

**S. 1197F NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2014**  
**DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS**  
**TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT**  
**SUBTITLE A—DEPARTMENT OF DEFENSE MANAGEMENT**

**SEC. 904. STREAMLINING OF DEPARTMENT OF DEFENSE MANAGEMENT HEADQUARTERS.**

*Streamlining of Department of Defense management headquarters (sec. 904)*

*The Senate committee-reported bill contained a provision (sec. 905) that would require the Secretary of Defense to develop a plan for streamlining Department of Defense management headquarters by reducing the size of staffs, eliminating tiers of management, cutting functions that provide little or no added value, and consolidating overlapping and duplicative program offices. The objective is to reduce aggregate spending for management headquarters by not less than \$100.0 billion over a 10 fiscal-year period beginning with fiscal year 2015.*

*The House bill contained no similar provision.*

*The agreement contains the provision with an amendment that would remove the savings objective from bill language. We note the Secretary of Defense's recent announcement that he is seeking \$40.0 billion in savings in these areas. We expect that the Secretary's goal will be met.*

*We also note that section 113 of title 10, United States Code, requires the Secretary of Defense to submit to Congress each year a report that contains a comprehensive net assessment of the defense capabilities and programs of the armed forces of the United States and its allies as compared with those of their potential adversaries.*

*We are concerned that in the course of a review intended to identify potential efficiencies and cost savings in the Office of the Secretary of Defense (OSD) the recommendation has been made to make the net assessment function subordinate to another OSD office. Such a change would risk compromising the independence of the Office of Net Assessment without achieving significant efficiencies.*

*Accordingly, we direct the Secretary of Defense to provide to the congressional defense committees, not later than March 1, 2014, a report that identifies the estimated savings and efficiencies that would be achieved through the reorganization or realignment of the Office of Net Assessment and explains how the Secretary of Defense would ensure the continuing independence of net assessment and the ability to report directly to the Secretary, in the event that a decision were made to modify the organizational structure or reporting arrangements of the office.*

## **SEC. 904. STREAMLINING OF DEPARTMENT OF DEFENSE MANAGEMENT HEADQUARTERS.**

- (a) **PLAN REQUIRED.**—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall develop a plan for streamlining Department of Defense management headquarters by changing or reducing the size of staffs, eliminating tiers of management, cutting functions that provide little or no added value, and consolidating overlapping and duplicative programs and offices.
- (b) **ELEMENTS OF PLAN.**—The plan required by subsection (a) shall include the following for each covered organization:
- (1) A description of the planned changes or reductions in staffing and services provided by military personnel, civilian personnel, and contractor personnel.
  - (2) A description of the planned changes or reductions in management, functions, and programs and offices.
  - (3) The estimated cumulative savings to be achieved over a 10-fiscal-year period beginning with fiscal year 2015, and estimated savings to be achieved for each of fiscal years 2015 through 2024.
- (c) **COVERED ORGANIZATION.**—In this section, the term “covered organization” includes each of the following:
- (1) The Office of the Secretary of Defense.
  - (2) The Joint Staff.
  - (3) The Defense Agencies.
  - (4) The Department of Defense field activities.
  - (5) The headquarters of the combatant commands.
  - (6) Headquarters, Department of the Army, including the Office of the Secretary of the Army, the Office of the Chief of Staff of the Army, and the Army Staff.
  - (7) The major command headquarters of the Army.
  - (8) The Office of the Secretary of the Navy, the Office of the Chief of Naval Operations, and Headquarters, United States Marine Corps.
  - (9) The major command headquarters of the Navy and the Marine Corps.
  - (10) Headquarters, Department of the Air Force, including the Office of the Secretary of the Air Force, the Office of the Air Force Chief of Staff, and the Air Staff.
  - (11) The major command headquarters of the Air Force.
  - (12) The National Guard Bureau.
- (d) **REPORTS.**—
- (1) **INITIAL REPORT.**—Not later than 180 days after the date of the enactment of this Act, the Secretary shall submit to the congressional defense committees the plan required by subsection (a).
  - (2) **STATUS REPORT.**—The Secretary shall include with the Department of Defense materials submitted to Congress with the budget of the President for each of fiscal years 2016 through 2024 (as submitted to Congress pursuant to section 1105 of title 31, United States Code) a report describing the implementation of the plan required by subsection (a) during the preceding fiscal year and any modifications to the plan required due to changing circumstances. Each such report shall include the following:
    - (A) A summary of savings achieved for each covered organization in the fiscal year covered by such report.

- (B) A description of the savings through changes or reductions in staffing and services provided by military personnel, civilian personnel, and contractor personnel in the fiscal year covered by such report.
- (C) A description of the savings through changes or reductions in management, functions, and programs and offices in the fiscal year covered by such report.
- (D) In any case in which savings under the plan fall short of the objective of the plan for the fiscal year covered by such report, an explanation of the reasons for the shortfall.
- (E) A description of any modifications to the plan made during the fiscal year covered by such report, and an explanation of the reasons for such modifications.