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**STATEMENT OF**

**THE HONORABLE JOHN J. YOUNG, JR**

**UNDER SECRETARY OF DEFENSE**

**(ACQUISITION, TECHNOLOGY, AND LOGISTICS)**

**BEFORE THE**

**HOUSE ARMED SERVICES COMMITTEE**

**SUBCOMMITTEE ON STRATEGIC FORCES**

**April 17, 2008**

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**Ballistic Missile Defense Program Progress  
The Honorable John J. Young, Jr.  
Under Secretary of Defense  
(Acquisition, Technology, and Logistics)**

Good afternoon Madame Chairwoman, Congressman Everett, and Members of the Committee. Thank you for the opportunity to appear before you today to discuss the Fiscal Year (FY) 2009 Department of Defense Ballistic Missile Defense program and budget submission. I am pleased to update you on key issues facing the missile defense program and look forward to answering any questions you may have.

The Defense Department has made great progress on missile defense since the President in 2002 made the deployment of an initial defensive capability a national priority. Indeed, within 18 months of the President's direction, MDA fielded our nation's first long-range hit-to-kill ballistic missile defense capability.

Moving with such urgency has required the Missile Defense Agency to operate with some flexibility in managing the Agency's portfolio of programs. The Agency has already fielded a limited capability to defeat a limited ballistic missile threat from rogue nations. I believe it is vital to the security of our nation that we continue work to close system performance gaps and develop new technology to keep pace with the threat.

To close these gaps, the Missile Defense Agency will need to continue to use spiral-development and capability-based acquisition, allowing it to exploit technological opportunities and place greater capability in the warfighters' hands.

Capability-based acquisition permits early deployment of limited capabilities that can be enhanced over time. This approach also allows requirements and standards to be

added as we understand their impact on cost, schedule, and performance. This approach can help the program remain relevant to the threat and technologically current while at the same time providing maximum industry design trade space to deliver militarily useful, best-value capability. The primary goal is to add capabilities with demonstrated military utility, rather than to meet rigid requirements typically defined several years before any capability can be fielded.

Capability-based acquisition hinges on knowledge-based, decision-making. To reduce risk and ensure program stability, MDA uses knowledge-point decision making to drive investment decisions. Knowledge points are tied to the achievement of specific technical or performance requirements and allow MDA to develop new and advanced capabilities without having to make a long-term financial commitment. Failure to meet knowledge points could result in the slowing or even discontinuation of a program activity.

The Department continues to exercise oversight of the Missile Defense Agency's development and deployment efforts. The Director of the Missile Defense Agency reports directly to me on missile defense matters, and we meet periodically to discuss program issues.

I plan to conduct regularly Program Execution Reviews for all Missile Defense Agency programs. These reviews will provide me and other senior Department officials timely and in-depth program execution updates. Among other things, these reviews will compare actual results against schedule, budget, and performance goals and baselines, and describe any earned value cost variances.

In addition, the Department of Defense has established a Missile Defense Executive Board that makes recommendations to me and the MDA Director and oversees implementation of the Agency's strategic policies and plans, program priorities, and investment options. Senior principals from the OSD staff, the Services, the Department's independent test community, the Joint Staff, and appropriate outside agencies sit on the board, which meets every two months to provide oversight and guidance.

One issue currently on the MDEB agenda is the transition and transfer of BMDS elements once they reach technical maturity. In 2002 the Department of Defense directed MDA to focus on developing, testing and fielding near-term capabilities; the military departments would be responsible for long-term procurement and operation support activities of transferred BMDS elements. With the successful fielding of BMDS elements in 2004, the Department looked for ways to facilitate transition and transfer planning. We developed a master BMDS Transition and Transfer Plan to document agreements between the Missile Defense Agency and the military departments. My office updates the Transition and Transfer Plan annually in conjunction with MDA and the military departments. We have also identified a lead Service for most BMDS elements.

As the missile defense system has gained technical maturity, it became clear to me, the Director of the MDA, and other Department officials that effective transition and transfer planning is the key to successful operation and support of the Ballistic Missile Defense System. The Missile Defense Executive Board is currently evaluating proposals to adjust the process in a manner that will "normalize" the transition and transfer process

and ensure optimal system operations. The MDEB is also considering a revised Ballistic Missile Defense System program planning process which will provide the opportunity for the military departments and OSD to influence BMDS budget formulation and resource allocation using all appropriations in a defense-wide account. To complement this process, we are developing guidelines to specify military department and Missile Defense Agency responsibilities in preparation for, during, and after transition and transfer of BMDS elements. The Department plans to brief this Committee in more detail once we have settled on a new path forward.

