

**HOLD UNTIL RELEASED BY THE
HOUSE COMMITTEE
ON ARMED SERVICES**

STATEMENT OF

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Missile Defense
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Good morning Mr. Chairman, Congressman Sanchez, and Members of the Committee. Thank you for the opportunity to appear before you today to discuss Department of Defense missile defense activities. I am pleased to provide you an update on the Medium Extended Air Defense System (MEADS) and the Department's oversight of missile defense via the Missile Defense Executive Board (MDEB).

Medium Extended Air Defense System (MEADS)

My remarks on MEADS are in three sections: Background, Program Status, and Current Situation.

Background. As I testified last year, MEADS is a cooperative development program managed by a NATO program office that was conceived in the mid-1990's as a flagship program for international cooperative development to develop a ground-based air and terminal ballistic missile defense capability that could replace existing Patriot systems in the United States and Germany and the Nike Hercules system in Italy. MEADS is designed to provide enhanced surveillance and intercept capabilities against air, cruise missile, and terminal ballistic missile threats beyond existing Patriot capabilities; to significantly reduce strategic lift requirements into theater; and to reduce logistics and operator workloads. The program experienced a number of technical and management challenges over the past two decades, which ultimately led the Department

and our MEADS partners to agree to restructure the Design and Development (or D&D) phase of the program as a reduced scope Proof of Concept, in order to close out the D&D phase within the original funding limits set by the MEADS Memorandum of Understanding (MOU). By completing the Proof of Concept, the U.S. would fulfill our commitments to our partners under the current MOU by demonstrating MEADS elements (including advanced 360 degree radars, a lightweight launcher with the PAC-3 Missile Segment Enhancement (MSE) missile, and a battle management system). These MEADS elements and associated technologies – if fully realized – would add to the set of capabilities available to advance U.S. air and cruise/terminal ballistic missile defense architectures. It is my understanding that Germany plans to integrate and field MEADS elements and technologies into their evolving air and missile defense system, while Italy has indicated their commitment to field a version of MEADS sometime after successful completion of the Proof of Concept in April 2014.

Regarding the decision to pursue the Proof of Concept last year, while our partners were absolutely committed to the program, including the addition of funding and extension of the schedule needed to complete a full scope D&D program, the Department decided as stated above that we could not support additional funding. At that time, with only two plus years remaining on the U.S. MOU funding commitment, we determined that MOU withdrawal would result in failure to achieve meaningful development and testing results and delivery of key technical data for technologies of interest to the U.S. and its partners. Furthermore, our analysis of the MOU provisions regarding unilateral withdrawal indicated the U.S. would be asked by our partners to provide U.S. funding to

allow them to complete the Proof of Concept without us (a position they have recently stated in a joint letter to the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L))). Finally, we considered the effect of our possible withdrawal on other current and future cooperative efforts with our allies and determined that a unilateral U.S. MOU withdrawal would set a negative precedent for important international partnerships and multinational cooperation.

Program Status. Turning now to the status of the MEADS D&D program - as restructured - it is a late stage development program. The U.S. has provided nearly \$2 billion to date for the MEADS D&D, with Germany and Italy contributing more than \$1 billion combined. By refocusing the D&D program as a Proof of Concept, we avoided at least \$974 million of additional U.S. investment that would have been required to complete the D&D phase as originally contemplated and we have focused on developing and demonstrating near-term key technologies and harvesting data from the development, both of which could be important to future air and cruise/terminal ballistic missile defense improvements for the U.S.

The program has made progress toward achieving the goals of the Proof of Concept, but we recognize the schedule is aggressive and we will watch major milestones carefully to ensure the Proof of Concept is fully completed within the planned funding. Just a few months ago, the MEADS lightweight launcher successfully completed a PAC-3 MSE missile shot during a test at White Sands Missile Range. The MEADS X-band fire control radar is in near-field testing and calibration in preparation for far-field radiation testing this summer to support the first intercept flight test at the end of this

year. At the contractor facility in Syracuse, the MEADS surveillance radar continues to demonstrate successful tracking of targets of opportunity. Software development, system-level integration and simulation in preparation for flight testing continue. Two additional intercept flight tests are scheduled, one in late calendar year 2012 and the second in mid-calendar year 2013, to provide critical information about the maturity and effectiveness of MEADS elements and technologies.

