

**COMMITTEE:** House Armed Services Subcommittee on Tactical Air and Land Forces and House Select Intelligence Subcommittee on Technical and Tactical Intelligence Hold Joint Hearing

**SUBJECT:** Aerial Common Sensor Program

**DATE:** Thursday, 20 October 2005

**MEMBERS:** [See List](#)

**WITNESSES:**

Claude Bolton, Assistant Secretary, U.S. Army

John R. Landon, Deputy to the Assistant Secretary Of Defense, Department of Defense

Maj. Gen. Barbara Fast, Commanding General/Commandant, U.S. Army Intelligence Center and Fort Huachuca

Tom Laux, Program Executive Officer for Air Anti-Submarine Warfare Assault and Special Mission Programs, Department of the Navy

Rear Adm. Bruce Clingan, Deputy Director Air Warfare, Department of the Navy

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**WELDON:**

The subcommittee will come to order.

This afternoon the Tactical Air and Land Forces Subcommittee has the pleasure of meeting in a joint session with the Technical and Tactical Intelligence Subcommittee of the Permanent Select Committee on Intelligence to receive testimony on the Army and Navy's Aerial Common Sensor Program. This is a program the subcommittee has been following for some time. I had asked the Government Accountability Office for a report on ACS and they reported back to us in September of 2004.

We welcome our witnesses representing the Office of the Secretary of Defense and the Departments of the Army and Navy, and I want to thank and welcome our members.

At a previous one-hour classified briefing, we had 11 members of Congress, in spite of votes being canceled, who stuck around from both parties to receive an in-depth analysis of the capabilities of the program we're going to be discussing today. And I want to thank the members that are here and those members that made that portion of our briefing.

The ACS program was initiated to upgrade and consolidate the capabilities of three current intelligence collection aircraft types of the Army and Navy: The Army's Guardrail Common Sensor and Airborne Reconnaissance Low programs and the Navy's EP-3.

The program was approved for entry into Systems Development and Demonstration in July of '04. In August of '04, the Lockheed Martin- Embraer team was awarded an \$879 million, five-year contract to develop electronics and sensors to be carried on a militarized version of the Embraer 145 regional jet aircraft.

Total acquisition costs for the 38 aircraft Army program was estimated to be \$8 billion for 38 aircraft. Although the Navy was not a signatory to the acquisition decision memorandum, the Navy budgeted for the program in fiscal year '06, with an intended eventual procurement of 19 aircraft.

In the spring of this year it became apparent that weight growth in the mission package would cause the ACS to fall short in meeting its requirements. In September, Lockheed Martin was issued a stop work order, halting all work on ACS. Lockheed Martin was given 60 days to develop an alternative plan for the ACS program. The Army has recently stated that there is now a potential for a two-year delay in fielding the ACS platform and that the development cost could double to \$1.8 billion.

Upon entry in the systems development and demonstration, ACS could have been characterized as a low- to medium-risk program based on declared technology readiness levels. Yet less than a year into the SDD program we are at stop work, with all the attendant costs and schedule ramifications. And with many engineers having been reassigned to other programs, difficult to predict negative impacts to the program are highly probable due to discontinuity in the design teams, if the program is restarted.

This has significant negative implications for this program and potentially similar implications for other programs if this management failure is indicative of shortcomings in the acquisition system as a whole.

Our understanding is that the ACS problem was largely a result of something as simple as a significant underestimation of the weight of connecting cables and racks for the mission equipment, due to, quote, "bad parametrics," end quote. We also understand that a \$4 million cut in risk reduction on integration tasks to, quote, "save money," end quote, potentially contributed to this \$800 million, two-year slip in the program.

Further, it isn't like the present ACS circumstance comes as a total surprise. The January '04 Director, Operational Test and Evaluation report stated the following, and I quote, "There are concerns about the size, weight and power requirements of the aircraft required to carry and operate the multi-intelligence sensor payload.

Associated with this issue, there are concerns about the growth potential of the aircraft to add additional systems and capabilities in the future, consistent with the growth experienced with most other U.S. aircraft platforms," end quote.

This is not a new story. The Joint Strike Fighter went through a restructure, with the development cost increasing to over \$40 billion and adding over a year to the program, largely due to weight problems of fasteners, driven by, quote, "bad parametric estimates," end quote. If the ACS history is symptomatic of larger acquisition system shortcomings, this also has potentially far greater negative implications for more complex programs like the Future Combat Systems program.

We all agree that we need to shorten the acquisition cycle, but we should not be rushing into SDD for programs without mature technologies and system integration being demonstrated in a relevant environment.

DOD has its 5000 series acquisition regulations. No one is saying that OSD should not have flexibility in enforcement of those regulations, but OSD seems to too often default to waiving the regulations. As an example, the Future Combat Systems program was allowed to enter SDD long before technologies had matured. And virtually no integrated capability for any of its components have been demonstrated. And the requirements for an independent cost estimate has yet to be met.

We have invited our witnesses here today to how we got to where we are on ACS, what lessons have been learned and what is being done to determine the proper path forward.

Before we begin, I'd like to recognize my good friend from Hawaii, Neil Abercrombie, our ranking member, for his opening remarks.

Mr. Abercrombie?

ABERCROMBIE:

I think your remarks essentially cover the circumstances we're to undertake during the hearing.

My difficulty, Mr. Chairman, is with reference to the classified portion of our activities today. And my difficulty here is, although I could not stay, as you know, for other reasons having to do with one of our colleagues in honoring his spouse, Ike Skelton, our ranking member, nonetheless, the information that was given there seems to me to be at odds with the circumstances that brings us to this hearing today. And I think that's where our difficulty comes. It's one thing to say something; it's another thing to be able to actually bring to fruition substantively what the remarks exchanged referred to. And that's why we have to make a determination today on the basis of the outline that you have presented to us in your opening remarks. Thank you.

WELDON:

I thank the gentleman.

We're also very pleased to have the distinguished gentle lady as the chair of the very important Technical and Tactical Intelligence Subcommittee. We welcome her back because she has been a very valuable member of this committee. She has an outstanding level of credibility on defense issue and defense issues in general.

And so I am pleased to recognize for any comments she'd like to make, Ms. Wilson.

WILSON:

Thanks, Mr. Chairman, and thank all of you for being here this afternoon. On the Intelligence Committee, most of the programs that we oversee are classified, and our questions take place behind closed doors.

I wish that the problem was being faced by the aerial common sensor were unique, but they are not. The program that we're here to review today is just one example of continued problems with the way in which we buy complicated defense and intelligence systems.

We all know that we need to upgrade the Army and Navy aircraft that watches and listened to potential enemies and real enemies. They're very old and they're not up to the demands of the 21st century warfare. But because we didn't do a good enough job in setting the requirements, getting different agencies on board early and developing an acquisition strategy to reduce the risks, we're not going to have those planes when we want them, and will it cost us a whole lot more to get them.

While all of us are concerned about what the Army and the Navy should do to meet its requirements for intelligence surveillance and reconnaissance, our committee is even more concerned about a bigger issue of which ACS is only symptomatic.

First, what does this experience tell us about how we need to change the way we buy and manage big systems? The outside review that was requested by the Army and done by the Navy after the stop work concluded that the research development tests and evaluation costs would be twice as high as projected, the schedule was unexecutable, the program might not meet Army and Navy requirements, the government and contractor personnel lacked experience on projects of this size, and a flight test program was ill defined. Not a very encouraging report on the management of a major system.

Second, what does this experience tell us about the need to coordinate and plan across the stovepipes as we decide what we will need to build for intelligence, surveillance and reconnaissance.

The Navy joined this project late. The Air Force is replacing JSTARS a few years after we hoped to get this up in the air. Did we have an architecture and a clear definition of roles and requirements? We got the architecture document, at least up here, in May of this year. It doesn't look like to me we did enough talking across the stovepipes early on in the process.

So how can the services work better together to divide up roles and missions or to make sure that we plan together so that we get the capability that you all need at a price that we can afford.

I look forward to the testimony as we look toward answers to these questions. Thank you.

WELDON:

I thank the gentle lady for her comment and thank again all the members that have taken the time to be here. When votes ended some time ago they stuck around, which shows you the importance that is placed on this issue and this program by these members who otherwise would be on their way back to their districts.

Our witnesses for today are distinguished. Representing the Office of Secretary of Defense, Mr. John R. Landon, deputy to the assistant secretary of defense for command, control, communications, intelligence, surveillance, reconnaissance and it acquisition programs; assistant secretary of the Army for acquisition, logistics and technology, the Honorable Claude Bolton -- Mr. Secretary, welcome back to this subcommittee; we appreciate your being here -- Major General Barbara Fast, commanding general and commandant of the U.S. Army Intelligence Center and Fort Huachuca -- thank you for being here.

