Statement for the Record by

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**Introduction**

Madam Chairman, Distinguished Members, thank you for the opportunity to come before your committee to discuss the Fiscal Year 2008 (FY08) National Reconnaissance Office (NRO) program and budget request.

The NRO is a joint organization engaged in the research and development, acquisition, launch, and operation of overhead reconnaissance and related ground systems necessary to meet the needs of the Intelligence Community (IC) and the Department of Defense (DoD).  NRO satellites and ground systems support on-demand, world-wide signals, and geo-spatial collection, as well as special communications services enabling a number of other, high-priority intelligence activities.  Policymakers, intelligence and military users, and civil agencies all rely on NRO systems for support critical to continued US intelligence dominance.

NRO systems are integral to military operations, supporting battlespace preparation, precision targeting, wide-area surveillance, blue force tracking, and battle damage assessment, as well as providing near real-time support to ongoing tactical operations.  NRO systems also provide the

foundation for a variety of analytical activities, including

unique indications and warning, access to denied areas, and

sustained target monitoring capabilities.  Finally, consistent

with legal statutes, regulation and policy guidance NRO systems

are playing an ever-increasing role in support of homeland

security, law enforcement, and other civil support missions,

such as border protection and drug interdiction.


Simply put, NRO systems provide the US with a distinct

asymmetric advantage in a world that is defined by rapidly

changing targets and threats.


A few brief examples of how the NRO provides operationally

responsive capabilities include:

- Providing timely support for Combat Search and Rescue

operations for downed aircrews in Iraq;

- Helping to identify technical solutions to counter the

use of improvised explosive devices;

- Developing a web-based tool, subsequently transitioned to

the National Geospatial-Intelligence Agency (NGA) for

operations, that allows posting and sharing of imagery products

worldwide and that has actually saved lives because of its

quick-turn around capability;

- Directly engaging with our users to provide immediate

technical information to an anti-narcotics inter-agency task

force that resulted in seizure of two ships carrying five metric tons of cocaine.

- Working with our Mission Partners to provide support for various civil applications, such as security planners for major public events and disaster relief both at home and abroad.

**Changing Threats**

Increased awareness of the importance of space dominance as a force multiplier for military operations, particularly for the US, is accelerating the development of foreign, sophisticated counterspace technologies.  This was dramatically illustrated by the successful demonstration of a Chinese direct ascent anti-satellite (ASAT) test on 11 January 2007, but the space-based threat to US systems is broader.  Any threat analysis must consider this broad-based space threat, as well as the threats to our own ground networks and our communications infrastructure.

An effective response to these threats requires an improved understanding of our adversaries' enabling systems for threat engagement, including space situational awareness for targeting, command and control links for decision-making and coordination,

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as well as the mission impact to US operations. This knowledge
will form the basis for developing responsive
protection strategies at both the platform and the architectural
level.

**The FY08 Program Priorities**

The changing threat environment and the changing nature of
our targets were both drivers to our FY08 request.  The NRO
satellite constellation of today provides the world's most
capable collection and processing systems, yet intelligence
problems are becoming more complex.  Our Imagery Intelligence
(IMINT), Signals Intelligence (SIGINT), and Communications
architectures provide global intelligence, surveillance and
reconnaissance, and near real time support to the warfighter,
and offer critical contributions to the Global War on Terror
(GWOT).  At the end of the day, the NRO must strive for
acquisition excellence and deliver on its commitments.

**Revolutionize the NRO -- From the Ground Up.**  The NRO's
performance in the GWOT has demonstrated that overhead systems,
designed in a different era and against a different problem set,
can be adapted to collect against small, agile targets -- with
dramatic success.  This adaptation to become "operationally
responsive space" has been done <u>on the ground</u>.  This is where we
can best respond -- by developing and deploying

new algorithms and processing improvements to keep up with rapidly changing technology and stay ahead of evolving threats.

