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HOUSE COMMITTEE
ON ARMED SERVICES**

TESTIMONY OF

**THE HONORABLE DR. JAMES I. FINLEY
DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION AND TECHNOLOGY)**

**BEFORE THE UNITED STATES HOUSE
COMMITTEE ON ARMED SERVICES
AIR AND LAND FORCES SUBCOMMITTEE**

March 27, 2007

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**STATEMENT BY
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UNITED STATES HOUSE OF REPRESENTATIVES
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INTRODUCTION

Chairman Abercrombie, Ranking Member Saxton and Members of the Committee, thank you for the opportunity to discuss the Army's ground force programs requested in the President's fiscal year 2008 budget. As you know the Army is involved in a total transformation. It includes not only the structure of the force and personnel, but also of the equipment and systems that are necessary to support our 21st century national security goals and missions. A critical piece to this transformation effort is the Future Combat Systems (FCS).

We are currently engaged with an enemy who is thinking and adapting to our every advance. We must counter with systems and equipment that enhance our warfighters' capabilities in theater. This allows the Army to modernize, while bringing leading edge technology to the battlefield. We fully support the President's request of \$ 3.7 billion for research, development, testing & evaluation of this program. It is a program of vital importance to the Army and our warfighter.

We also continue to work collaboratively with the Army on Joint Network Node Program (JNN) and the Warfighter Information Network-Tactical Program (WIN-T). Today, I will provide an update for you of the progress made for the FCS, JNN, and the WIN-T programs.

ARMY'S FUTURE COMBAT SYSTEMS ACQUISITION

The Army's FCS acquisition is a key element of future ground combat. The Fiscal Year 2008 budget for FCS funds the acquisition and fielding of communications, force protection, and mobility equipment needed to support current and future operations. Investments balance both near-term and long-term modernization requirements. For the near term, the FCS program provides the technology to increase networking and combat capability for current Army brigade combat teams through a "spin-out approach" that exploits new technologies as soon as possible to enhance current capabilities. Concurrently, development of FCS for the Brigade Combat Teams continues. They plan to replace 15 of the Army's heavy brigade combat teams.

The affordability of the FCS program in conjunction with overall Army top-line priorities continues to be an area of continued attention. The Army's transformation effort, including Army modularity and the FCS program, requires a disciplined, yet agile, acquisition construct. The ability to track cost, schedule and performance is the centerpiece of the system-of-systems concept for acquisition. The Department will continue to evaluate FCS acquisition for compliant earned value management systems in concert with Department investment priorities and program progress.

Today, I will provide an assessment of the FCS technology development progress, cost estimate, schedule, and test plans. I will also describe our plans to comply with Sec 214 of the 2007 Authorization Act and provide an assessment of the effectiveness of the FCS program's Lead Systems Integrator management model in protecting the interests of the government in the FCS development process.

TECHNOLOGY DEVELOPMENT PROGRESS

The FCS program continues to mature the critical technologies associated with acquiring a FCS brigade combat team. The network technologies, including quality of service, mobile tactical networks, and network security continue to be attention areas for the Department. The FCS program continues to be a forcing function in addressing the transition to mobile, reliable network technology to provide timely, accurate, and appropriate situational awareness and understanding to all levels of command.

The 2006 Technology Readiness Assessment looked specifically at the technology maturity needed to support Spin-Out 1. A comprehensive Technology Readiness Assessment on all of the FCS threshold program critical technologies will be conducted prior to the 2009 review. All critical technologies are planned to have attained technology readiness levels of 6 or greater at that time.

We've also taken action with the 2008 President's Budget to address technology risks associated with the large unmanned ground vehicle, the Armed Reconnaissance Vehicle (ARV). This year's budget moves the ARV system back into the technology base and adjusted the FCS brigades appropriately. As that technology matures, incorporating that capability into both the current force and FCS brigades will be addressed.

PROGRAM COST ESTIMATES

The 2006 Cost Analysis Improvement Group (CAIG) estimates the costs to develop 15 FCS-equipped brigade combat teams to be between \$31.8-44.0 billion with an estimated cost to procure of \$118.7 billion dollars. The CAIG identified three areas of cost risk: 1) potential underestimating engineering staffing requirements in late Systems Development and Demonstration, 2) uncertainties with respect to requirements for software development, and 3) timing for delivery of the complementary Joint Tactical Radio System (JTRS), which is planned to provide the FCS network transportation layer.

Currently ongoing is an independent analysis of FCS cost risks, undertaken by the Institute for Defense Analysis (IDA), a Federally Funded Research and Development Center, as required by Sec 216 of 2007 NDAA. While differing in methodology, the overall magnitude of IDA's preliminary cost estimate is consistent with the CAIG's estimate.

The Department is committed to balancing our investment in FCS by aligning operational requirements, technology readiness, and affordability for both the near-term and long-term decision-making. The 2008 President's Budget takes a step in this direction by modifying the FCS program – removing two classes of unmanned air systems, the Intelligent Munitions Systems, and the unmanned Armed Reconnaissance Vehicle from the FCS brigade combat team structure.