From the Navy, Mr. Tom Laux, program executive officer for air anti-submarine warfare assault and special mission programs; and Rear Admiral Bruce Clingan, deputy director for air warfare.

Without objection, all witnesses' prepared statements will be accepted for the record. After all witnesses have made their remarks, we will go to questions. I understand you've all agreed that three are going to testify but others will be available, as needed, for questions and answers, so members will have a chance to ask whatever questions they'd like.

We'd like to begin with Mr. Landon. Thank you for being with us. Please proceed with your opening remarks. Please pull the microphone close to you so we can make sure that you're heard. Thank you very much.

LANDON:

Yes, sir. Chairman Weldon, Chairwoman Wilson, distinguished members of the two subcommittees, thank you for this opportunity to speak to you about the Aerial Common Sensor Program.

As indicated, I am John Landon. I'm the deputy to the assistant secretary of defense, Networks and Information Integration. I have responsibility for reviewing acquisitions in the Command and Control, Communications, Intelligence, Reconnaissance, Surveillance, Space and Information Technology areas.

I am here today representing Mr. Ken Krieg, the undersecretary of defense for Acquisition, Technology and Logistics and the Milestone Decision Authority for the Aerial Common Sensor Program. He is traveling overseas on official business and unable to attend this very important hearing.

The Aerial Common Sensor program is designated a Major Defense Acquisition Program in accordance with Title 10, and my office oversees the acquisition activities of the program in accordance with the department's acquisition regulations and in support of Mr. Krieg.

In the case of ACS, I also work closely with the Office of the Undersecretary of Defense for Intelligence to ensure the system is delivering the desired capabilities. The department's acquisition regulations are designed to provide a structured process through which validated capabilities are acquired, starting with early concept exploration activities, continuing through development and demonstration and leading to a decision to produce and fully deploy the capability.

My involvement in these programs is to ensure the mandates of statute and regulation are adhered to and the programs are on a success-oriented track as they enter the system development and design phase. My office also measures the progress that programs are making as they advance through the phases of the acquisition cycle, with special attention to the program's achievement of its performance, cost and schedule.

I also serve as the leader of the Overarching Integrated Product Team, a group responsible for ensuring programs in the acquisition process have satisfied the necessary criteria for entering the next phase of acquisition. For a number of years, the department has used the Integrated Product Team approach as a process for reviewing its acquisition programs.

The group I lead, as well as the supporting groups, consist of subject matter experts from across the Office of the Secretary of Defense and the services. These experts bring their considerable knowledge and experience to the table as we review the multiple facets of today's critical acquisition programs.

Our OIPT members include representatives from all parts of the department. For example, the Joint Staff provides advice on capabilities; the Defense Procurement Office assists the program office in development of their acquisition strategy; and the Program Analysis and Evaluation Office is key to the development of alternatives analysis and accurate program cost estimates. Our key representatives are the Office of the Director for Operational Test and Evaluation; the Defense Research and Engineering Office; the comptroller; the chief information officer; Logistics and Materiel Readiness Office; the general counsel, as well as several others.

Once a program completes the review process, we present the findings to the undersecretary of defense for acquisition, technology and logistics and his advisers and offer a recommendation as to whether the program is ready to proceed.

With regard to ACS, we followed the process I've described above and collectively concluded that the program was ready to enter the system development and demonstration phase. The results were presented to the undersecretary and his advisers

and, on July 29, 2004, he approved entry into this phase of development. The decision was forwarded to the secretary of the Army, and source selection and contract award was completed by the Department of the Army.

With that as background, I am here to answer any questions you may have.

WELDON:

Thank you for being with us.

Secretary Bolton, again, welcome back, and it's good to have you here.

BOLTON:

It's good being back, sir.

Good afternoon, and thank you, Chairman Weldon, Chairwoman Wilson and distinguished members of the Tactical Air and Land Forces Subcommittee and the House Permanent Select Committee on Intelligence for this opportunity to discuss the Army's Intelligence Collection Program, specifically the Aerial Common Sensor Program.

We are most grateful always for your wisdom, advice and steadfast support.

The United States Army, with nearly 300,000 soldiers in 120 countries, is meeting the demands of the global war on terrorism, fulfilling our other worldwide commitments and transforming to meet the challenges of an uncertain future. It is our job to ensure that our men and women in uniform have what they need to fulfill their mission today as well as tomorrow.

The Aerial Common Sensor Program, or ACS, is critically important to our future Army. The enhanced battle space awareness that this system will bring to the fight will significantly increase both the lethality and survivability of tomorrow's Army.

Currently, our Special Electronic Mission Aircraft, or SEMA, is comprised of the Guardrail Common Sensor and the Airborne Reconnaissance Flow Systems. These aging fleet aircraft, dispersed in five battalions throughout the world, are doing a superb job. However, there are limitations that come with age and in terms of the range of timeliness of information.

ACS will replace these two workhorses, bringing intelligence transformation to the 21st century battle space. We are hard at work to ensure that the ACS becomes the agile, multi-intelligence, multifunctional system that our future tactical commanders require. Simultaneously, with your help, we're making certain that our current systems in the SEMA fleet keep pace with the advancing technology to meet the changing threat until they are replaced by the ACS.

We have spent countless hours developing our requirements documentation, specifically the operation requirements document and the key performance parameters, and have exercised programmatic control and management oversight at each step of the process. I believe the Army has been proactively raising and addressing some very difficult issues concerning the ACS Program.

Our goal remains unchanged: To recognize and mitigate the risks at the earliest possible stage and to ultimately fill to our war fighters this critically important and needed system that will continue to allow our commanders the ability to gain and hold the advantage and to conduct decisive operations on their terms and not that of the enemy's.

And, Madam, that concludes my opening remarks. Again, I thank you for this opportunity and your continued wisdom, guidance and support, and I look forward to your questions.

WELDON:

Thank you, Mr. Secretary.

Our final witness is Mr. Laux. Welcome back to the subcommittee. We appreciate you being here, and you can proceed with your opening statement. Thank you.

LAUX:

Chairman Weldon, Chairwoman Wilson, distinguished members of the subcommittees, thank you very much for this opportunity to appear before you to discuss the Department of the Navy's EP-3E and Aerial Common Sensor airborne intelligence collection programs.

The written statement I provided for the record describes the Navy's objective to recapitalize the EP-3E by leveraging the ongoing Army-led ACS Program.

The Army's operational requirements document and the Navy's annex to that document fulfill Navy requirements for maritime and national missions in support of FORCENet and Sea Strike Sea Power 21 Pillars. ACS will provide the combatant commander with 72-hour response capability for worldwide intelligence, surveillance and reconnaissance prior to entry of forces.

Since the chief of Naval Operations saw an opportunity for the Navy to leverage the Army's ACS Program, the Navy provided support within the Army's process for source selection, contributed to Army- assigned Integrated Product Team responsibilities and developed unique Navy documentation with the ultimate goal to be fully integrated into the Army ACS Program.



In January 2005, the Navy requested deferring co-signing the ACS acquisition program baseline agreement until Navy concerns about schedule and cost risks could be mitigated. Our joining the program is indefinitely delayed pending resolution of the schedule breach and potential cost growth addressed in the Army program deviation report of May 2005.

To help assess the overall program's help, the Army service acquisition executive, Secretary Bolton, accepted my offer to use the services of the Naval Air Systems Command's non-advocate review. NAVAIR's chief engineer led this review with a team comprised of a broad array of acquisition experience. The review team assessed that the ACS Program is currently unexecutable. Specifics are detailed in my prepared statement.

Considering this finding, the Navy is requesting fiscal year 2006 funds to conduct an analysis of alternatives, revalidate operational requirements and update documentation. Recently, we updated our 2004 analysis of options and determined that the new ACS costs leveled the affordability field with other manned options. Therefore, an analysis of alternatives is recommended to define discriminators among the potential solutions.

The Navy's current challenge is keeping the EP-3E viable and relevant until an ACS initial operational capability is established. We requested funds to begin work on mission systems sustainment and relevance of legacy EP-3E aircraft. If required funding is made available for the above, we will be able to position ourselves for the results of the ongoing Quadrennial Defense Review.

Mr. Chairman, Ms. Chairwoman, thank you again for this opportunity to discuss with the subcommittee the Navy's EP-3E and ACS airborne intelligence collection programs. We stand ready for your questions.

WELDON:

Thank you. Thank you all for your testimony, for your statements. They will all be accepted. If you want to add additional follow-on to any of the questions that are asked today, you will be free to do that as well.

Let me start off with Secretary Bolton. In my opening remarks, I quoted from the fiscal year '03 director of Operational Tests and Evaluation Report about the concerns that he had regarding size, weight and power requirements of the aircraft required to carry and operate the mission intelligence payload. Can you specify any interaction with DOT&E and/or changes to the ACS Program that took place based on the comments in that report?

