

DEPARTMENT OF DEFENSE NEWS
(RELEASED APRIL 12, 2003)

DOD RELEASES SELECTED ACQUISITION REPORTS FOR DECEMBER 2002 PERIOD

The Department of Defense has released details on major defense acquisition program cost and schedule changes since the September 2002 reporting period. This information is based on the Selected Acquisition Reports (SARs) submitted to the Congress for the Dec. 31, 2002, reporting period.

SARs summarize the latest estimates of cost, schedule, and technical status. These reports are prepared annually in conjunction with the president's budget. Subsequent quarterly exception reports are required only for those programs experiencing unit cost increases of at least 15 percent or schedule delays of at least six months. Quarterly SARs are also submitted for initial reports, final reports, and for programs that are rebaselined at major milestone decisions.

The total program cost estimates provided in the SARs include research and development, procurement, military construction, and acquisition-related operations and maintenance (except for pre-Milestone B programs, which are limited to development costs pursuant to 10 USC §2432). Total program costs reflect actual costs to date as well as future anticipated costs. All estimates include anticipated inflation allowances.

The current estimate of program acquisition costs for programs covered by SARs for the prior reporting period (September 2002) was \$1,112,183.1 million. After adding the costs for two new programs (Joint Tactical Radio System [JTRS] Cluster 1 and JTRS Waveform) in September 2002, and subtracting the launcher portion of GMLRS [Guided Multiple Launch Rocket System], the adjusted current estimate of program acquisition costs was \$1,130,503.1 million.

For the December 2002 reporting period, there was a net cost decrease of \$834.7 million or -0.1 percent for those programs that have reported previously, excluding costs for the aforementioned programs submitting initial SARs. For this submission, the initial SAR programs are Excalibur (Family of Precision 155mm Projectiles), GCSS (Global Combat Support System) Army, HIMARS (High Mobility Artillery Rocket System), Land Warrior and SSGN (Trident Conversion).

The net cost decrease of \$834.7 million was due primarily to a net reduction in the planned quantities to be purchased (-\$48.8 billion) and the application of lower escalation indices (-\$13.5 billion). These decreases were partially offset by additional engineering changes (hardware/software)

	Current Estimate (\$ in Millions)
September 2002 (70 programs)	\$1,112,183.1
Plus two new programs (JTRS Cluster 1 and JTRS Waveform)	+20,027.3
Less final report on the completed launcher portion of GMLRS (formerly MLRS Upgrade)	-1,707.3
September 2002 Adjusted (72 programs)	\$1,130,503.1
Changes Since Last Report:	
Economic	\$ -13,488.9
Quantity	-48,835.5
Schedule	+7,384.1
Engineering	+30,662.0
Estimating	+23,163.0
Other	+13.2
Support	+267.4
Net Cost Change	\$-834.7
December 2002 (72 programs)	\$1,129,688.4

(+\$30.7 billion), higher program estimates (+\$23.2 billion), and a net stretchout of the development and procurement schedules (+\$7.4 billion). Further details of the most significant changes are summarized below by program:

New SARs (As of Dec. 31, 2002)

The Department of Defense has submitted initial SARs for Excalibur (Family of Precision 155mm Projectiles), GCSS (Global Combat Support System) Army, HIMARS (High Mobility Artillery Rocket System), Land Warrior and SSGN (Trident Conversion). These reports do not represent cost growth. Baselines established on these programs will be the point from which future changes will be measured. The current cost estimates are provided below:

Program	Current Estimate (\$ in Millions)
Excalibur (Family of Precision 155mm Projectiles)	\$4,798.7
GCSS (Global Combat Support System) Army	1,689.4
HIMARS (High Mobility Artillery Rocket System)	4,312.9
Land Warrior	2,844.4
SSGN (Trident Conversion)	3,898.5
	Total \$ 17,543.9

Summary Explanations of Significant SAR Cost Changes (As of Dec. 31, 2002)

Army

Abrams Upgrade (M1A2)—Program costs decreased by \$1,660.1 million (-18.3%) from \$9,096.1 million to \$7,436.0 million, due primarily to a reduction in the Service Extension Program (SEP) retrofit quantity of 378 SEPs (from 419 to 41 SEPs) and associated reductions in initial spares, peculiar support, and other weapon systems costs related to the decrease in SEP retrofit quantity.

ATACMS-BAT (Army Tactical Missile System-Brilliant Antitank)—Program costs decreased \$4,085.1 million (-62.7%) from \$6,515.3 million to \$2,430.2 million because the program was terminated.

ATIRCM/CMWS (Advanced Threat Infrared Countermeasure/Common Missile Warning System)—Program costs increased \$1,052.1 million (+36.9%) from \$2,851.4 million to \$3,903.5 million, due primarily to a quantity increase of 1,626 systems from 1,078 to 2,704 systems (+\$386.8 million) and additional trainers and contractor logistics support (+\$242.9 million). There were also increases for restoration of funding for Tier 2/3 threats, miniaturization, all band laser capabilities, and incorporation of multi-band fiber optic (+\$99.1 million), and an increased cost estimate for ATIRCM hardware (+\$53.8 million).

Black Hawk Upgrade (UH-60M)—Program costs increased \$1,154.3 million (+8.8%) from \$13,183.5 million to \$14,337.8 million, due primarily to a reduced procurement rate that stretched the program from FY22 to FY26 (+\$593.4 million). There were also increases to incorporate Multi-Functional Displays (MFDs) (+\$438.1 million), added capabilities for Dual Digital Flight Controls (+\$330.9 million), and the 701D engine (+\$98.9 million). These increases were partially offset by the application of revised escalation rates (-\$385.3 million).