Current Situation. The National Defense Authorization Act (NDAA) for 2012 requires that the Secretary of Defense submit to the Congress a plan to use the U.S. Fiscal Year (FY) 2012 funds authorized and appropriated for MEADS as final obligations to either implement a restructured program of reduced scope, or pay for contract termination costs. Despite having agreed to a restructured program just last October, the Department has once again consulted, at the highest levels, with our partners about developing a plan to further restructure the program using FY 2012 funding only. Pursuant to the MOU, we notified the partners of the provisions of the NDAA, including the requirement to produce a plan to restructure the program using the remaining U.S. FY 2012 funds as our final commitment under the MOU or to use this funding to pay contract termination costs. We also pointed out that the FY 2013 funds may not be approved by Congress. In response, the German and Italian Armaments Directors recently co-signed a letter to the USD(AT&L) reiterating that their nations remain fully committed to their MEADS MOU obligations and expect that all partners will fulfill their MOU obligations to continue with the MOU Proof of Concept program plan as previously agreed.

While we have consulted with our partners, the contracted Proof of Concept work has continued. The U.S. provided the available FY 2012 funds, which is 25% of the FY 2012 appropriation, to the program. I expect the plan required by the NDAA to be delivered in early April after additional consultation with our partners and prior to expenditure of all the funds already made available.

I can report to you today that while we are developing a plan that complies with the FY2012 NDAA legislative requirement for MEADS, the Department believes that completing the MEADS Proof of Concept and securing the benefit of the development program is still the better course of action under current constraints. To paraphrase the recent remarks of Secretary Panetta occasioned by the visit of the German Minister of Defense Thomas de Maiziere, the Department will make every effort to fulfill our commitment to the MEADS MOU. The Department's FY 2013 budget request includes sufficient funds to meet our MEADS MOU obligations. Secretary Panetta made clear that we would work with the Congress to secure funds, and I ask for your support so that we can live up to our MOU commitments in good faith as our partners have indicated that they expect us to do and so that we may use technology from our MEADS investment in other programs. A failure to follow through on our MEADS obligations could negatively affect our allies' receptivity to future transatlantic projects and multinational cooperation with the United States.

I would like to emphasize, that while we have forcefully and repeatedly articulated to our partners the major problems that will arise if we continue with the current Proof of Concept plan in 2012 and U.S. FY 2013 funding is not available, we cannot force our

partners to modify or to terminate either the MOU or its contracts. On the other hand, the responsibilities of the parties under the MOU are subject to the availability of appropriated funds. Thus, our ability to honor our MOU commitment is dependent on authorization and appropriation of FY 2013 funds for MEADS as requested in the President's Budget. In the event that U.S. FY 2013 funding for MEADS is not authorized and appropriated, we have worked with the NATO program office to ensure it has sufficient funds set aside to cover U.S. contract termination liability through the end of FY 2012. However, our German and Italian partners may raise the inability of the U.S. to provide U.S. FY 2013 funds as a formal dispute under the terms of the MOU. While the Partners cannot force the U.S. to provide the funds needed to complete the Proof of Concept, we cannot force our partners to agree to restructure the contract or mutually agree to terminate the MOU. Since the MOU also provides that disputes arising under the MOU shall only be resolved by consultation among the parties, there is no guarantee of resolution of such a dispute. A protracted MOU dispute has the potential to throw the program into turmoil and cause a stand-off that could strain our relationship with Italy and Germany.

Providing the final U.S. funding in FY 2013 will allow the program to complete the planned flight tests, collect and analyze the associated data, demonstrate the design and performance of the MEADS elements, and make important MEADS design and performance data available to all the partners. Let me conclude by stating that I remain convinced that completion of the Proof of Concept remains the better course of action for

the U.S. and its partners, and I would urge the Congress to provide the requested FY 2013 funding.

Plans and Procedures for the Management and Oversight of the Missile Defense Agency

I testified before this subcommittee a year ago describing the structure, operation, and activities of the Missile Defense Executive Board (MDEB). The USD(AT&L) continues to exercise full authority and responsibility to exercise comprehensive and effective oversight of the Missile Defense Agency (MDA) and its programs through the MDEB. The USD(AT&L) has maintained the MDEB's structure and operation in essentially the same form since its inception allowing consistency in the Department's oversight. The MDEB was established "to recommend and oversee implementation of strategic policies and plans, program priorities, and investment options to protect our Nation and allies from missile attack." The MDEB authorities and responsibilities extend to comprehensive oversight of all of the MDA's activities including those outside the scope of the traditional milestone review process for individual Ballistic Missile Defense System (BMDS) elements (e.g., assessments and potential influence on policy, threat assessments, capability requirements, budget formulation, and fielding options).