In order to build on our record of success, I have consolidated NRO ground system programs into a single Integrated Ground Development Effort.  Moreover, I have appointed a Ground Mission Manager to lead NRO ground-based efforts toward a Unified Ground Architecture, and to work with our partners in the Defense Intelligence Agency (DIA), the NGA, and the National Security Agency (NSA) toward an Integrated Ground Architecture. This new emphasis on the ground will not only ensure we get the most value from our investment in overhead systems, but is a "must have" to solve the most intractable intelligence problems. We simply must transition the data fusion efforts of today —— people talking -- to the fully automated fusion required for tomorrow.  Human interaction and discussion should not be required to fuse data—-only to make decisions resulting from that data.

**Space Radar.**  The FY08 budget marks the first jointly funded, National Intelligence Program and Military Intelligence Program, request for Space Radar; demonstrating their commitment to the program as the single, future Space Radar system serving

both intelligence and military needs. This is critical.  The

Space Radar integrated program office, led by Air Force Major

General Tom Sheridan (also a Deputy Director of the NRO),

continues the work necessary to ensure a sound

requirements and technology base for the Space Radar program

toward a planned first launch in 2016.


**Research and Development (R&D)**


     The FY08 request also sustains the strong commitment to R&D

necessary to mature the technologies required for next-

generation IMINT, SIGINT, and Communications satellites, to

further the revolution on the ground, and to respond to new

threats.  The R&D program is also exploring numerous "leap

ahead" capabilities that appear to be very promising against

some of our most intractable intelligence problems.


**Financial Management**


     The NRO places great emphasis on the integrity of its

financial data and processes.  Beginning with FY00, the NRO has

undergone annual financial statement audits by an Independent

Public Accounting firm, which have demonstrated significant

quality in our financial management processes and controls.

Basic funds management processes at the NRO have received high

scores since FY00.  Indeed, the NRO Inspector General has noted
that the investment in terms of systems, processes, and training
to achieve this level of corporate financial management has been
significant and represents NRO management's commitment to strong
financial management.  Regardless of the outcome of each year's
audit, the NRO remains the only member of the IC to have
achieved an unqualified opinion on its audits.

**Furthering the New National Space Policy**

On August 31, 2006, the President signed the new National
Space Policy, the first overarching national policy governing
the conduct of US space activities to be issued in more than ten
years.  The NRO was a member of the interagency team that
developed the policy, and is now working to ensure it is fully
implemented.

I have already mentioned a number of NRO programs and
initiatives, such as a strong R&D investment, the new emphasis
on ground, and capabilities that respond to the new threat,
which are all in complete consonance with the new National Space
Policy.  Other NRO initiatives are highlighted below.

Develop Space Professionals.  The National Space Policy
encourages the development of space professionals.  The NRO
believes the importance of the space professional workforce
cannot be overstated -- it is absolutely essential to the
success of the NRO, as well as the larger space community.  To

that end, the NRO has taken a number of steps.  First, we have

completed an Air Force-NRO Statement of Intent (SOI), signed by

the Director, NRO and the Air Force Chief of Staff.  The SOI

makes clear that the Air Force and NRO will work together to

improve the career development of our space professionals.  This

includes additional training opportunities, enhanced mentoring,

and a deliberate approach to assignments.  This new approach to

assignments is aided by the creation of an Air Force-NRO Space

Assignment Advisory Board that is actively tracking the careers

of space professionals to ensure they are provided the job

experiences, as well as the education and training, necessary

for their professional advancement.  The NRO has also teamed

with Air Force Space Command in training space professionals

across the government at the new National Security Space

Institute in Colorado Springs.  I am working similar initiatives

with the CIA.  Finally, the NRO's Acquisition Center of

Excellence is helping NRO acquisition professionals, program

managers, and finance and contract officers complete education

requirements leading to advanced professional certifications or

Masters Degrees in Public Management or in Engineering

Administration.

These initiatives are in addition to an already robust

Systems Engineering (SE) Professional Development and

Certification Program that last year certified 151 system

engineers.  This successful effort has prompted the development

of a similar course for Program Management.