The affordability of the FCS program in conjunction with overall Army top-line priorities continues to be an area of continued attention for the Army and the Department

PROGRAM SCHEDULE

The FCS program schedule targets early 2009 for a preliminary design review for the FCS System of Systems and 2013 for the Brigade Low-Rate Initial Production decision. The FCS program incorporates the “Spin Out” of FCS capability into the current force brigade combat teams. Spin-Out 1 systems capability includes an initial instantiation of the FCS network, the unattended ground sensors, and the Non-Line of Sight Launch System. The Spin-Out 1 Milestone C decision is planned for early 2009.

PROGRAM TEST PLANS

The FCS Test and Evaluation Master Plan (TEMP) scopes the developmental, operational, and live fire testing for the FCS program. The FCS testing plans include system testing and system-of-systems testing for brigade level effectiveness. The Department approved the FCS test plan in 2006. While a complete TEMP update is not required until August 2008, the test planning efforts are being modified to reflect the program restructure in January 2007. The TEMP will continue to mature as the program progresses through the System Development and Demonstration phase to insure test plans lead to delivering an operationally effective, suitable, and survivable FCS brigade.

OVERSIGHT AND REVIEWS (SEC 214 COMPLIANCE)

The scope and complexity of the FCS acquisition needs regular decision reviews of the FCS acquisition by the Undersecretary of Defense for Acquisition Technology and Logistics with the Defense Acquisition Board (DAB). The DAB review subsequent to the FCS preliminary design review in 2009, while not a milestone review, is a critical program decision point and will address the Section 214 requirements. The program assessments address the FCS acquisition in the

context of strategic direction, investment priorities, budget constraints and technology readiness assessments.

Expectations for the 2009 DAB were established during the 2006 review, and will be further refined when we review the program this year. The 2009 FCS acquisition decision point, and the DAB, will be informed by a number of assessments to aid in acquisition decisions that align Department policy and investment priorities. These assessments include a Technology Readiness Assessment by the Director, Defense Research and Engineering, an updated program Independent Cost Estimate by the Department's Cost Analysis Improvement Group, a system engineering and software review by the Director, System and Software Engineering, an affordability assessment by the Director, Program Analysis and Evaluation, and a requirements review conducted by the Joint Requirements Oversight Council.

LEAD SYSTEMS INTEGRATOR MANAGEMENT MODEL

The Army's FCS contract is a Federal Acquisition Regulation (FAR Part 15) based contract with Boeing as the prime contractor. The Army's use of a Lead Systems Integrator management model in the FCS contract provides for a collaborative environment between the government and the contractor organizations in developing the FCS capabilities. With the scope and complexity of a Systems of Systems development effort, such as FCS, a collaborative environment which provides agility and disciplined interaction is useful. Of critical importance is protecting the interests of the government and insuring inherently governmental functions remain with the government. The oversight of such a relationship utilizes trust and integrity as imperatives with open and transparent communication.

Programmatic decisions, such as the early spin-out of FCS capability and the rescoping of unmanned air systems in the FCS brigades, have been

accomplished. These types of decisions reflect a collaborative environment being developed using a lead-system integrator management model while performing inherently governmental functions and protecting the interests of the government.

JOINT NETWORK NODE (JNN) PROGRAM

The Joint Network Node (JNN), which originated in response to an urgent operational requirement for high-capacity, high-speed (Internet Protocol based) networking and communications for the Army in Afghanistan and Iraq, has met that need and provided a foundation for broad band tactical communications. Because of its success, the Army plans to field JNN capability to the rest of the Army, synchronized with troops rotating into Iraq. JNN is based upon commercial networking, communications and computing technology, configured for military use. The Defense Acquisition Board will be meeting on the next procurement lot of JNN.

WARFIGHTER INFORMATION NETWORK-TACTICAL (WIN-T) PROGRAM

On March 5th, the Secretary of the Army notified Congress that the WIN-T program had exceeded its approved program baseline by more than 25% and was reported as a Nunn-McCurdy Breach. As delegated by the Secretary of Defense, the USD (AT&L) must certify to Congress that 1) the program is essential to national security, 2) there is no alternative which will provide equal or greater capability, 3) the new unit cost estimates are reasonable, and 4) the management structure is adequate to control unit costs.

Integrated Product Teams have been formed to address each of the above four questions with representation provided from the Services and OSD. A complete review of the answers to the four questions will be presented to the

Defense Acquisition Executive, the Honorable Kenneth Krieg (USD(AT&L)) for a decision by June 5, 2007.

CONCLUSION

In closing, I believe that the Department and the Army are working together and making progress. These FCS and Network Communications capabilities are giving our warfighters the best systems and support in the world to help them meet their operational goals and missions. Through our advances in science and technology, we are also helping modernize the Army and develop the future of ground combat. We fully support the President's FY 2008 budget request for ground forces capabilities.

I thank the committee for their time today, and their leadership in addressing the Army's operational needs. This committee has consistently provided our men and women in the Armed Forces with the systems and support they need. Thank you for your unwavering support to our warfighters, and I would happy to take any questions.