BOLTON:

Yes, sir. In fact, we agreed with the report, and as a consequence, that and our own review of the program asked the program manager and the PEO that they negotiated the contract, whichever company that would be or team, that there be a proviso in that contract to report on a monthly basis progress and tracking the size, weight and power.

We had a baseline that we wanted to stay within, and so it was a contract requirement which was fulfilled by the contractor and it was as a result of that report and our own investigations.

WELDON:

I'll just ask one other question at this time and give all of our members a chance.

Mr. Laux, per your written statement, in January of '05, and I quote, via a memorandum for USDAT&L, "The Navy requested deferring co- signing the ACS Acquisition Program Baseline Agreement until completion of a program integrated baseline review and preliminary design review, at which time concerns about schedule and cost risk could be addressed."

Was the Navy just clairvoyant? What schedule and cost risk concerns were you referring to?

What did the Navy know that the Army didn't know, Mr. Laux?

LAUX:

Mr. Chairman, we had ongoing concerns, which were then communicated with the Army, and they were certainly aware of them as well. I would offer that it was perhaps a matter of degree of the amount of risk that was out there, and we were simply not happy at that point that we had enough knowledge and insight into the program at that point to join up, if you will, and so we requested more program execution and the fact-finding and the information that would come out during the design review and the cost elements during the baseline review, as we annotated.

WELDON:

The gentleman from Hawaii is recognized.

ABERCROMBIE:

Thank you, Mr. Chairman.

Mr. Bolton, you have to help me here. I don't remember, I'm sorry, are you an aeronautical engineer?

BOLTON:

Electrical engineering, sir.

ABERCROMBIE:

OK. I'm not.

BOLTON:

Well, me either.

ABERCROMBIE:

I'm not either. I went to a small school whose reputation was built on the idea of a liberal arts education with engineering -- Union College in Schenectady, New York.

BOLTON:

Yes, sir.

ABERCROMBIE:

And for those of us who did not have a talent for what was then known as the hard sciences -- I don't know if that's still a phrase that's in vogue or not -- but those of us who were involved in the other sciences, social sciences, the object was to try and understand the implication of technology in the social structure of our society, attempt to become somewhat at least familiar with the advancing of technology, i.e. the scientific method as it evolved as a philosophy. I always thought that the scientific method was intelligent design, but I now understand that that's probably passe for some people.

But it affected me and it affects me now. I give that to you by way of background, because my question to you comes from my own background and my understanding of how science moves forward as potentially a layperson trying to deal with it.

Now, one thing I understood from all of that in this context is how much an airplane weighs, and I'm referring back to the chairman's remarks, and if I heard him correctly, it refers to the 2003 report that came from the director, the operational test and evaluation report. Quote, "There are concerns about the size, weight and power requirements of the aircraft required to carry and operate in the multi-INT sensor payload. Associated with this issue there are concerns about the growth potential of the aircraft to add additional systems and capability in the future consistent with the growth experienced by most other U.S. aircraft platforms," unquote.

I hope that's contextual enough. I'm not trying to pull a fast one on pulling something out of the context.

Now, here's my question: How much an airplane weighs, considering the context I just outlined, is a basic engineering aspect that has to be taken into account. Having gone to Kill Devil Hills in the past myself, I understand explicitly in three dimensions now what the Wright Brothers had to deal with in terms of weight, and probably weight was the principal consideration that they had, at least my understanding of it is. The

aerodynamics and so on they had down pretty well. It was a weight problem, how were they going to transpose and translate their knowledge and understanding of the physics of that into a practical application for the construction of that airship. That's in 1903.

So I cannot understand how it was possible that so many engineers and so many managers, right up until essentially 2005, could get this wrong. And we still don't have an answer.

Now, I made reference in my opening remarks to the classified briefing that we had just previous, and obviously I can't go into that and you can't go into what the substance of that was, but what concerns me and disturbs me is the tenor of the remarks and respective answers to questions that were raised were such that one would be led to believe that these issues had been addressed and that things were on track to accomplish the tasks set out therein, which we don't have to go into in any detail, doesn't matter for purposes of our conversation.

How is it possible that we're where we are if someone like myself understands that the weight question in conjunction with the mission requirements is at least fundamental before you move forward into the kind of contracting that we're now having to confront in terms of apparently the incapacity to move forward on those contract specifications?

How did this happen?

**BOLTON:**

Mr. Abercrombie, first, it's good seeing you again. Second, you ask some of the most interesting questions that a technical person like me has to answer succinctly and clearly.

**ABERCROMBIE:**

Not too much praise, the chairman says.

**WELDON:**

You praise him too much and we'll be here till 9 o'clock tonight.

**ABERCROMBIE:**

But you understand what I'm doing. Every person here sitting in these chairs doesn't have a clue. You could get up there and literally say, "The moon is made of green cheese," and there's not a whole hell of a lot we can do to refute it if it's based on a technology-based, science-based answer. So someone like myself who has to vote on this, has to try to take a responsible position, has to understand how in the hell did this happen and what are we going to do about it at this stage?

BOLTON:

Well, I'll tell you, I asked the same question when I received the status of the program a few months ago. And I will tell you, though I have a technical background and though I've been a pilot, test pilot and so I understand weight, balance, power on air frames, I'll tell you, I also have a brother who is not technical. He has four Masters and a Ph.D. and they're all in the soft sciences. So he has counseled me over the years to be able to translate this, at least for him.

When the program manager and the executive officer came to me, I asked the same question, "How in the heck did we get here?" I realized in regards to the chairman's opening comments on the risk of the program, when we entered SDD it was moderate to high, and it was high because of the risk and the weight area. That's why we asked the contractor to come to us each month and tell us how they were doing as we did the designs.

To your point, what we did not do in the previous phase was really to take the operation requirements and break those down into the design technical requirements.

ABERCROMBIE:

But that's just fundamental. If you can't do that, then you have to come and tell us, "We can't do this. We've got to go in another direction."

BOLTON:

It was our belief at the time that we had done enough in that phase in terms of computer simulations, in terms of some preliminary design work, paper design work, using tools that we normally use in all the other programs that would allow the risk to be where it was and then go ahead and track that risk. We had plans to do that and that's what we were doing.

In addition, there was pressure on the services. I mentioned up- front, and it's been mentioned before, that we do have a very old fleet. That fleet is maxed out today in the AOR and we really do need a capability to help our tactical commanders over there.

So from the Army's standpoint, it was worth taking a higher risk program in, given all the things that we had done and then just monitor it.

The other thing I will say, and then I'll give you my reason why I think we're here, which is not technical, it's more a people thing than it is a technical thing, but in the programs that I have seen over the years, what we are doing here today we typically wouldn't do for two or three years. We would have spent a lot of time and effort for me to sit here to eventually tell you we got something wrong.

Unlike that, in this program, within the very first years, at my urging to my folks, I said, "If you have a problem," in fact, we established on this program what I call a

termination criteria and there were two of them. If you cannot meet the key performance parameters and/or you cannot meet critical milestones like the preliminary design review, which was supposed to have taken place earlier this year, or the critical design review, that is grounds for you to come back to me and tell me that and I will look seriously at whether or not we're going to continue this program.

Now, for most program managers, they don't like establishing things like that, because they're viewed as failures if they come in to do this. But as a result of that, in the last three and a half years that I've been here, I have terminated or stopped 70 different programs, because I want to know right away. I do not have the time, and we certainly don't have the resources, to do things in the wrong direction.

So I'm pleased with what those two gentlemen did in coming and saying, "We've got a problem. We've got to stop. We've got to figure out what we're doing," and do it now rather than coming into you two or three years later.

Now, why is this happening, my view, and the reason I asked the Navy to go do the review. I asked the Navy to take a look at two things. First of all, take a look at the technical side, technically why didn't we understand this. And I want you to take a look at it from the government's viewpoint and the contractor's.

And what I got out of that is what I surmised: Yes, hindsight being what it is, we could have done some things certainly in the other phase which would have required more money and actually prototyping. That's the only way you could really understand size, weight and power. There have been cost and schedule implications to that.

The other is looking at the various processes we have today that are people-oriented, good people in these processes: The requirements community, resourcing community, the acquisition community, STAMA (ph) community. Very good people. And I'll foot stomp that. We have the world's best people in there.

What we have trained those people to do over the years is to work in stovepipes. Successful programs are very good at the people level of breaking across at the top and making that work. But from an institutional standpoint, we in the Army -- I won't speak for the Department of Defense -- haven't done that in nearly 50 years in breaking those stovepipes down. We're doing that now in other programs. It was not done well enough on this program.

And when I say break the stovepipes down, it's not only a matter of let's organizationally do something, but within those stovepipes it would be really neat if you would really educate, train and provide the right tools for those people. If we had done that, I think this program and a host of other programs would have less problems.

