant portion of their research, development, and acquisition activities with organic assets, whereas the Air Force balances its organic efforts for these activities with a larger percentage of contracted (extramural) efforts managed by organic personnel. We believe the TJCSG metrics to consider work effort under their Operational Impact attribute has significant bias toward intramural sourcing. Specifically, the weighting factors for research, acquisition and development, and T&E are 90/10, 80/20, and 100/0, respectively. All three services have business approaches that result in delivering warfighting products, but the "Workload Focus" metric inappropriately devalues the AF paradigm. Affects the following:
- Critical: Page A-20 Para 14--Workload Focus. Although TJCSG's commentary on the ISG comments says "extramural and intramural have now been included and scored accordingly, however no changes were made
- Critical: Page A-24, Para 14 --Workload Focus. Although TJCSG's commentary on the ISG comments says "extramural and intramural have now been included and scored accordingly, however no changes were made

POINT PAPER
on
BRAC CROSSCUTTING ISSUES

Inconsistencies in questions and approach

- Questions and metrics need to be deconflicted across JCSGs (e.g., chart below illustrates disconnects across the JCSGs on how they are measuring infrastructure in their MilVal reports and the numbers of different questions in each category)

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Compatibility of independent interpretations of the Selection Criteria

- The Federal Register Notice of 12 Feb 04 makes a number of "promises" related to how we will interpret and apply the final selection criteria
- Also, each Service and JCSG is interpreting Selection Criteria to facilitate its analysis

ISG guidance is inconsistent (e.g., OSD directed I-JCSG to remove "uniqueness" from their report, but others still have it; graduate flight training)

- Could affect the defensibility of BRAC recommendations before the Commission

- Each Service and JCSG uses different descriptions of MilVal attributes
  - One JCSG has a different attribute set for each of its subgroups.
  - In some cases we are using the same term to describe different things or different terms to describe the same thing.
  - Attribute "buckets" cannot be fully congruent, but in several instances, the same attribute is described in several different ways.
  - May prove problematic later in the BRAC process as we make comparisons and tradeoffs between and among Services and JCSGs

Military Value--each JCSG military value discussion should include the following:

- A primary task to the JCSG is to determine where joint consolidation or restructuring can either add tangible military value to the Services or provide the same military value at a tangible net savings

- JCSG will provide military value recommendations (or when driven by imperatives, basing recommendations) to the Services for incorporation to the overall Service-wide recommendations.
- Military value weighting schemes for JCSGs should indicate how the schemes will produce the above deliverables.

Principles/Imperatives. Where there are principles that shape military value in a JCSG area of responsibility, the JCSG military value report should clearly state them. With the exception of the HSA JCSG, the JCSGs have not fully addressed this issue.

Recommend ISG charter an OSD-led integrated management team that includes JCSG and Service O-6 leads and reports to an OSD-DAS oversight team. Proposed charter:

- Deconflict questions between groups,
- Define common terms/attributes to the extent practicable,
- Ensure JCSG and Service methodologies are sufficiently interoperable for joint BRAC analysis and scenario development