Bradley Upgrade—Program costs decreased by \$1,463.0 million (-34.5%) from \$4,245.8 million to \$2,782.8 million, due primarily to a 442 vehicle reduction in the quantity of upgrades from 1,037 to 595 vehicles and associated reductions in contractor engineering, initial spares, peculiar support, training devices, and contractor logistics support related to the decreased quantity.

Comanche—Program costs decreased \$9,581.9 million (-20.0%) from \$47,905.6 million to \$38,323.7 million, due primarily to a quantity decrease of 563 aircraft from 1213 to 650 aircraft (-\$12,688.6 million). These decreases were partially offset by increases related to a stretchout of the an-

nual procurement buy profile (+\$615.8 million), a program restructure that shifted to a Blocking Strategy (+\$550.6 million), and cost growth prior to the restructure (+\$632.7 million). There were further increases related to aircraft weight growth (+\$498.5 million), higher contractor overhead rates (+\$289.8 million), increased software integration and testing (+\$273.6 million), and additional flight testing (+\$267.3M).

FMTV (Family of Medium Tactical Vehicles)—Program costs increased \$1,195.7 million (+6.6%) from \$18,074.4 million to \$19,270.1 million, due primarily to the addition of Embedded Diagnostic Hardware (+\$757.0 million), a change in the procurement buy profile in response to budgetary constraints (+\$555.1 million), and an upward revision in hardware/engineering change estimates to reflect actual costs extrapolated over the program life (+\$356.5 million). These increases were partially offset by the application of revised escalation rates (-\$463.5 million).

GMLRS (Guided Multiple Launch Rocket System)—Program costs increased \$1,140.7 million (+10.7%) from \$10,691.2 million to \$11,831.9 million, due primarily to the addition of unique hardware for a Unitary Warhead (+\$877.6 million) and higher estimates to accelerate the program (+\$558.8 million). These increases were partially offset by the application of revised escalation indices (-\$340.4 million).

MCS (Maneuver Control System)—Program costs increased by \$296.5 million (+28.5%) from \$1,039.3 million to \$1,335.8 million, due primarily to a requirements change reflecting the purchase of Standard Integrated Command Post Shelters (SICPS) (previously funded outside the program) and the retrofit of previously purchased hardware to support the change from Version 6.X to Version 7.X software (+\$411.0 million). These increases were partially offset by a quantity decrease of 1,095 re-procurement systems from 9,724 to 8,629 systems (-\$67.8 million) and associated reductions in other weapon systems costs related to the decrease in re-procurement systems (-\$51.7 million).

SMART-T (Secure Mobile Anti-Jam Reliable Tactical Terminal)—Program costs increased \$196.5 million (+25.4%) from \$774.5 million to \$971.0 million, due primarily to the acquisition of Advanced Extremely High Frequency (AEHF) modification kits.

Navy

AAAV (Advanced Amphibious Assault Vehicle)—Program costs increased by \$982.5 million (+10.2%) from \$9,640.3 million to \$10,622.8 million, due primarily to higher estimates for the suspension, engine, and drive train (+\$573.2

million), impacts of the one-year program restructure on the System Development and Demonstration contract (+\$324.6 million), a stretchout of the procurement buy profile for the program restructure (+\$158.1 million), and the addition of survivability materials to the vehicle (+\$116.1 million). These increases were partially offset by the application of revised escalation indices (-\$261.9 million).

DDG 51 Destroyer—Program costs decreased \$3,224.0 million (-4.9%) from \$66,026.7 million to \$62,802.7 million, due primarily to the quantity decrease of 2 ships from 64 to 62 ships (-\$1,890.8 million) and an associated estimating allocation* (-\$672.4 million). There were additional decreases for the application of revised escalation indices (-\$544.9 million) and for cost savings associated with the FY02-05 Multi-Year Procurement contract award (-\$330.0 million).

E-2C Reproduction—Program costs increased \$423.2 million (+10.8%) from \$3,912.5 million to \$4,335.7 million, due primarily to an increase of 3 aircraft from 41 to 44 aircraft (+\$218.6 million) and associated schedule, engineering, and estimating allocations* (+\$31.8 million). There were also additional increases related to the new aircraft for contractor and government furnished equipment (+\$74.3 million), technical publications and production support (+\$47.4 million), and initial spares (+\$38.4 million).

FA-18E/F—Program costs increased \$1,959.1 million (+4.0%) from \$48,791.1 million to \$50,750.2 million, due primarily to additional engineering design for the new EA-18G model (+\$1,055.1 million). Additionally, the total quantity increased 4 aircraft from 548 to 552 aircraft (+\$198.6 million), along with associated schedule and estimating allocations* (+\$41.8 million). Of the previous quantity of 548 F/A-18E/F aircraft, 86 will now be produced as EA-18G aircraft; additionally, the aforementioned increase of 4 will be produced as EA-18G's for a total of 90 EA-18G aircraft, leaving a total of 462 F/A-18E/F aircraft. Finally, there were increases in initial spares and peculiar support costs related to the addition of EA-18G (+\$1,016.9 million).

JSOW (Joint Stand Off Weapon)—Program costs decreased by \$2,114.3 million (-29.9%) from \$7,073.2 million to \$4,958.9 million, due primarily to a quantity decrease of 4,303 BLU-108 weapons (from 16,114 to 11,811 weapons) associated with deferral of Navy and Air Force BLU-108 programs (-\$1,193.7 million). There was also a significant decrease in the estimate for contractor manufacturing and support based on actual cost from the full rate production contract (-\$938.5 million).