And, in fact, in the Army, that's what we're trying to do right now, is to break those stovepipes down to make sure the requirements community, sitting with the resourcing community, sitting with the acquisition community from day one are looking at those

operational requirements to try to understand what really are the technical and financial implications of trying to do that.

Which, by the way, we're doing right now in the stop work. All those communities are getting together to do that work right now.

ABERCROMBIE:

Appreciate it. I'm past my time, and I'll follow up.

WELDON:

The gentle lady is recognized.

WILSON:

Thank you, Mr. Chairman.

Secretary Bolton, I was struck by something that you just said. You said the only way to really understand the tradeoffs for cost, weight and power is to build a prototype, but as I understand the timeline here, you awarded the contract to Lockheed Martin in August of '04 and knew by December of '04 that you were running into weight problems. How far were they into building the first aircraft?

BOLTON:

Oh, not at all. We're just doing the detailed design work, so we're not building.

WILSON:

Then you didn't need to build a prototype to figure out you had...

BOLTON:

Oh, I disagree. The platform is a platform. We're trying to do a commercial platform, as you know. The boxes, those are being built. And let me give you an example or two of what we mean by this.

We're trying to put onto one platform a number of different sensors. We have SIGINT, IMINT, MASINT and so forth, and rarely have we done that before. We did a lot of study up-front to say "Yes, that looks good." We had three contractor teams who told us, "We can do this. And, by the way, we can do it reliably, so you don't have to buy a lot of aircraft, and we can do it on one platform." So it wasn't just this contractor. There were at least two others who were saying the same thing.

So we went through the demonstration phase, the concept phase, now we're ready to go into SDD. When we take the operational requirement, like the notion, OK, on this multi-INT aircraft, on each mission, are you required to have every black box on at the same time? The answer came back, yes. "Oh, we didn't understand that." If that's what you want, now we're going to have more air conditioning, and we're going to have to have more power, which will add to the weight of the aircraft.

WILSON:

I guess my question is, and this is a fairly short time when you realized there was a problem...

BOLTON:

Yes.

WILSON:

... looking back at it now, and the great thing about being able to look back is you get a magic wand to decide what it is you might have done differently in your acquisition strategy, would you have changed anything or do you think it is inevitable that we are at this point?

BOLTON:

Well, as I said earlier, and I'll foot stomp this again, I think you really need the communities together better. They're doing it now. We're not cutting metal right now. We're not writing any software. But we really are understanding the impacts of the operational requirement. And what I'm saying is, why don't you get that group earlier? Wouldn't it be nice if you got that group together, say, down at Fort Belvoir, at the school down there, had a case study like this and we'd sit around in the afternoon thinking about how you actually do this. How did those folks get into that position? How should we correct this on the next program? What tools should we be using? What policies should we have in place? What oversight should we have in place, rather than doing it right now when there's a lot at stake here.

We do not train our folks to do this. We don't. The requirements community doesn't train that way. By law, I have to train the acquisition community. They have to be certified and experienced before I can put them in there, so they do go down to Belvoir and do that.

ABERCROMBIE:

Would you yield for one moment?



WILSON:

Sure.

ABERCROMBIE:

Are you telling Representative Wilson that this was contractor driven and you folks went along? Is that what you're telling her?

BOLTON:

No, that's not what I'm saying.

ABERCROMBIE:

Well, it sure sounds like it.

BOLTON:

No. I'm not understanding, sir, how we're getting the contract, because this is all on the government's side right now. It's not driven by the contractor. What I'm talking about is us before we ever write a contract for SDD. And it's a matter of getting the requirements right, really understanding that. And I can say that because I used to write requirements. I didn't have class one on it.

WILSON:

Thank you. I appreciate that, and I appreciate the directness of your answer.

Mr. Laux, would you also comment on that as well, on this issue of joint requirements, and particularly whether there was any signoff by senior intelligence folks in the services to say, "These are our requirements?" Because what I read through this is the Navy all the way through saying, "I'll have what he's having," but coming at it from a very different point of view. And are you there as well saying, "All right, let's sit down and figure out what we really want."

LAUX:

If I could defer to Admiral Clingan to take that one.

CLINGAN:

Chairwoman Wilson, the requirements process is derived from the operators on the ground, as they look forward to meeting the threat of the future. And as we develop those requirements, we codify them in key performance parameters.

In the case of the ACS Program, as we look to the challenges of recapitalizing the aging EP-3 fleet, we had an opportunity to partner with the Army. Maybe if we could rationalize the requirements across the services which were extraordinarily common. In fact, we departed initially in only one way and that was our requirement to have six workstations as opposed to four. And those requirements have been stable throughout the process up until this point as we've gone through the acquisition elements which follow from the requirements.

WILSON:

Why does the Army think this is an Army program and the Navy think this is a joint program in your budget documents? I'm struck by the way that language is -- or maybe I've got that reversed. This has never really been described as an, "we're all body and joint program." This is an Army program that the Navy is partnering with. I think that's the word you just used. Why are we doing it that way?

CLINGAN:

It took that tenor because we came into the process subsequent to some progress being made by the Army. We liked the requirements, as I mentioned earlier. They harmonize with what we were looking for, and so we looked for an opportunity to join the program at the time when we viewed the challenges to have been overcome.

WILSON:

Thank you, Mr. Chairman.

WELDON:

I thank the gentle lady.

The gentleman, Mr. Tiahrt, is recognized.

TIAHRT:

Thank you, Mr. Chairman. In full disclosure, I'm from Wichita, Kansas, the air capital of the world...

(LAUGHTER)

... where we have Boeing, Bombardier/Learjet, Textron Cessna, Raytheon-Beech, Spirit Aerostructures, the largest stand-alone aerostructure facility in the world, an Airbus design shop and 150 machine shops, electrical shops and test equipment shops that support the industry. So if you have flown, some part of that airplane originated in Wichita, Kansas. I just want to make sure you are aware of that.

We're limited in here to talk about really two things: The schedule and the platform. And the platform, it's clear that it's inadequate with the current platform that was proposed. The weight capabilities, the power capabilities, the cooling capabilities, it's just not enough for this mission-critical requirements. And we can't afford to dumb down the package.

I think what we're looking for here is so critical that we can't afford to have anything less. In fact I think we need to expand our thoughts about what other growth is out there.

And, schedule, we're on a stop order now, so schedule is kind of TBD, to be determined. Now, we don't know what we don't know. We don't know about the growth of technology, we don't know about the growth of threats that will come out of that new technology, and we don't know the number of users per the requirements that this mission has. So I think we need to look beyond just what our current little problem is, because we're looking at costs now, and I think we're being penny wise and dollar foolish, because there is a long-term growth that has not been, I think, addressed or acknowledged.

Now, there's been, I think, a bias toward a heavy jet for this role of this mission, and I know during QDR there was some concern about mission duplication and there was an article in Defense News and Army Times, published October 3, and it quoted the light transport that the Army is going after in the ACS Program. General John Jumper said that there's no reason to build a new Air Force because we already have one.

Now, I think that's an excellent statement for the chief of the Air Force, but as I look out there, I know we've got somebody from the secretary of Defense but I don't see any blue suiters out there or any people from the Air Force. So I think we need to address that issue, whether there's a bias against a heavy jet. Is there a question or a concern of encroaching into another services that would bias the size of the airframe, is one of the questions I have.

The other question I have is on schedule. How much longer would it take to try to put these requirements into a commercial business jet or a regional jet? Because there's a big difference between a militarized aircraft and a commercial aircraft. And when it comes time to build an airplane, if it comes off a militarized production line, it has a shorter schedule than it does if you take a regional jet line or a business jet line and try to put all these military specs and other requirements into it during that process.

So I'd like you to answer, is there a bias? Are we addressing the growth? And how much longer is it going to take if we try to put this in too small a package?

I would like, of course, Secretary Bolton, also Mr. Landon to address that.

**BOLTON:**

Mr. Tiahr, it's good seeing you again. And as you may recall, one of my assignments was at McConnell Air Force Base there in Wichita, so I had a chance to understand the aviation part of that community, which as you mentioned, is key and very important.

In terms of why, I don't have a bias. What I do have a bias for is I have a prime contractor and the onus is on that contractor to do as I've asked him to do, and that's put a program together. I do know they are looking at all sorts of alternatives in terms of a platform that will accommodate the requirements, the operational requirements. And I'm anxious for them to come in in about a month's time and tell me what we have in terms of a program, in terms of a platform accommodating the requirements, not dumbing it down, as you indicated, and also what's affordable, because we're not looking at just the up-front costs here.

This system will be around at least 20 years. And can we afford to do this? I'll ask if there are any other alternatives outside of that and what the contractor comes up with. But I do not have a bias one way or the other.

And in fact, in terms of the Air Force, depending on how things go over the next month, we would love to sit down and chat with the Air Force to see if we can bring some things together on that side and make sure it's affordable for everybody.

TIAHRT:

Mr. Landon, you want to address that?

