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

AUG 20 2010

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Guidance on DoD Efficiency Initiatives with Immediate Application

On August 16, 2010, I directed a series of initiatives as part of my fourth track to move our defense enterprise toward a more efficient, effective, and cost-conscious way of doing business. You will shortly receive additional guidance and requests for information for several of these initiatives.

However, several of these initiatives require immediate guidance. Accordingly, effective immediately, I hereby direct the following:

- A cap, at FY 2010 levels, in the aggregate number of authorized and funded manpower billets in OSD, Joint Staff, COCOMs, Office of the Inspector General of the DoD, Defense Agencies, and DoD Field Activities, and all other organizational entities outside the Military Departments for the next three fiscal years. This action is intended to preclude further personnel growth in these areas and to facilitate the previously announced organizational "zero based" reviews. The Deputy Secretary of Defense is authorized to grant exceptions to this cap, on a component basis, for compelling circumstances.

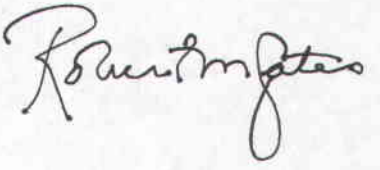
OSD 09856-10

- A cap, at the FY 2010 levels, in the number of authorized and funded senior Departmental positions. Senior departmental positions are defined as Senior Executive Service, Limited Term Lead, Senior Level, Scientific and Professional, Highly Qualified Experts, Defense Intelligence Senior Executive Service, Defense Intelligence Senior Level, and Active Component General and Flag Officers. This action is intended to preclude further personnel growth in these categories and to facilitate the previously announced "zero based" review of the number and locations of senior positions as well as the overhead and accoutrements that go with them. In determining whether to fill positions that are vacated, or continue with projected hiring for the remainder of FY10, I expect senior leadership to prioritize the respective needs of the organization and only hire into billets which serve a critical need and the interests of an efficient and effective organization.

- Pending completion of a comprehensive review of the burden and relative value associated with the massive number of reports and studies produced by the DoD, temporarily halt the tasking or formation of any new DoD internally-generated oversight reports. Internally-generated oversight reports are defined as non-statutory, discretionary reports, recurring or non-recurring, tasked by the head of a DoD Component to other DoD Components, which provide non-urgent oversight guidance or information. Such reports do not include the requests for information that are associated with the ordinary course of business and would be customarily compiled in an information or action memorandum or other similar types of communications. This guidance does not apply to operationally deployed units or forces in combat theaters.

- A twenty-five percent reduction in unobligated FY 2010 funding for sponsored advisory studies. These are defined as studies commissioned by DoD Components and/or DoD Boards and Commissions with outside entities, to include Federally Funded Research and Development Centers, commissioned by DoD Components or an advisory committee that the Component sponsors. Each Component shall submit an account of their unobligated advisory study funds to the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) within three working days of this memo. Additional guidance for corresponding reductions in FY 2011 will be forthcoming.

- A ten percent reduction in unobligated FY 2010 funding for intelligence advisory and assistance contracts. Each Defense Intelligence Component must submit a detailed account of their unobligated intelligence advisory and assistance funds to the OUSD(C) within three working days. Further guidance for FY 2011 will be forthcoming. This guidance applies only to the Military Intelligence Program.

These are initial steps in our effort to redirect overhead and support resources to more critical mission areas. For the purpose of this guidance, any activity that is funded directly by Overseas Contingency Operations funds is hereby exempted from limitations in this memo.

I expect and appreciate your full support, leadership, and personal engagement as the Department embarks on this important work. If you have any questions, please contact the Chairman of the Efficiencies Task Force, Mr. Robert Rangel.