MH-60S (Fleet Combat Support Helicopter)—Program costs increased \$644.7 million (+12.0%) from \$5,387.5 million to \$6,032.2 million, due primarily to additional requirements related to Link 16 and the Airborne Mine Countermeasure upgrades (+\$440.7 million). Also, peculiar support for trainers increased by \$161.7 million.

SSN 774 (Virginia Class Submarine)—Program costs increased \$8,352.1 (+11.4%) million from \$73,440.1 million to \$81,792.2 million, due primarily to program re-pricing for additional Special Hull Treatment funding and increased construction costs based on actual returns from the first four submarines (+\$3,569.5 million). There were additional increases attributed to higher industry inflation rates for labor (+\$3,407.9 million) and material (+\$720.1 million), increased estimates for Government Funded Equipment (GFE) (+\$1,261.5 million), increases in estimates for change orders (+\$954.8 million), and a stretchout of the annual procurement buy profile from FY15 to FY17 (+\$815.0 million). These increases were partially offset by the application of revised escalation indices (-\$1,181.3 million) and multi-year procurement savings for FY14-17 at \$150 million per sub (-\$1,200 million).

T45TS (Naval Undergraduate Jet Flight Training System)—Program costs increased \$739.3 million (+13.3%) from \$5,569.6 million to \$6,308.9 million, due primarily to an increase of 28 aircraft from 183 to 211 aircraft (+\$554.0 million), increases to initial spares (+\$25.5 million), and other logistics-related elements to support the additional aircraft (+\$111.8 million). There was also a delayed budget adjustment associated with contractor claim adjustments (+\$41.6 million).

Tactical Tomahawk—Program costs increased by \$789.0M (+36.4%) from \$2,169.9 million to \$2,958.9 million, due primarily to a quantity increase of 671 missiles from 1,725 to 2,396 missiles (+\$450.4 million) and associated schedule and estimating allocations* (-\$51.8 million). There were additional increases related to a stretchout of the procurement profile (+\$233.7 million) and revised missile hardware estimates (+\$122.0 million).

V-22—Program costs increased by \$2,021.9 million (+4.4%) from \$46,240.8 million to \$48,262.7 million, due primarily to a change in scope of the return to flight Blocking requirements (+\$756.0 million), a change in material and labor rate estimates (+\$1,205.1 million), and a revised estimate of recurring flyaway items (i.e., GFE electronics, engineering change orders, and ancillary equipment) (+\$257.9 million).

Air Force

AEHF (Advanced Extremely High Frequency) Satellite—Program costs decreased \$644.4 million (-11.6%) from \$5,561.3 million to \$4,916.9 million, due primarily to eliminating procurement for two satellites, satellites #4 and #5, from the program (-\$969.3 million). This quantity decrease was partially offset by cost increases associated with a six-month slip of the first satellite launch from June 2006 to December 2006 (+\$280.7 million).

B-1B CMUP (Conventional Mission Upgrade Program)—Program costs decreased \$546.3 million (-34.5%) from \$1,581.3 million to \$1,035.0 million, due primarily to termination of the Defensive System Upgrade Program (DSUP) portion of the program (overall program quantities decreased by 60 aircraft kits from 120 aircraft kits for both Computer Upgrade and DSUP to 60 aircraft kits for Computer Upgrade only).

C-17A—Program costs increased \$1,343.1 million (+2.3%) from \$58,998.3 million to \$60,341.4 million, due primarily to additional funding for FY08-09 flexible sustainment (+\$1,526.7 million) and for FY08-09 systems engineering project management, contractor furnished equipment and mission support (+\$225.7 million). These increases were partially offset by the application of revised escalation rates (-\$703.9 million).

EELV (Evolved Expendable Launch Vehicle)—Program costs increased \$1,370.0 million (+7.2%) from \$18,914.5 million to \$20,284.5 million, due primarily to assure access to space by funding two viable launch service providers (+\$539.0 million), and launch services adjustments to include mission assurance (+\$527.5 million) and commercial market price variations (+\$287.2 million). There were additional increases for payload weight growth (+\$275.0 million) and a stretchout of the annual procurement buy profile (+\$132.3 million). These increases were partially offset by the application of revised escalation rates (-\$411.0 million).

F/A-22—Program costs increased \$2,063.9 million (+3.0%) from \$69,721.4 million to \$71,785.3 million, due primarily to updated cost estimates for engine (+\$734.3 million) and airframe (+\$3,006.8 million) recurring costs, additional risk (+\$1,263.0 million), and reduced production cost savings (+\$572.2 million). There were additional increases for increased Engineering and Manufacturing Development (EMD) cost (+\$876.0 million), a stretchout of the annual procurement buy profile (+\$415.5 million), additional funding for system modernization (+\$1,958.2 million), and the application of revised escalation rates (+\$359.5 million). These increases were partially offset by a quantity reduction of 63 aircraft from 341 to 278 aircraft (-\$6,869.4 million)

and associated weapon system support costs (-\$443.6 million).

GBS (Global Broadcast Service)—Program costs increased \$94.0 million (+14.6%) from \$645.7 million to \$739.7 million, due primarily to a net increase of 303 receive suites from 748 to 1,051 receive suites (+\$98.7 million) and associated schedule and estimating allocations* (+\$14.2 million). In addition, there were increases to facilitate Internet Protocol development (+\$15.8 million) and Defense Emergency Response Funds (DERF) to facilitate two-person lift development (+\$7.0 million). These increases were partially offset by a decrease in the estimated cost of Army receive suites (-\$41.5 million).