Four committees support the MDEB: Policy, Test and Evaluation (T&E), Operational Forces, and Program Acquisition and Budget Development (PA&BD). The Policy Committee advises the Board on strategic missile defense policy direction, conducts and oversees international activities, and represents the Department in inter-Agency matters. The Test and Evaluation Committee oversees the T&E planning and

resource roadmap. It provides technical recommendations and oversight for the conduct of an integrated T&E program and investment strategy. The Operational Forces Committee oversees fielding schedules and deployments. It also oversees agreements, documentation, and requirements between MDA, DoD components, and fielding organizations for ensuring appropriate policies for operational and support resources. The PA&BD Committee ensures that MDA program and budget development is integrated effectively into the MDEB's oversight role and that missile defense programs are properly aligned with missions. The PA&BD Committee oversees implementation of missile defense acquisition guidance to include transition and transfer of responsibilities/authorities of BMDS elements to the Services and oversight of BMDS acquisition, operation and support.

Since I testified before you in 2011, the MDEB has conducted seven meetings and the USD(AT&L) has issued six Acquisition Decision Memorandums. Thus, it meets more frequently than a Defense Acquisition Board (DAB) for a typical program. Through the MDEB the Department maintains early and continued visibility into MDA programs and is able to provide the necessary guidance to achieve Missile Defense priorities within cost and schedule constraints.

One of several MDEB oversight areas is the Department's assessment of BMDS elements maturity for production and Lead Service operation. The Department's current criteria for missile defense element production decisions includes: an assessment of the depth and breadth of preparation including element progress; performance validated by testing results; reports by the Director, Operational Test and Evaluation; funding to

support program plans; and an executable plan for operation and support. MDA, in conjunction with the designated Lead Military Department, makes the recommendation for a production decision. The USD(AT&L) is responsible for the production review and decision. The next review of this type is planned for the Aegis Ballistic Missile Defense element.

In the past year, MDEB meetings have included: reviews of the FY 2013 MDA budget request as part of the BMDS Life Cycle Management Process and assessment of the effects of a reduced budget on the BMDS program; progress reviews of regional Phased Adaptive Approaches development in the Middle East and Asia; and endorsement of MDA and Military Department management and funding responsibilities guidance, including a process to define and schedule transfer of responsibilities, which the Deputy Secretary of Defense approved. The MDEB also reviewed and endorsed or provided direction regarding directed energy plans as a result of the retirement of the Airborne Laser Test bed; a revision to the MDA Integrated Master Test Plan based on current program progress and budget priorities; U.S. Strategic Command's Prioritized Capability List, which will influence investment decisions for the next two budget cycles; MDA's plans for return to flight of the Ground Based Midcourse Defense element and Standard Missile; the MDA FY 2011 budget execution progress; the Joint Staff requirements assessment termed the Joint Capability Mix study; and a U.S. Strategic Command-led sensor assessment including Cobra Dane, AN-TPY-2 radars, the Precision Tracking Space System and the Air Borne Infra-Red sensor.

The MDEB, through focused USD(AT&L) leadership, has provided a consistent venue for Departmental involvement in a multitude of disciplines effecting missile defense prioritization, planning and execution. With continued interest across the Department and the involvement by a broad range of stakeholders, the MDEB will continue to be a force as BMDS operations continue.

Conclusion

In summary, the Department's missile defense activities continue at a high pace. While development of air and cruise/terminal ballistic missile defense capabilities remain of critical importance, we have made hard choices in this portfolio in the FY 2013 budget including a request for FY 2013 funding for MEADS. The Department will continue to seek ways to wring out the maximum capability from our investments in air and missile defenses.

The Department is ensuring proper management and oversight of this complex portfolio through its effective utilization of the Missile Defense Executive Board. We are taking prudent steps to transition and transfer individual elements to the Lead Military Departments at the appropriate time for operation and support. Continued cooperation between the MDA, OSD, the Military Departments, the Joint Staff, and COCOMs will be critical to long-term success of the BMDS.

We are grateful for the continued support of Congress which has been critical to the success to date in developing and fielding missile defenses. Thank you for this opportunity to testify on our management and oversight of the Department's missile defense program. I look forward to answering any questions you may have.