LANDON:

Yes, sir, I'd be happy to. I think with regard to the bias, let me comment particularly on the way the capability or the requirement was developed. It was taken from a mission perspective, and the platform was not an entering argument for the first of the program. And so we really looked at in the requirements process, looked at what's the capability required, how do we get that, and then what platforms will accommodate it.

So in terms of bias, I would say it just didn't enter and still has not entered an argument.

TIAHRT:

In terms of schedule, you know, the Navy has a militarized line going on for a heavy jet through the MMA Program, and that is something that I think would expedite, help you buy some time on the schedule. Has that been measured between going down a line that's militarized versus taking a regional jet that's in a commercial facility, in another country?

BOLTON:

What I've asked as part of the stop work order is that when the team comes back in, what the alternatives are. I'm concerned about meeting the operation requirements. I'm also concerned about, can I afford it, up-front and the out-years? And to your point, would it be cheaper to do it, as you've suggested? Is there another way of doing it? I don't know the answer to that until the team really comes in. I am not biased one way or the other.

LAUX:

Mr. Congressman, if I could comment. The initial operational capability for the MMA is currently the year 2013. When we evaluated the ACS candidates last year, that was factored into the available options, if you will, of what could be considered, how much bang we would get for the buck, as Secretary Bolton points out.

Given where we are now, we certainly expect to work with the Army in reevaluating all the options, and we expect the MMA will be revisited as a potential candidate.

TIAHRT:

Thank you, Mr. Chairman.

WELDON:

I thank the gentleman.

The gentleman from Maryland, Mr. Ruppertsberger.

RUPPERSBERGER:

Thank you, Mr. Chairman.

First, I'm not a rocket scientist either. Now, we have Rush Holt is a rocket scientist, Todd Tiaht is an engineer and Heather Wilson was in the Air Force, so I guess you have some expertise.

I want to break this down into common sense and from what I understand, like the way Mr. Abercrombie wanted to do. What I see is the issue here that you had two different contractors. One contractor, I believe it was Northrop Grumman, their platform was Gulfstream, which their statements are basically that, "We would have been able to handle all of the expansion and whatever you needed if you would have gone with our platform." However, theirs was more expensive. Then the Lockheed Martin was a cheaper platform.

Now, one of the things that I heard through the whole process, and I'm not taking either side here, we just want end game, is that during the process and past history that

the Army has a reputation for going on the cheap. That's good sometimes, that's bad sometimes. It's bad when it doesn't work.

Now, based on the fact that if you were a betting man, you would have bet who would have gotten that contract, it was going to be Lockheed Martin because their program was cheaper. And now looking back, the fact that we are where we are now, that when Lockheed got the contract and now you have to stop it, that means that we are way far behind, and we're probably going to have to spend more in the long run.

So I'm interested -- and I'm just making a statement, I'm not going to ask you to answer this question -- to make sure that when the Army evaluates in their acquisition they look at all the relevant factors and the analysis to make sure that we do it right.

Now, let me get this in specifics. One logical question is that when the problems with the RJ145, the Lockheed chosen platform -- when should they have been identified? Are you familiar with Edward Bair, he's the PEO? Now, he made a statement, it's my understanding, that he saw the problem with the RJ145 that the modeling tools used by the Army and Lockheed underestimated the weight of cables, harness and the cooling required onboard the aircraft by nearly 50 percent. Do you agree with that or not?

BOLTON:

Mr. Bair works for me, so I know him very well.

RUPPERSBERGER:

Do you agree with that comment?

BOLTON:

What he's referring to are, as the chairman mentioned in the opening, the parametrics. Industry standards, not Army standards, not DOD standards, were used. When we got into this, we found that industry standards no longer apply. We are changing industry standards, and so that model does not work for this type of work, and it wouldn't work for the industry.

With regard to the other competitor, the other competitor failed out not because they're more expensive, because their aircraft couldn't carry the weight during the source selection. Couldn't carry the weight. And that's how they were debriefed.

RUPPERSBERGER:

OK. I'm not taking sides here.

BOLTON:

I understand. I just want to make sure...

RUPPERSBERGER:

I do want to point out, though, as it relates to that, that it's my understanding that Israel has gone with the Gulfstream and that they're going through the process and it's going pretty well right now. Are you familiar with their...

BOLTON:

Not familiar with their program. I am familiar with mine. I am familiar with the weight that we have. That Gulfstream cannot carry it, period.

RUPPERSBERGER:

OK. Now, if that's the case, whatever. Now, the issue of -- or the implication that Lockheed's chosen jet didn't have a lot of extra capacity and at the Army's request to add two more stations and lengthen endurance, didn't this make the choice of that platform questionable?

BOLTON:

No. What we debriefed to that team and what was debriefed to me was that on the day of the award we had about 3,000 pounds, according to the contractor, margin. Our estimate was that it was less than that but still doable to fly the mission, fly with the weight and so forth. So on the day of the contract award, we had margin. But realizing that was a watch area, we requested that the contractor respond on a monthly basis on that margin.

RUPPERSBERGER:

After they responded, it's my understanding that they only proposed minor modifications, leaving them almost no wiggle room for eventualities like Bair's statement. Why might that be?

BOLTON:

Well, I'm not sure I understand that part of the question.

RUPPERSBERGER:

Let me get to the question again. Lockheed, even after these issues were there, only proposed minor modifications. Now, that didn't give them the ability to expand, which is where you wanted them to, which is why the program is stop now. Do you see that as the case?

BOLTON:

I still don't understand but let me see if I can put this in perspective. On the day of the contract award, we were looking at an aircraft that met all of the operational requirements -- all of them. There were no requirements that caused us to add anything to the aircraft.

As you got into the detail design review and the technical requirements and realizing that the model that we were using, the industry standard no longer applied, the cabling is going up by 50 percent, or the fact that the aircraft now has to be stressed to 16 Gs, which is not normal for any aircraft, Gulfstream or anybody else. They are normally 9 Gs, that's the FAA standard. That drove the weight up. Those are all things that we discovered as we took those operational requirements and broke them into...

RUPPERSBERGER:

Let me ask you this: Where do we go now? I mean, we need this.

BOLTON:

Absolutely. Absolutely.

RUPPERSBERGER:

In general, would you admit we do need this capability?

BOLTON:

Yes, sir.

RUPPERSBERGER:

Where do we go now? Do we go with a new platform? I mean, where is the next move?

BOLTON:

The move is ongoing right now, as we speak. As you know, I have a stop work for 90 days. At the 60-day point, the contractor, the prime, comes back to me and tells me what the alternatives are -- platforms, meeting the requirements, cost schedule performance. And I'm waiting for that.

RUPPERSBERGER:

But based on your expertise or anybody else on the panel, do you feel that in order to do what we need to do, we need to go to another platform that can handle this?



My time's up, Mr. Chairman? Oh, OK.

BOLTON:

There's a high likelihood of that, but as to which platform, I do not know.

RUPPERSBERGER:

But then if we do go to another platform, how far behind does that put us, and how much more money is that going to cost? A lot more?

BOLTON:

I don't know the answer to that. It will be more time, and it will be more money, but I don't know.

RUPPERSBERGER:

Well, what I'm asking, and, again, I'm not on Armed Services, I'm on the Intelligence Committee...

BOLTON:

Yes, sir.

RUPPERSBERGER:

... I'm asking that there be an evaluation of this whole process to find out why we're where we are now, why we didn't anticipate that, do we have the proper expertise who is there to put together the program that was necessary? When the contract was there, we had to stop at 90 days. So we can't continue to make these mistakes. I mean, we need intelligence, and we need these capabilities. So I really hope that there would be an evaluation of this, where we go. In the meantime, we need to focus.

I have one question that is entirely different from this, I have to get this out. This is a staff question.

WELDON:

Will the gentleman yield before he asks his final question?

RUPPERSBERGER:

Yes.

WELDON:

Would you at some point in time explain why the change was made from the requirement of 9 Gs to 16 Gs?

BOLTON:

Yes, sir. The original interpretation by all the design teams was that when the 16 Gs was put in there, it was for the seat, for the survivability of the crew members, and that's understandable. When we got into the design and asking the question again, it was, "No, 16 Gs for the entire aircraft because we have racks in there and we have other things hanging in the aircraft. And if we can beef those up so that if we do have a crash, we won't have projectiles flying around and injuring the crew."

OK. Well, that's no longer standard for any commercial aircraft, and that drove the weight up.

RUPPERSBERGER:

Thank you. One of my concerns when I looked at this in the very beginning stage was that the other alternative, the Gulfstream, has a longer ability to stay in the air, which I thought from an efficiency point of view. Was that ever considered, the duration of the ability to stay up?

BOLTON:

Quite frankly, we have a requirements to loiter for X number of hours. However, in this case, when we loaded the Gulfstream that was proposed, we essentially couldn't fly the aircraft; we were beyond the structural limits. So you couldn't fly at all.