Global Hawk—Program costs decreased by \$1,031.7 million (-15.1%) from \$6,846.6 million to \$5,814.9 million, due primarily to a directed reduction in program requirements and capabilities (-\$478.9 million), a downward revision in program cost estimates to reflect actuals, contract negotiations, and overhead rate changes (-\$402.4 million), and the application of revised escalation rates (-\$159.6 million).

JASSM (Joint Air-to-Surface Standoff Missile)—Program costs increased \$887.6 million (+28.1%) from \$3,163.2 million to \$4,050.8 million, due primarily to a quantity increase of 6 developmental test/operational test missiles for JASSM-Extended Range (ER) (+\$6.8 million) and 640 procurement missiles (from 3700 to 4340 missiles) (+\$433.0 million). There were also increases for JASSM-ER development and additional capability engine/fuel costs (+\$438.6 million).

JDAM (Joint Direct Attack Munition)—Program costs increased \$1,890.0 million (+48.9%) from \$3,865.4 million to \$5,755.4 million, due primarily to quantity increases of 30,874 from 43,292 to 74,166 tail kits to the Navy and 59,332 from 92,679 to 152,011 tail kits to the Air Force in support of Operation Enduring Freedom.

NAS (National Airspace System)—Program costs increased \$344.6 million (+31.0%) from \$1,112.7 million to \$1,457.3 million, due primarily to a quantity increase of 2 systems from 90 to 92 systems (+\$13.3 million), technology refresh (+\$58.4 million), and additional airfield automation (+\$41.9 million). There were also cost increases due to additional requirements, site installation/site adaptation and program extension (+\$229.2 million).

Navstar GPS (Global Positioning System)—Program costs increased \$920.1 million (+15.5%) from \$5,937.2 million to \$6,857.3 million, due primarily to a quantity increase of 4 satellites from 33 to 37 satellites (+\$288.4 million), the addition of space modification costs not previously reported

in the SAR (+\$149.6 million), and additional requirements for Flexible Power (+\$301.0 million). The costs for the User Equipment segment of the program increased to support additional Military code (M-code) requirements (+\$150.8 million).

WGS (Wideband Gapfiller Satellites)—Program costs increased \$667.2 million (+76.1%) from \$876.9 million to \$1,544.1 million, due primarily to a quantity increase of 2 satellites from 3 to 5 satellites (+\$634.3 million), a radio frequency (RF) modification associated with satellites #4 and #5 to support Airborne Intelligence Surveillance and Reconnaissance (+\$63.2 million), and restoral of launch and flight support services for satellites #1-3 in FY 2004-2007 (+\$18.6 million). These increases were partially offset by a decrease associated with contract savings through the use of existing hardware, which resulted in a revised estimate for Primary Injection Points for Gapfiller broadcast service (-\$19.9 million).

DoD

BMDS (Ballistic Missile Defense System)—Program costs increased \$15,679.4 million to \$62,896.5 million, due primarily to the engineering changes associated with adding Blocks 2008 and 2010 BMD capability and associated Mission Area Investment costs (+\$17,997.4 million), and an increase to achieve Block 2004 Initial Defensive Capability (+\$1,451.5 million). These increases were partially offset by engineering changes associated with the net realignment of Patriot Advanced Capability (PAC-3) and Medium Extended Air Defense System (MEADS) development funds to the Army (-\$2,026.2 million), various DoD and Congressional reductions (-\$554.2 million), and economic and estimating changes for inflation rate adjustments (-\$1,194.1 million).

JSF (Joint Strike Fighter)—Program costs decreased by \$26,721.9 million (-11.8%) from \$226,458.3 million to \$199,736.4 million, due primarily to a decrease of 409 Navy aircraft (from 2,866 to 2,457 aircraft) (-\$25,434.9 million), associated decreases in initial spares and support requirements (-\$3,956.3 million), as well as the application of revised escalation rates (-\$3,404.4 million). These decreases were partially offset by increases in outyear costs due to production affects from lower aircraft quantities (+\$2,623.7 million), the addition of International Commonality Effort (+\$1,270.0 million), refined engine program to optimize interchangeability (+\$1,157.8 million), and revised estimating methodology from parametric to bottom-up (+\$451.4 million).

JSIMS (Joint Simulation System)—Program costs decreased \$362.1 million (-28.0%) from \$1,293.3 million to \$931.2 million, due primarily to the elimination of outyear funds (-\$411.8 million), revision of funding expenditures (-\$19.4 million), and Congressional reductions (-\$12.6 million). These decreases were partially offset by increases for the provision of funding to the Joint Warfighting Center to establish a Software Support Facility (+\$75.6 million).

* Quantity changes are estimated based on the original SAR baseline cost-quantity relationship. Cost changes since the original baseline are separately categorized as schedule, engineering, or estimating “allocations.” The total impact of a quantity change is the identified “quantity” change plus all associated “allocations.”

Editor’s Note: This information is in the public domain at <http://www.defenselink.mil/news>.

U.S. ARMY NEWS SERVICE
(RELEASED MARCH 28, 2003)

FUTURE COMBAT SYSTEMS (FCS) COMPLETES CAPSTONE DEMONSTRATION

Calling it the ‘graduation event’ in a series of demonstrations held during the course of the current phase of the Future Combat Systems program, the Army, the Defense Advanced Research Projects Agency (DARPA), and the Lead Systems Integrator (LSI) announced today the successful completion of the program’s Capstone Demonstration.