I continue to be encouraged by the close interaction among MDA, the Director, Operational Test and Evaluation, the Combatant Commanders, and the Operational Test Agencies (OTAs) within the Services. Together they have developed an approach to ensure increasingly complex end-to-end tests of the system. The fact that the Director of the Missile Defense Agency and the Director, Operational Test and Evaluation jointly approve the Integrated Master Test Plan demonstrates to me the high level of cooperation between these organizations. Indeed, today you will find personnel from the Department's independent test community embedded in the management offices of the missile defense elements.

I believe the close working relationship between MDA and the test community has also contributed to recent test successes. Last year alone MDA executed successfully a long-range ground-based intercept, six SM-3 intercepts of separating and unitary targets, and three THAAD intercepts of unitary targets. Each test included elements of operational realism and demonstrated to the warfighter the capabilities of the BMDS.

While attending to environmental and safety concerns, MDA's future flight tests will continue to be increasingly realistic in operational terms. When appropriate to the test objectives and consistent with MDA's overall test campaign, each test will build on the knowledge gained from previous tests and add increasingly challenging objectives with the goal of devising scenarios that test elements of the system from end to end. This test approach increases knowledge and minimizes artificiality.

The Government Accountability Office (GAO) continues to be actively engaged in reviewing the Ballistic Missile Defense program. GAO conducted eight audits of the missile defense program in FY 2007. To further increase transparency, beginning in Fiscal Year 2008, MDA agreed to provide GAO with quarterly summaries that include integrated baseline review schedules (most recent and projected), percent complete, six month cost performance index, fiscal year cost variance, and cumulative cost variance. This information will be summarized annually in the BMDS Selected Acquisition Report for Congress.

Like many Members of this Committee, I believe we need to field additional ballistic missile defense assets in the near-term. System elements like Aegis Ballistic Missile Defense and the Terminal High Attitude Area Defense could provide our Combatant Commanders as well as our friends and allies a significant defensive capability in just a few years. I am working with General Obering to achieve this goal through the Department's programming and budgeting process.

At the same time, we must keep pace with the threat by equipping the warfighters with advanced BMDS capabilities. In the near future, we will require advanced

discrimination, persistent sensor coverage, maneuverable interceptors, multiple volume capability, and a robust inventory. I believe that keeping pace with the threat while continuing to deliver effective capabilities requires an approach that balances near-term fielding and far-term development.

The President's Budget for Fiscal Year 2009 reflects the priorities set by the President and was developed by the Secretary of Defense and his most senior military and civilian advisors. The budget emphasizes the need to prepare for an uncertain and unpredictable future. We must maximize our capabilities gained from our limited defense dollars.

Toward that goal, the Department is requesting \$10.4 billion in FY 2009 for continued development of a multi-layered system to protect the United States, its forces, and its allies from ballistic missile attack. \$9.3 billion of that request supports the work of the Missile Defense Agency. The budgeted funds will pay the cost of fielding near-term missile assets, operating and sustaining these assets, and conducting a missile defense test program. A robust research and development program is also needed to keep pace with the advancing threat.

I note that the Fiscal Year 2008 National Defense Authorization Act required the Department of Defense to transition from RDT&E-only budget requests for ballistic missile defense activities to requests with appropriate amounts in each appropriations title. For the FY 2009 President's budget submission, the Department identified the operations and sustainment costs for each BMDS element and requested MILCON construction funds for the European Site, the European Midcourse Radar and one

Forward Based Radar. The FY 2009 President's budget did not include procurement funding for specified BMDS elements, but the Department will review this issue in preparation of the FY 2010 President's budget.

We are grateful for the support of Congress, which has helped make fielding missile defense a reality. As we increase the effectiveness and reliability of the system, Congressional approval of the President's request for missile defense funding will be essential. Cooperation between the Department and Congress on missile defense issues is one of the main reasons this program has been so successful over the last several years. I look forward to continuing that cooperation.

Thank you for this opportunity to testify before the Committee. I look forward to answering any questions you might have.