**Improve Space System Development and Procurement.**   Improving

the NRO's systems acquisition process has been a focus

of mine since I became the Director, NRO.   We have abandoned the

"acquisition reform" practices of the 90s that proved so

unsuccessful, and we are returning to acquisition fundamentals.

The transition will not happen overnight.   There are programs

that were started in the "acquisition reform" era that must be

successfully completed, and there were people trained in that

era who must be re-trained.   However, we are making demonstrable

progress.

   **Demonstrating Performance**.   As part of the President's

Management Agenda and the Government Performance and Results

Act, the Office of Management and Budget (OMB) evaluates at

least one major NRO program each year.   Three NRO operations and

acquisitions programs have been evaluated to date:   IMINT,

SIGINT, and Communications.   Scores for all three were "passing"

or better.   Moreover, the scores have consistently improved

since the OMB reviews began in 2004.   The most recent score of

81 percent for Communications, compared very well to the best in

government programs.   In addition, the Mission Integration and

Development program, the ground portion of the Future Imagery

Architecture, was recognized last October by the DoD and the

National Defense Industrial Association as one of the DoD's Top

Five Programs.   This award recognizes programs displaying

excellence in the application of systems engineering best
practices resulting in program success.

   **Increase and Strengthen Interagency Partnerships.**  The
National Space Policy also mentions the importance of
interagency partnerships.  This is a natural for the NRO, since
it is fundamental to the history of the NRO, and inherent in
everything we do.  The NRO is a partnership -- a "joint-venture"
between the DoD and the IC.  We extend that partnership to other
IC agencies and DoD elements to ensure end-to-end solutions to
user needs.  These include routine interchanges at all levels
with our partners, such as NGA, NSA, and DIA, as well as to more
formal venues for cooperation, like the Space Partnership
Council.  The Council, which includes the Air Force Space
Command, US Strategic Command, National Aeronautics and Space
Administration (NASA), and Defense Advanced Research Projects
Agency (DARPA), considers broad issues affecting the nation's
space programs, and allows senior leaders to collectively
address those issues. Finally, in order to ensure the NRO
remains responsive to an ever-expanding user community, I
established the Deputy Directorate for Mission Support (DDMS).
The DDMS is specifically focused on improving our understanding
of user needs, and ensuring the full capabilities of the NRO and
its partners are brought to bear in satisfying those needs.  The
DDMS has a new additional responsibility as Deputy Commander,

Joint Functional Component Command for Space, under the US

Strategic Command.  Through these and other efforts, the NRO is

helping to achieve the unity of effort called for in the

National Space Policy.

**Strengthen US Space-related Science and Technology (S&T).**
The National Space Policy calls for strengthened U.S. space-

related S&T efforts.  As I have said, S&T is a key enabler for

the NRO, and we maintain a strong S&T investment.  However,

we also coordinate that investment with others to ensure no

duplication of effort.  Moreover, we fully leverage the

investment made by others, including NASA, the Missile Defense

Agency, DARPA, the Air Force, and other IC and government

elements involved in space.  We host an annual Technology Forum

to extend that cooperation and collaboration to private

industry.  Finally, we sponsor a program called the Director's

Innovation Initiative to involve non-traditional suppliers of

technology and innovation.

In summary, the President's policy sets challenging goals

for all of us in the space business, and I am confident that the

NRO is doing its part to meet or exceed those goals.

**Conclusion**

The resources identified in the FY08 request will address an aging constellation and known risks, allow the NRO to sustain critical intelligence capabilities to a growing base of intelligence-dependent users, and take important steps toward ensuring we deliver end-to-end solutions to user needs. It also sustains the R&D investment necessary to keep pace with rapidly evolving targets and threats.

Madam Chairman, I appreciate the support that Congress has shown in the past. I look forward to your continued support as we work through the challenges and opportunities in the coming year.

Thank you.