The Capstone Demonstration, which was conducted this week at Fort Knox, Ky., and Fort Belvoir, Va., is a culmination and wrap-up of seven previous demonstrations held during the FCS Concept and Technology Development (CTD) phase. The demonstration was intended, in part, to illustrate the FCS program concepts and to demonstrate the program’s

readiness for transition to the System Development and Demonstration (SDD) phase.

“The demonstrations have been instrumental in eliminating uncertainty and reducing risk; they have given us valuable insights into the enhanced capabilities of an FCS-equipped force,” said Col. William Johnson, Program Manager, Objective Force. “It’s been a tough and demanding year, but the Army/DARPA/LSI team should be proud of their tremendous accomplishments.”

“I was especially pleased with the feedback from the soldiers at Ft. Knox taking part in the simulations,” Jerry McElwee, Vice President and FCS LSI Program Manager, said. “They provided many frank and positive comments on the simulated FCS capabilities added to their ability to accomplish assigned missions. More importantly, they helped us identify those capabilities and areas that require more attention.”

The Capstone Demonstration consisted of a series of multimedia presentations, interwoven with a warfighting simulation of a Unit of Action that showed the overall capabilities of the FCS System of Systems—how it is organized, the technologies behind it, how it is deployed, and how it is sustained. The simulation portion of the demonstration was executed at the Unit of Action Mounted Battle Laboratory at Fort Knox, Ky., with a live video feed to the portal at Fort Belvoir.

FCS, the Army's transformation program, is a networked "family of systems" that uses advanced communications and technologies to link the soldier with manned and unmanned air and ground platforms and sensors. This highly agile and lethal force will provide the tactical formations required to fulfill the Army's vision for an Objective Force.

The LSI, working in partnership with the Army and DARPA, has total systems performance responsibility for the

FCS program. The LSI manages the identification, selection, and procurement of major systems and subsystems. The LSI also works with the Army to develop the operational, systems, and technical architectures, which provide links to the Objective Force as well as Joint, Interagency, and Multinational organizations.

DARPA currently manages the FCS CTD phase of the program. Following entry into the SDD phase, the U.S. Army Program Executive Officer for Ground Combat Systems will take responsibility for systems integration, production, fielding, and sustainment. The FCS first unit equipped will be fielded in 2008, and the initial operational capability for the first FCS-equipped Unit of Action will be in 2010.

Editor's Note: This information is in the public domain at <http://www.dtic.mil/armylink/news>.

DEPARTMENT OF DEFENSE NEWS (RELEASED APRIL 4, 2003)

EIGHTH ROUND OF BUSINESS INITIATIVES APPROVED

The Department of Defense announced today the DoD Business Initiative Council (BIC) has approved additional initiatives intended to improve business practices within the Department and enhance support to the warfighter. A total of fifty-eight initiatives have now been approved for implementation over the past 20 months.

The five initiatives approved in this round were: eliminating the need for individual ready reserve recruits to replicate their primary skill training; streamlining the military passport application process; accelerating congressional notification for validated combat needs; proposing changes to thresholds for congressional notifications of newly initiated projects; and re-engineering of depot maintenance reporting.

The BIC was launched in July 2001 to implement bureaucracy-reducing and money-saving opportunities in the business practices of the Department of Defense. This is core to Secretary Rumsfeld's broader "Battle on Bureaucracy" campaign, announced on Sept. 10, 2001. Events of the following day, and since, have not diminished the need to continue this "battle."

Along with other major improvement programs, BIC initiatives contribute to the overall objectives of more cost-effective use of DoD resources, better use of personnel, and more rapid achievement of DoD goals.

The council, established and presided over by Under Secretary of Defense for Acquisition, Technology and Logistics,

the Honorable Edward C. "Pete" Aldridge, is composed of the Military Department Secretaries, the Under Secretary of Defense (Comptroller), the Under Secretary of Defense for Personnel and Readiness, and the Vice Chairman of the Joint Chiefs of Staff. The BIC reports directly to the Senior Executive Council, whose members include the Secretary and Deputy Secretary of Defense; the Under Secretary of Defense for Acquisition, Technology and Logistics; and the Military Department Secretaries.

In approving this latest round of BIC initiatives, Aldridge stated: "The Department is seeing real results from the previously approved initiatives and the enhancements to business processes are having a direct impact. The Department has, for example, streamlined the process for disposing of information technology equipment, developed a means for the Services to share common flight clearance information, improved the processes for purchasing software and hardware on an enterprise basis, re-engineered the process for personnel security investigations, and obtained Congressional approval of a number of financial management authority changes."

Responsibility for administration of the BIC will now transfer to the Air Force from the Navy Department.

This responsibility is being shared among the Services on a six-month rotational basis to help assure commitment and participation. This arrangement is in keeping with the Secretary's ongoing pledge to improve Departmental coordination and collaboration.

Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news>.

DEPARTMENT OF DEFENSE NEWS (RELEASED APRIL 24, 2003)

DEFENSE PROGRAM IMPLEMENTATION PLAN APPROVED

Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) Pete Aldridge today approved a detailed plan to implement a new management structure for the Chemical and Biological Defense Program. Programmatic responsibilities for the Office of the Secretary of Defense, the Joint Staff, Army, Defense Threat Reduction Agency (DTRA), and a newly named Joint Program Executive Officer are included in the new plan.

The Chemical and Biological Defense Program provides the science and technology base, product development, and procurement for a range of items such as protective equipment, chemical and biological agent detectors, decontamination equipment, and medical countermeasures. The new plan streamlines management structures and strengthens accountability for different elements of the program. The plan also calls for the Assistant Secretary of the Army (AL&T)

Claude Bolton to report to Aldridge as the Defense Acquisition Executive for program implementation. The Joint Program Executive Officer will be Army Brig. Gen. Stephen V. Reeves, who will report to Bolton.