RUPPERSBERGER:

Well, I understand that. I hope that we learned so we can move forward, and whatever we do, we do it quickly and we do it the right way. And, again, the reputation that I talked about, I haven't observed you enough to find out whether you do do it on the cheap. Sometimes it's good, sometimes it's bad, but you want to do it right.

BOLTON:

Yes, sir.

RUPPERSBERGER:

And you get what you pay for when we're dealing with this.

BOLTON:

The emphasis is on doing it right.

RUPPERSBERGER:

All right. Just one question, Mr. Chairman; I have to get this on record. It's no secret that Congress has concerns over transformation satellite communications to provide the bandwidth for future military communications. Does ACS depend on TSAT for its bandwidth to disseminate data collected on the platform? And if so, is DOD's plan to mitigate risk if TSAT fielding is delayed?

The House cut \$40 million from TSAT in FY '06, and the Senate cut \$250 million.

BOLTON:

You want to take it? Go ahead.

FAST:

Thank you, sir. We are not dependent upon TSAT. We do have mitigation strategies in place. ACS was not designed initially to depend on that capability. There are other options that are available to us, a combination of military as well as commercial options. We have a program that is in play right now, a multi-role tactical common data linkage, as you're aware, that should also help us mitigate any slippage or cessation in the other program. So we are not viewing that as being a showstopper for us for ACS in terms of communication.

LANDON:

If I might add a little bit more to that comment. I agree with the general that ACS is not dependent on TSAT, but we are looking at the ability for these big collection programs, the sensor programs, to be able to bring that information and data back to the CONUS so we can process it. Gives us a smaller footprint in theater, allows us to do our processing back here and then forward the process data. And so the idea of being able to reach back is an extremely important part of our future programs.

WELDON:

I thank the gentleman for his questions.

The gentleman from New York, Mr. McHugh, is recognized.

MCHUGH:

Thank you, Mr. Chairman. As a 13-year member of the Armed Services Committee, it's a new experience for me to be in this room with a number of the Intelligence

Committee where I have standing today. So if I seem confused, it's not just the complexity of this issue, it's the dual hat situation which I'm in.

Most of the questions that I had have been asked. I'm not sure they've been answered or certainly answered in the way in which I've come to grips with this, but let me just pull a point or two from various places.

Mr. Secretary, did I understand you to say that the 16 Gs standard was something of a surprise and that added to the cost?

BOLTON:

Well, surprise from the standpoint of it's for the entire aircraft, not just the seats in the aircraft.

MCHUGH:

But don't we have platforms up there right now, the RC- 135, the EP-3 and others, that are at 16 Gs crash standard? I mean, it's a military standard, is it not? I'm surprised why apparently you all were surprised.

BOLTON:

Well, remember that the going in position was use a COTS aircraft, which meant a commercial aircraft. That is not standard for commercial aircraft.

MCHUGH:

But I'm confused, who should have known that? Who should have understood that going into the contract phase that you obviously had a commercial platform picked by the contractor that couldn't meet a standard that the military was going to impose upon it?

BOLTON:

Well, if you're the contractor and I'll tell you I'm going to use a COTS aircraft, FAA-approved aircraft, and I want 16 Gs in, what would you assume? FAA doesn't do 16 Gs.

MCHUGH:

Well, but then you weren't clear enough. Can we agree on that?

BOLTON:

Absolutely. I agree with that.

MCHUGH:

Well, in that regard, let me read something, a quote here, from the Army program executive officer responsible for the ACS. He stated, and I quote, "In hindsight, the Army should have done more detailed design work before awarding the SDD contract to understand the implications of the airframe modifications essential to accommodate power cooling and cabling for these size payloads," end quote. Would you agree with that?

BOLTON:

He and I discussed that, and the preference on there is absolutely right: Hindsight, 20/20 hindsight. Perfectly agree with it. But given...

MCHUGH:

You and I just agreed upon the fact that the Army perhaps wasn't as clear as they should have been on 16 Gs, What parts of this challenge that we're facing right now were inexplicably brought upon you?

BOLTON:

Well, I would go back in terms of a solution, because there are a number of areas, whether you talk 16 Gs, whether you talk about the cabling and a number of others. I think if you sit down at a phase before this with at least three of the five or six communities talking and really going from the operational requirements -- and please don't get me wrong, I am not challenging the operation requirements. They are what they are, and the operators need that.

What I am saying is we need to do a little bit more work in understanding what those mean from a technical requirement standpoint. And the only way you do that is to do more detailed work up-front with people who understand how to do that. And in order for those people to understand it, they all need to be trained with the right tools and have experience. We haven't done that for at least two of those communities.

So it doesn't surprise me on programs like this that are very complex that you have misunderstandings. And my push, at least for the Army, is to stop that by making sure that our requirements community -- and you can begin to see that down in Fort Monroe in our Futures Center -- have acquisition types in there with the requirement types, that they get some education and training as to how to talk to one another so we don't have these misunderstandings.

MCHUGH:

Well, I sure agree with that. I think you would agree, based on your comments a few moments earlier, I believe it was to Mr. Ruppertsberger, that you probably -- and I don't want to prejudice this -- but you're probably going to have to change platforms. That's a big misunderstanding on a design award like this. So we've got to start being very, very

clear whether you're talking about 16 Gs or cabling size or whatever. It's a terrible situation.

And let me say for the record, I'm not attacking you in any way on your action on the stop work. I don't see what else you could have possibly done, and I commend you for that. And as you noted earlier, perhaps under previous systems it would have taken many more months, maybe years, but it's still a huge problem.

Let me ask you: What is the project termination cost? Have you had a chance to look at that?

BOLTON:

Yes. I would hesitate to give you a cost, not that I don't have one. And here's why: If I have to terminate this contract -- I'm not terminating the requirement, that stands, but this contracted effort -- the letter that I sent out asks for a proposal from the contractor. And if I give you what I think it is, I think that contractor would put me in an interesting position when I start negotiating what the costs ought to be. But I do have a handle on what it should be.

MCHUGH:

Well, maybe we can talk off-line.

BOLTON:

Yes, sir; we can do that.

MCHUGH:

You got me on that one. I don't disagree with that. Probably flashes back on my second question as to what the contractor liability is here, if at all, in terms of...

BOLTON:

We go along the same lines; yes, sir.

MCHUGH:

See above? OK.

BOLTON:

Yes, sir.

MCHUGH:

Thank you, Mr. Chairman. I yield back.

WELDON:

Thank the gentleman for his questions.

The gentleman from New Jersey, Mr. Holt.

HOLT:

Thank you, Mr. Chairman. Although it's an honor to sit up here on the upper tier in the Armed Services Committee, I must say, I don't envy you if you have to put up with this sort of acquisition stuff frequently.

I'm astonished that it's written here how the electronics package would be fitted into the airframe was deferred until after the contract was awarded, that the design was not frozen, continued to add requirements, evidently: Flight duration, number of black boxes, number of workstations, number of crew, acceleration standard. Those are some pretty basic things that should be in place before the contract is awarded, it seems to me.

And then when the T&E folks raise these serious questions, it takes, by my calculation, 21 months before a stop work order is issued.

Have you seen this sort of thing before, Mr. Chairman? Well, maybe we ought to -- maybe this is a job to call in Donald Trump or Martha Stewart.

Well, let me get to my question.

Mr. Laux, you called for a couple of tens of millions of dollars for RDT&E funds to conduct an analysis of alternatives, and I want to find out where we're going from here. This would be for EP-3 aircraft or successors. And in fact you go so far as to mention potential joint programs.

Now, I'm a little surprised that given your experience here you would be talking about joint programs. As an outsider, as a layman, in theory, I find the idea of these joint programs attractive, but I wonder whether the jointness has provided any advantage here and whether in the future, for what we're going to do next, if we're concerned about creeping requirements and changing numbers of workstations and acceleration standards and so forth, whether that's improved, whether control over that sort of thing is improved with a joint program or not.

LAUX:

Yes, sir. The reference to the joint program recognizes the fact that the ongoing Quadrennial Defense Review may in fact report out in this area with a recommendation

along those lines. The suggestion that the service needs to pursue an analysis of alternatives is to address all the potential candidates, sort of relook at the playing field of what the ongoing programs and potential future programs could bring to bear in light of the hindsight that we have now with where the ACS is in terms of capability and affordability.

I would like to be clear that from our perspective, at least, the requirement has not been a moving target. How the contractor has chosen to address the requirement has been, but the requirement has been set, certainly from the Navy's perspective, since we first started working with the Army in this area.

HOLT:

If it had been more joint -- I mean, I gather this is sort not truly a joint program. If it had been more joint, would you have been more on top of the contractor to prevent his creep, this mission creep, I mean, the design creep?