Office of the Secretary of Defense staff program oversight will be accomplished by the Assistant to the Secretary of Defense for Nuclear, Chemical and Biological Defense Programs Dale Klein, and Deputy Assistant to the Secretary of Defense for Chemical and Biological Defense Anna Johnson-Winegar. Requirements issues will be the responsibility of the Joint Staff's Joint Requirements Office for Chemical, Biological, Radiological and Nuclear Defense, led by Air Force Brig. Gen. Stephen M. Goldfein. DTRA will manage the science and technology portion of the program and will perform program financial management functions.

Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news>.

AIR FORCE NEWS SERVICE (RELEASED APRIL 14, 2003)

F/A-22 PROVIDES TECHNOLOGICAL LEAP FORWARD

Staff Sgt. A.J. Bosker, USAF

WASHINGTON, April 14, 2003—One cannot view the F/A-22 Raptor as only a replacement for current Air Force fighters, the Service's top acquisition official told lawmakers April 11.

"[The F/A-22] is basically a technological leap forward to counter the threats we perceive [we will face] in the future," said Dr. Marvin R. Sambur, Assistant Secretary of the Air Force for Acquisition, during testimony to the House Committee on Government Reform Subcommittee on National Security.

Responding to the subcommittee's concerns over the cost and progress of the Raptor, Sambur explained that the Air Force recently presented the Department of Defense with a comprehensive business plan that outlined the need for and viability of the F/A-22.

"We're not here to give you excuses for problems of [past F/A-22 program] performance," he said. "We're trying to make improvements now and in the future."

Air Force officials have taken a comprehensive look at the need for the F/A-22, balanced that with other Service needs, and determined that the Raptor is the way to go, Sambur said.

Under the program's imposed cost cap, the Air Force will only be able to procure 224 Raptors. However, the Air Force

needs at least 381 aircraft to fully meet air expeditionary force, training, and maintenance requirements and to avoid making the F/A-22 another high-demand, low-density asset, Sambur said.

The F/A-22 is developing and implementing state-of-the-art technology, giving leading edge capabilities and pioneering manufacturing techniques that will ultimately yield not only the world's greatest aircraft, but will also establish an invaluable set of lessons learned to developing future complex weapons systems, he said.

The unique combination of capabilities increases the effectiveness of the entire joint force and makes any fight unfair.

"The Raptor is the pathfinder and we have to do it right," Sambur said.

Sambur said he was given a mandate from the Secretary of the Air Force Dr. James G. Roche and Air Force Chief of Staff Gen. John P. Jumper to improve the way the Air Force does business in delivering capability, such as the F/A-22, to the warfighter.

Over the past year, he and the acquisition community have been working to determine the root causes of programs not meeting established baselines and goals resulting in slipped development times, reductions in deliveries, and increased costs.

"Our findings indicate that unstable requirements, faulty cost estimates, lack of test community buy-in, inadequate systems engineering, and unstable funding have led to these problems," Sambur said.



The Air Force recently presented the Department of Defense with a comprehensive business plan that outlined the need for and viability of the F/A-22 Raptor. Dr. Marvin R. Sambur, Assistant Secretary of the Air Force for Acquisition, told the House Committee on Government Reform Subcommittee on National Security that the F/A-22 is basically a technological leap forward to counter threats the United States may face in the future.

Photo courtesy U.S. Air Force

Instilling a strong systems engineering foundation in the acquisition process is the third step. Future acquisition strategy plans that lack the necessary attention to systems engineering will not be signed by future milestone decision authorities, he said.

"I am also demanding that systems engineering performance be linked to contract award fees and to the incentive construction," Sambur said.

The final measure, the implementation of a more disciplined program priority process, will help reduce problems from unstable funding, he said.

"We will also insist on the use of spiral development methods for [future programs]," he told the subcommittee.

Spiral development is the Air Force's preferred approach to acquiring new systems, Sambur said in written remarks. It allows the Air Force to incrementally deliver weapons system capability quickly—providing the warfighter technology as it matures within acceptable program risk.

It will counter funding instability by allowing the Air Force to fund each spiral so potential cuts in funding do not compromise a capability that is complete and ready to be fielded today, he said. Another benefit of spiral development is the flexibility to insert the latest technology into the development and production lines.

"We remain focused on providing the necessary capabilities to the warfighter, and this can only be achieved through effective and efficient management during the development, production and fielding of systems," Sambur said. "Only by incorporating a strong collaborative process, reestablishing our credibility, infusing systems engineering in our acquisition process, prioritizing programs, and implementing spiral development can we overcome the tough challenges ahead."

Editor's Note: This information is in the public domain at <http://www.af.mil/news>.

Therefore, he said he instituted a series of measures to address these underlying causes.

The first is a more agile acquisition policy that emphasizes collaboration between the warfighters, the acquisition community, the engineers, and the testers to foster a team mentality.

"This team continues working together throughout the requirements and development process, providing a stable foundation for the overall program," he said.

The second measure addresses test community buy-in by developing a seamless verification process to ensure that both the development and operational tests occur in a single process.

"By getting the operational testers involved early in the process, they can assess the operational value of developmental testing and reduce the duplication of effort," Sambur explained.

DEPARTMENT OF DEFENSE NEWS
(RELEASED MAY 23, 2003)

ALDRIDGE ANNOUNCES DETAILS OF TANKER LEASE PROGRAM

Under Secretary of Defense for Acquisition, Technology and Logistics Edward C. "Pete" Aldridge today announced the approval of the Air Force KC-767 tanker lease initiative. In the next step, the Secretary of the Air Force will now forward a report to Congressional oversight committees detailing the terms and conditions for review and approval.

The agreement provides for leasing 100 KC-767 aircraft from the Boeing Co. for six years starting in 2006, at a cost of \$131 million lease price plus an additional \$7 million in lease-unique costs per aircraft. The total cost will be less than

\$16 billion. The initiative also includes a provision to purchase the aircraft for about \$4 billion at the end of the lease 2017.

The strategy allows the Air Force to begin replacing the KC-135E tanker fleet three years earlier than planned. With an average age of over 43 years, the KC-135E fleet is the oldest combat weapon system in the Air Force inventory.

The KC-767 will be the world's newest and most advanced tanker. It can offload 20 percent more gas than the KC-135E and unlike the E-model, can itself be refueled in flight. It will also have the capability to refuel Air Force, Navy, Marine, and allied aircraft on every mission.

Editor's Note: This information is in the public domain at <http://www.dtic.mil/armylink/news>.

DEPARTMENT OF DEFENSE NEWS
(RELEASED MAY 22, 2003)

DOD MOVES TO STREAMLINE PROGRAMMING AND BUDGETING PROCESS

Under Secretary of Defense (Comptroller) Dov S. Zakheim today announced changes that will streamline the Department's planning, programming, and budgeting system. This improved Planning, Programming, Budgeting, and Execution (PPBE) process is expected to revolutionize internal DoD budget efforts, increase effectiveness, and add additional emphasis to execution.

The changes come as a result of Deputy Secretary of Defense Paul Wolfowitz' direction to the Senior Executive Council to study and recommend improvements to the overall DoD decision-making processes. Today, Wolfowitz signed the management initiative decision that implements recommended changes to the PPBE.

Zakheim noted that no legislative changes are required and that the Congress will see the same budget justification as it has in the past.

The DoD will evolve from an annual program objective memorandum and Budget Estimate Submission (BES) cycle, to a biennial (two-year) cycle starting with an abbreviated review and amendment cycle for FY 2005. The Department will formulate two-year budgets and use the off-year to focus on fiscal execution and program performance.

The two-year cycle will guide the Department's strategy development, identification of needs for military capabilities, program planning, resource estimation and allocation, acquisition, and other decision processes. This change will more closely align DoD's internal cycle with external requirements embedded in statute and administration policy.

The Quadrennial Defense Review (QDR) will continue to serve as the Department's major statement of defense strategy and business policy. It also will continue to be the single link throughout DoD that integrates and influences all

internal decision processes. Section 922 of Public Law 107-314, the Bob Stump National Defense Authorization Act for fiscal year 2003, amended section 118 of Title 10 of the United States Code to align the QDR submission date with that of the President's budget in the second year of an administration.

The off-year Defense Planning Guidance (DPG) will be issued at the discretion of the Secretary of Defense. The off-year DPG will not introduce major changes to the defense program, except as specifically directed by the Secretary or Deputy Secretary of Defense. There will be no DPG for fiscal 2005.

Rather than a program objective memorandum during the off-year, the Department will use program change proposals to accommodate real-world changes, and as part of the continuing need to align the defense program with the defense strategy.

The Department will use Budget Change Proposals (BCPs) instead of a budget estimate submission during the off-year. BCPs will accommodate fact-of-life changes (e.g., cost increases, schedule delays, management reform savings, workload changes, etc.) as well as changes resulting from congressional actions.

The FY 2005 execution reviews will provide the opportunity to make assessments concerning current and previous resource allocations and whether the Department achieved its planned performance goals. Performance metrics, including the program assessment rating tool, will be the analytical underpinning to ascertain whether an appropriate allocation of resources exists in current budgets. To the extent performance goals of an existing program are not being met, recommendations may be made to replace that program with alternative solutions or to make appropriate funding adjustments to correct resource imbalances.

Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news>.

Four Agencies Honored f

DEPARTMENT OF DEFENSE NEWS
(RELEASED JUNE 5, 2003)

2003 PACKARD AWARDS PRESENTED

The David Packard Award for Acquisition Excellence was presented to four Department of Defense program teams at a June 4, 2003, ceremony at Fort Belvoir, Va.. Making the presentations to the four winners was Acting Under Secretary of Defense for Acquisition, Technology and Logistics Michael W. Wynne. The four teams were recognized for their use of innovation in the acquisition process. This year's winners are: Special Operations Command's Special Operations Craft Riverine (SOCR); the Navy's Joint Services Family of Decontamination Systems; the Air Force's Passive Attack Weapon (PAW) Quick Reaction Capability; and the Joint Air Force/Navy Joint Direct Attack Munitions (JDAM) Project Office.

The David Packard Award was established to recognize Department of Defense (DoD) civilian and military organizations, groups, or teams, which have made highly significant contributions that demonstrate exemplary innovation and best acquisition practices. These awards reflect achievements that exemplify the goals and objectives established for furthering life cycle cost reduction and acquisition excellence in DoD.

In presenting the awards, Wynne commented that these programs "have shown what can happen when we release the power of innovation in our workforce."