LAUX:

The program is not yet joint in that the Navy has not formally signed up to the acquisition documentation and the review process, to that end. This was an Army program, it is an Army program. The Navy intends to join this program, and we have turned in the president's budget request to reflect that.

HOLT:

All right. Thank you.

Well, let's see, turning back to Mr. Landon, as I understand it, the stop work really applies to everything here, even though the sensor work, the various packages on board, that work was going along all right. Doesn't it make sense to continue that work? Do I misunderstand? Has that been stopped also? If so, shouldn't that be allowed to continue so that you'll be closer to your understanding of what to do if and when you have to change aircraft?

LANDON:

Yes, sir. The stop work was issued by the Army, and so the conditions of the stop work -- I think it would be better if Mr. Bolton commented on that particular aspect.

HOLT:

Fine. Let's ask Mr. Bolton then.

BOLTON:



Yes, sir. With regards to the black boxes and the avionics of it, no, I stopped everything. And the reason was if we don't understand the requirements well enough to go into the detailed work for the boxes, why I am doing stuff on the boxes? Until we really understand what's driving the design of those boxes...

HOLT:

I think because you know what the requirements are for interceptions for video, for whatever sensors...

BOLTON:

No, sir. No, sir. No.

HOLT:

... and surveillance you will be doing.

BOLTON:

No.

HOLT:

I thought those requirements were pretty well set.

BOLTON:

The operational requirements are set.

HOLT:

The intelligence folks and others had set those requirements.

BOLTON:

No, sir. No, sir. The operation requirements are set. The detailed electronic technical requirements are not. I understand what the operator wants, written that down, that hasn't changed. I am not into the detailed work of drawings, putting circuits together, running cables, and what we have found as we got into that is that we did not understand the requirement. Well, if I allow the boxes to continue today, I could wind up in several months with something that doesn't fit the requirements as I understand this better.

So my position was, everybody stop. You leave enough folks in there to figure out how we got here and what are good alternatives for the future, which will include all of the work, platform as well as the payloads.

FAST:

I just want to add something, sir, if that's all right.

HOLT:

Please.

FAST:

As the secretary said, all options really are on the table, and everything is going to be examined. But that said, we know, at a minimum, we are going to have a slippage. In the meantime, as you've heard from our Navy colleagues and from us, we are asking for some ability to modernize the existing fleets that we have with our Guardrail Common Sensor and our Airborne Reconnaissance Low and the EP-3.

In that regard, many of the technologies that we will ask to have modernized are the same technologies that we have in the ACS Program. And so if we were to receive funding for this modernization, some of the benefits of the modernization could spill over, could spiral over into the ACS Program, so you wouldn't have, from a technology development standpoint, a total cessation of work.

HOLT:

But the same people would be doing that work under a new contract or a modified contract; is that...

FAST:

Sir, I can't say that it will be the same people, but the technology would be developed.

HOLT:

Right. That would be an option in terms of the contracting of it.

Mr. Chairman, I yield back my time with my sympathy.

(LAUGHTER)

WELDON:

We thank the gentleman.

HOLT:

Thank you, sir.

WELDON:

Welcome to reality, and we invite him back anytime to help us in the oversight of many programs where we have similar problems.

The distinguished gentleman from Texas, our financial wizard, is recognized for whatever time he might consume.

CONAWAY:

Thank you, Mr. Chairman, appreciate that.

Gentlemen and lady, thank you all for coming this afternoon. Your previous answer may have answered my question.

Looking at the overall ACS Program, you expect to have certain, what I refer to as, choke points. One of those would be whether or not you get the airplane off the ground. We kind of beat that one to death today, and that would be a pretty significant choke point.

Looking at the rest of the system, do we have other equivalent, "Oh, good grief, how did we miss that kind of choke point in this system," and if that's the case, are we going to -- and I hope the answer is yes -- are you going to relook at the entire process to make sure that you've addressed those and that we're aware of. A year ago, whenever this was all going on, everybody said, "Look, the airplane we've picked only has 3,000 pounds of excess capacity." What's the total capacity or weight load of the aircraft? Is 3,000 pounds 10 percent, 20 percent extra?

BOLTON:

It's probably less than 10 percent, closer to 5 percent.

CONAWAY:

OK. So we've got 5 percent tolerance on the weight, and we're all sort of, "OK, do we go forward?" So the idea is that if you did come across other things that you don't really want to sit -- by the way, thank you for your straightforward answers. Appreciate the straightforwardness of your answers, but are there other things in this overall ACS Program...

BOLTON:

I've had the same thoughts.

CONAWAY:

... that we'll drag you back in and harass you again for?

BOLTON:

Well, that's quite all right. I should be wire brushed. No, I ask the same question so that as the teams are working over the last month and this month, that question will be asked by me when the team comes back in. I look at this as one thing but are there other things that we need to be looking at that could cause a problem. Let's mitigate those things now rather than later. And I don't know what they are.

And I'm also challenging some of the interpretation of the operational requirements, so we really understand if the operator really needs it, because it makes a difference on the battlefield. Fine. The operator is saying, "Well, that's what technology tells us we can get. Do we really want to pay for that?" So we will be looking at everything -- everything.

CONAWAY:

And one last final question: You've got a stop order on the entire project. Do you anticipate a full release of the entire stop or a staged...

BOLTON:

it really depends on what the contractor comes in and gives me the middle of next month. It's a 90-day stop work. At the 60-day point, they come see me, and so in the middle of December we'll make a decision, maybe earlier depending on what we get from the contractor. We had 360 people working it. We're down to 75 to do this work for me, and obviously I'm concerned about that team, the folks who have been farmed out to other areas right now.

CONAWAY:

All right.

Thank you, Mr. Chairman. Yield back.

WELDON:

I thank the gentleman. We're going to do another round if members have questions. I just have one additional one, and we'll put some in for the record, which we'd ask you to answer.

Secretary Bolton, you've hit around this but I don't know whether you've actually directly answered it. I know the Navy has suggested it. Is it the Army's intent to accomplish another analysis of alternatives for the ACS mission or not?

BOLTON:

It's not planned now, but I will raise that when I get back.

WELDON:

Thank you.

BOLTON:

Yes, sir.

WELDON:

I'll go to Mr. Abercrombie.

ABERCROMBIE:

I'm still having some difficulty with this. When I said to you before this seems to be contractor driven, do you recall?

BOLTON:

Yes, sir.

ABERCROMBIE:

But everything that has been said since then leads me to that same conclusion. Now, what I mean by that is, that if the platform, if the vehicle, if the frame, whatever the correct terminology is, is incapable of dealing with the requirements that are being sought, whether it's by the Navy, by addition or inclusion, another set of conditions that you think need to be met, if military standards, by definition, are different than commercial standards, one would think going back to what we've been trying to do here for a number of years here in the committee is where you can find commercial products, or I think the phrase is, "off the shelf"...

BOLTON:

Yes, sir.

ABERCROMBIE:

... that can be successfully integrated with military requirements, so much the better. That's grand.

If you can take like with the -- and we've seen stuff that increased in cost before -- it slipped my mind now -- the submarines, DSDS, that when you went from batteries and you had to change the actual mode of propulsion, well, the cost increased enormously. But we came up with the money for that because the people came back and said, "We're changing everything, and here's why we're changing it, and we'd like you to back us up on this." And we did.

And they changed numbers of people as a result. You know, I'm sure, from the Navy side. I'm just drawing a parallel here. I'm not trying to draw a comparison or an analogy, but I'm drawing a parallel.

I think the committee is perfectly capable of dealing with significant design changes and significant vehicle modifications if it's required for something like a propulsion system that was thought to be adequate and turns out to be not only inadequate but actually irrelevant to what the mission now becomes and so on. So that's not a difficulty.

Here, though, particularly when you go over the transition from the early models to what we want to get to, I still cannot comprehend how the contractor is not in charge if you can see or I can see or Mr. Holt could see, Dutch could see that, "Wait a minute, you're not able to -- how the hell are you going to take this commercial? How are you going to take this Dodge viper and turn it into a Bonneville salt flat sound barrier breaker?" They're both fast, they both look pretty slick and all that, but one's clearly not built to do that for the kind of speed required.

So, all right, I'll have to accept the fact that you're going through all this now and you're saying, "Well, if we only knew now what we knew then." Well, I still don't understand why you didn't know then what you know now.

But accepting that for the moment for our discussion's sake, the contractor can't do this with the frame or the vehicle, at least this is my understanding. Now, there are liability implications, I presume; maybe, maybe not. What we need to find out here, do you get to say to the contractor right now then, "You guys said you could do something. You can't do it. We're getting shut of this."

BOLTON:

I haven't said that yet.

ABERCROMBIE:

That's not what I asked. Can you?

BOLTON:

I could, yes.

ABERCROMBIE:

OK. And that's tough to the contractor.

BOLTON:

It's tough, but I've done it on some of the other programs.