The 2003 Packard Award highlighted the winning formulas for the awards:



The Joint Direct Attack Munitions (JDAM) Joint Project Office (Air Force/Navy) Team



The Joint Services Family of Decontamination Systems (Navy) Team

- The JDAM Joint Project Office (Air Force/Navy) team accelerated the production of JDAM, delivering munitions in one-half of the time and one-half of the projected price. This guidance system proved to be more accurate, reliable, and effective than originally required.
- The Special Operations Command SOCR team was innovative in its approach to the successful fielding of a complete SOCR system, allowing a four-person crew to

or Acquisition Excellence



The Passive Attack Weapon (PAW) Quick Reaction Capability (Air Force) Team



The Special Operations Command
Special Operations Craft Riverine (SOCR) Team

carry eight special operations forces in an air transportable armored watercraft.

- The Joint Services Family of Decontamination Systems (Navy) team was selected for its exceptional accomplishment in multi-Service teaming, extensive use of cost as an independent variable, international teaming, and recognition for Foreign Comparative Testing. This system uses

sponded after the Sept. 11, 2001, terrorist attack by delivering a complete and operationally tested system in less than 100 days. The team delivered all logistics support elements, a “targeteering” tool to predict collateral effects, and integration on the F-16 aircraft.

Editor’s Note: This information is in the public domain at <http://www.defenselink.mil/news>.

“These Packard Award-winning programs have shown what can happen when we release the power of innovation in our workforce.”

—Michael Wynne
Acting USD(AT&L)

Commercial-Off-the-Shelf components in its design to decontaminate military equipment.

- The PAW Quick Reaction Capability (Air Force) team re-

ARMY NEWS SERVICE
(RELEASED MAY 28, 2003)
**INSTITUTE FOR SOLDIER
NANOTECHNOLOGIES OPENS**

Curt Biberdorf

NATICK, Mass. (Army News Service, May 28, 2003)—The Institute for Soldier Nanotechnologies, a joint research collaboration between the Army and Massachusetts Institute of Technology, formally opened during a ceremony in Cambridge, Mass., May 22.

Founded in March 2002 by a \$50 million grant from the Army, the institute's mission is to develop technologies for advancing soldier protection and survivability, officials said, by combining basic and applied research in nanoscience and nanotechnology.

Scientists and engineers will be reaching for large results from the smallest of objects. Often at the level of manipulating individual atoms and molecules, nanotechnology involves the design and production of new materials or complex devices at the nanometer scale. A nanometer is about 50,000 times smaller than the diameter of a human hair.

The research may be obtuse, but the benefits are clear, said Charles Vest, president of MIT, during the ceremony. The vision is a 21st century lightweight bulletproof and waterproof battle uniform no thicker than ordinary spandex that monitors health, eases injuries, communicates automatically, and potentially lends superhuman abilities.

"We already have the smartest soldiers. Now we're going to give them the smartest uniforms," said Claude Bolton, Assistant Secretary of the Army for Acquisition, Logistics and Technology.

Maj. Gen. John Doesburg, Transition Team Director, U.S. Army Research, Development and Engineering Command (Provisional), said the importance of the new institute "cannot be overstated.

"When you look back to the Middle Ages and fast forward to today, we can't say we've come a long way," Doesburg said. "The technology that we saw today is revolutionary. What better place than this to do it."

Nanotechnology once seemed far-fetched, but new equipment and tools can already create new materials, and in coming years we'll develop new machines for nanomaterials, said Vest.

Bolton said it was only in the last 10 years that scientists were able to actually see atoms.

"You can't do better than at the atomic level," said Richard Smalley, a professor at Rice University, who further emphasized the thought expressed by previous speakers that the benefits of the institute affect more than the military. "In all this nurturing, we may make the next new technology that leads all people to prosperity. This research will lead to other discoveries that will help the world."

Spc. Jason Ashline from the 10th Mountain Division (Light Infantry) at Fort Drum, N.Y., testified to the importance of the work to be done before cutting the ribbon to open the institute. During a firefight in Afghanistan, the infantryman survived a hit to the chest from an AK-47 rifle round because of the protective body armor he was wearing.

Guests at the event were guided on tours of the Institute's 28,000 square feet of space on the fourth and fifth floors of 500 Technology Square on MIT's campus. The space consists of extensive, flexible laboratories; offices for students, visiting researchers and MIT faculty; and headquarters.

Research is currently under way in protection, performance improvement, and injury intervention and cure.

At three stations, demonstrators showed how fluids could be used to engineer a dynamic armor system that automatically changes from flexible to stiff when a ballistic threat is detected, how two separate nanoscale coatings for water resistance and microbe-killing can be combined and applied to textiles, and a method of creating artificial muscles that could provide extra strength for lifting or jumping, or serve as automatic tourniquets.

The facility contains state-of-the-art nano-fabrication and nano-characterization capabilities along with easy access to the rest of MIT's research infrastructure.

About 150 faculty, graduate students and post-doctoral research associates divided into seven research teams will apply their skills on nearly 50 research projects. Several visiting scientists from Army laboratories and participating industrial partners also will be part of the staff.

Army Research Laboratory in Adelphi, Md.; U.S. Army Natick Soldier Center, and U.S. Army Research Institute of Environmental Medicine, both at the U.S. Army Soldier Systems Center in Natick, Mass.; and industry partners illustrated their roles in making an advanced uniform system with displays at a first floor exhibit.

Roaming about the displays were soldiers wearing the latest uniforms for Objective Force Warrior and Future Warrior. Both are product concepts that will incorporate nanotechnology.

MIT was chosen as the "best of the best" universities for the institute while the industry partners will help to speed transition to the field, said A. Michael Andrews, Deputy Assistant Secretary of the Army for Research and Technology/Chief Scientist, Office of the Assistant Secretary of the Army.

Editor's Note: Curt Biberdorf is with the Natick Public Affairs Office. This information is in the public domain at <http://www.dtic.mil/armylink/news>.