ABERCROMBIE:

OK. Then I remember that too. So there's a time sensitivity here.

BOLTON:

Yes, sir.

ABERCROMBIE:

And if that needs to be done, then do it, is my view. If it needs to be done, then do it. Let's not draw this out and prolong the agony.

BOLTON:

Right. Right.

ABERCROMBIE:

Now, there will be a dollar consequence to that, I understand that. The sooner we know that, the better off we're going to be.

Now, if you make the change, and my guess is you're going to have to make this change, I'm still not clear and I still think the chairman needs to get answer, both chairmen need to get answers here on, if there needed to be a change, why it wasn't brought to our attention.

I know both of these folks. I know Chairman Weldon better than Chairman Wilson, but I know both of them from my experience on the committee. You're not going to shock them by coming to say to them, "You know, I think we've got to go in another direction. We can't make what we wanted to do, and here's what we think needs to be done." I think what upset them as well as other members is when we have to drag it out of the DOD or constituent parts because, as you put it, some people look at this as a failure.

Now, my understanding of the scientific method is, is that you do experimentation and replication and duplication to find out whether you can do it. And when you find out you can't, that's not a failure, that's a trial, because you're not wasting time, you're not going off on a direction, you're not alchemists, right?

BOLTON:

True.

ABERCROMBIE:

You're not trying to get gold out of -- whatever the classic alchemy is, I guess, gold out of whatever the hell you get it out of.

BOLTON:

Lead.

ABERCROMBIE:

Lead, yes. So that's not going to be seen -- certainly by this member it's not going to be seen as a failure. Failure to me is when you don't acknowledge the reality and don't bring it to our attention, because we're dependent on your professionalism, we're dependent on your evaluations of things. And if we have to find out about it by default, then that's failure, in my judgment.

BOLTON:

Right.

ABERCROMBIE:

So my point here and my question now then is, is it possible for -- will there be a significant cost increase, and do we have to go to another platform entirely? I expect the answer is, yes.

BOLTON:

The answer is, yes. I don't know how much nor how significant.

ABERCROMBIE:

OK. So the schedule is bound to slip, right?

BOLTON:

It's already slipped.

ABERCROMBIE:



That's right. Bound to slip further, I should have said.

BOLTON:

Yes, sir.

ABERCROMBIE:

Well, then don't you think that you have to come to a determination as quickly as possible and get that to us?

BOLTON:

Absolutely.

ABERCROMBIE:

OK.

Thank you, Mr. Chairman.

BOLTON:

But in order to do that, Mr. Abercrombie, I really do need this team to come back to me. They are the ones who are going off and answering in detail all the questions and the other members, and particularly the chairman, on what are the alternatives. And this contractor is not stuck with that platform. He's already gone out to other contractors and other platforms. I've asked him to do that. He's looking at all platforms.

ABERCROMBIE:

OK. I've got to quit now, because I still don't understand why the hell that wasn't done in the first place.

BOLTON:

When you say, "first place," sir, I'm not sure what that means.

ABERCROMBIE:

OK. Well, we can go at that another time.

BOLTON:

OK.

ABERCROMBIE:

I've used up my time. Thank you.

WELDON:

The gentleman has as much time as he'd like, as he knows.

The gentle lady is recognized, the chairwoman.

WILSON:

Thank you, Mr. Chairman. I yield my time to the gentleman from Kansas.

TIAHRT:

I thank the gentlewoman.

A requirement is a snapshot in time, and we're looking at something that's going to be around for a long time -- 20 years you said. If you look at the KC-135, it's been around since Eisenhower.

BOLTON:

Yes.

TIAHRT:

And so it's been a long time. This is a Blackberry, and if you look 10 years ago, we wouldn't have realized that a threat could be a data stream coming through our phone lines. We've got future threats out there that are going to drive additional requirements. And I think that's something that I heard earlier, that the requirements weren't established. Well, it's always nice to have requirements firm when you buy a program, but when you're looking at the mission that this aircraft, this airframe has, this is not a stable requirements baseline because of things like this. And we don't know what we don't know on requirements.

So my point is, we're going to have to have some room in this airframe because there are other threats out there. And that's on the front end of it. But on the back end, you've got more and more people that you're going to be feeding this stuff to, and this room wouldn't hold them all. And they'll need it, and they're going to send it to other people that really need it.

So I just think that to think that we don't have an established baseline, I think we need to have some room in here, be smart about this, so that we can have growth in the future.

Now, the schedule I have here says that the plan was to have an FUE or an IOC in about the middle of 2010.

And, Mr. Laux, I think you may -- or maybe it was the admiral, talked about the MMA would be available in 2013?

LAUX:

Yes.

TIAHRT:

You know, they've got a move rate for the 737 about every day. They move from one jig to the next jig every day. That means they pump out about 21 to 25 of these airplanes every month. There's a firing order and to get slotted in there for a firing order or put it in on this production line, it's already militarized, great advantage, I think you can save schedule. And we keep talking about moving the schedule to the right. If the tent pole is the LRUs, the black boxes, then that's one thing, but if it's an airframe, you can gain time by getting into an existing line that already is militarized.

Now, Mr. Laux, you mentioned a couple of times in your testimony that was submitted for the record that this program should be evaluated from a joint con-ops and a potential joint platform alternatives. So I'm convinced that you believe that, but would you tell me why you had that in your testimony?

LAUX:

Yes, sir. We are aware that the Quadrennial Defense Review that is going on right now is likely to address this entire intelligence collection area. We're trying to position ourselves to open up new dialogue with the Air Force and with the Army, with the benefit of the hindsight and the knowledge of where we are in this program and other needs that can be addressed that we expect to be the topic in the QDR.

TIAHRT:

Well, does the Navy have a backup plan? Is the MMA a backup plan or is lengthening out the EP-3's service time, do you have a backup plan for this or is this -- we're going to go forward with this set of requirements for this mission? Is there a backup plan?

LAUX:

Admiral Clingan?

CLINGAN:

Congressman, we do in fact have a backup plan. We have a bridge plan to take the EP-3 and sustain it. The circumstances we find ourselves in now causes us to look at sustaining it through 2017 now, or so.

In regard to the way forward, we are looking with interest, of course, as to how the contractor comes back and provides solutions or options in regard to making our way through the briar patch that currently faces the ACS. And as Mr. Laux has indicated, because those challenges have had cost and schedule implications, it opens the door, thoughtfully, for us to do an analysis of alternatives, which would embrace other platforms, as you've suggested.

So we are looking to sustain the EP-3 and to go forward with open eyes in regards to what acquisition program will in fact meet our operational requirements.

TIAHRT:

Well, I hope there's some expediency here, because these airframes as they age, there's more risk to the crews. And, you know, going back to the tanker, I mean, the average age there is about 45. I don't know any of us that come to work in a 1960 automobile, but if you did and it broke down, you could pull over to the side of the road. When you've got an EP-3 that breaks down, it's only got one place to go and the forces of nature take over.

So I'm very concerned about this, and I think that the idea of having existing production lines that can help compress the schedule can save costs, because every year, inflation every year adds to costs, and if you back this far enough to the right, 2013, 2017, that all adds to the cost as well. So I want to be careful that we're not penny wise and pound foolish.

And this fence of time that we look through, we're looking through one knothole now. But we need to step back and see what other knotholes are there that we should be looking through. And I want to plead with you to be -- let's be dollar-wise here as well.

Thank you, Mr. Chairman.

WELDON:

Thank the gentleman.

The gentleman from Maryland is recognized. Do you have a question?

The gentleman from Texas?

Does the gentle lady have any questions?

WILSON:

Mr. Chairman, I have two questions to submit for the record.

WELDON:

Without objection.

I want to thank all of our -- does the gentleman, Mr. Abercrombie, have any questions?

I want to thank you all for your appearance today, and, again, I hope you take our questions in the spirit in which they're intended.

BOLTON:

Yes.

WELDON:

This committee has been as supportive as any committee in the Congress for our military. We have gone to the wall, sometimes at odds with our own president and with the leadership over at the Pentagon to give you more than what's requested, whether it's up- armoring Humvees or whether it's additional personal protection for the troops or additional manpower and end strength.

We'll continue to do that, but we also have a fiduciary responsibility to the taxpayer, and that requires us to play the oversight role and ask the tough questions. And this is not a good news story right now.

You've heard the Intelligence Committee basically say that we need this capability yesterday. We're not going to have it yesterday. We're not even going to have it tomorrow. It's now going to be pushed out. That's a bad news story that we have to understand what our options are now to move forward.

And, Secretary, and all of you, we don't question your own abilities but we do seriously question where we're going so that this program can be put back on track and in the end give our troops the capabilities that we need in the 21st century.

So we'll provide additional questions for the record. Thank you for your appearance and thank you for the service to the country.

The hearing stands adjourned.

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