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STATEMENT BY

DR. WILLIAM A. LAPLANTE

UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND SUSTAINMENT

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I. Introduction and Background

Chairman Tester, Ranking Member Collins, and distinguished Members of the Senate Appropriations Subcommittee on Defense, thank you for the opportunity to testify today on Department of Defense (DoD) acquisition programs.

I am honored to be here alongside the Service Acquisitions Executives (SAEs) from the Army, Navy, and Air Force representing the Department's 187,000 acquisition and sustainment professionals. Together, they are building enduring advantages for our nation, allies, and partners every day by delivering capability quickly and cost effectively at scale. Acquisition is a profession and an expertise that takes an incredible amount of knowledge and skill built over time. Put simply, our warfighters are successful largely because of the acquisition workforce and as the Department's acquisition leadership, the SAEs and I are immensely proud of the work these professionals conduct to pace the challenges we face as a nation.

As outlined in the 2022 National Defense Strategy (NDS), the Department of Defense identifies four top-level defense priorities to strengthen deterrence, including defending the homeland; deterring strategic attack against the United States, our allies, and partners; deterring aggression and being prepared to prevail in conflict when necessary; and to ensure our future military advantage. While the People's Republic of China (PRC) remains our pacing challenge, the United States and our allies are also actively and concurrently providing security assistance in Europe and the Middle East.

For those of us in the acquisition world, the NDS is a call to action. Building enduring advantages to enable integrated deterrence requires the right mix of capabilities and technologies woven together to defend against current and future threats. Our acquisition system must be able to deliver secure, resilient, and preeminent capabilities quickly and at scale—and we remain committed to using all of the tools and authorities available to do so at speed and scale.

II. The Defense Acquisition System

In recent years, DoD redesigned and reissued its acquisition policies to improve responsiveness to warfighter requirements. The Adaptive Acquisition Framework (AAF)

comprises six "pathways," each tailored to the unique characteristics and risks of the capability being acquired and reflecting modern business practice.

Section 804 of the Fiscal Year 2016 (FY16) National Defense Authorization Act (NDAA) authorized the operation of the Middle Tier of Acquisition (MTA). This authority allows the Department to rapidly develop fieldable prototypes to demonstrate new capabilities, or to rapidly field production quantities of systems with proven technology that require minimal development. Since receiving MTA authority from Congress, programs across every Service have used the pathway to deliver capability faster or accelerate "traditional" acquisition processes by combining MTAs with other AAF pathways.

For example, Space Development Agency is using MTA to harness commercial development for increased speed and lower costs. Through a spiral development strategy that plans to infuse new technology every two years using MTA, the agency will be able to be more responsive to warfighter needs in delivering a proliferated space architecture. Additionally, the Army's M10 Booker Combat Vehicle, formerly known as Mobile Protected Firepower, used MTA to prototype and refine requirements before transitioning to the Major Capability Acquisition pathway for full-rate production. There are currently 106 total programs using the MTA pathway representing more than $24 billion across the Future Years Defense Program (FYDP). Of the 236 programs that have utilized the MTA pathway since the policy went into effect, three have transitioned to full operational capability, 107 have transitioned to another acquisition pathway, and 15 have terminated.

Similarly, Section 800 of the FY20 NDAA provided statutory flexibilities for the creation of the Software Acquisition pathway. This pathway helps relieve programs from procedural bottlenecks of major defense acquisition programs and the Joint Capability Integration and Development System (JCIDS) process, instead driving DoD away from waterfall approaches to focus on rapid, iterative software delivery with active user involvement. Together, these authorities have allowed us to focus on delivering smaller increments of software capability faster, incrementally generating requirements, prioritizing customer participation throughout capability development, and increasing the use of automated testing. Today, there are more than 60 programs using the software pathway.

We are actively reviewing lessons learned from our initial AAF implementation and determining both where policy updates may be needed as well as where workforce

development efforts can be bolstered to ensure comprehensive understanding and application of the AAF pathways' flexibilities.

Beyond the AAF, the Department is further tailoring acquisition approaches through a range of complimentary contracting authorities such as Other Transactions (OT) and Commercial Solutions Openings (CSO). Over the past seven years, DoD's use of OT agreements for prototype projects has increased from $620 million in FY15 to more than $15.5 billion in FY23. Last year, we published an updated DoD OT Guide to address recent changes in statute and regulation, as well as recommendations from the DoD Inspector General and Government Accountability Office. The Defense Acquisition University has likewise increased dedicated resources to educate acquisition professionals on best practices for OT use, including the introduction of the OTA Credential, training courses, and focused webinars.

Section 803 of the FY22 NDAA similarly provided DoD with permanent authority to use CSOs to competitively select proposals received in response to a general solicitation based on review by scientific, technological, or other subject-matter expert peers. The authority was used in the Federal COVID-19 response to procure quantities of therapeutics worth more than $20 billion in obligations since the summer of 2020. In FY23, the Department executed 163 actions with an aggregate value of $1.8 billion under the CSO authority.

Under Section 1244(a) of the FY23 NDAA, the Department also continues using flexible procurement authorities to rapidly acquire munitions, equipment, and other support for Ukraine, Israel, Taiwan, and other allies as well as to replenish DoD stocks. Such flexibilities include use of other than competitive procedures, Special Emergency Procurement Authorities (SEPA), Undefinitized Contract Actions (UCA), temporary exemption from certified cost or pricing data requirements, and delegation of some sole source justification approvals. As a result, contracts that used to take months are being awarded in a matter of weeks and the cumulative effect is the rapid acceleration and sustainment of critical systems and munitions. These authorities have already been used by the Army and Air Force, and we anticipate additional use throughout the period extended through 2026.

III. Major Acquisition Programs

While Section 825 of the FY16 NDAA delegated milestone decision authority (MDA) for most major defense acquisition programs (MDAPs) to the SAE of the military department

or component that is managing the respective program, I remain the MDA for 11 of the Department's largest and special interest programs. This includes the B-21 Raider, COLUMBIA-class submarine, and Sentinel programs that make up our nuclear triad, as well as the F-35 Joint Strike Fighter.

As stated in the NDS, nothing the Department does is more important than deterring strategic attack. Our nuclear forces serve to deter nuclear employment of any scale directed against the U.S. homeland or the territory of allies and partners. For the foreseeable future, nuclear weapons will continue to provide unique deterrence effects that no other element of U.S. military power can replace. The 2022 Nuclear Posture Review reaffirmed the longstanding conclusion that the combination of all three triad legs is the best approach to maintaining strategic stability. For the air-based leg of the triad, the B-21 Raider entered productionin 2023 and will replace the B-2 and conventional-only B-1 bombers. The B-21 will be a visible and flexible deterrent capability for decades to come, and provide operational flexibility across a wide range of military objectives.

The B-21 Raider entered limited rate production in November 2023 and the program is currently conducting its flight test campaigns. The program is on track to procure a minimum of 100 aircraft and continues to successfully execute within cost, schedule, and performance goals defined in the government's Acquisition Program Baseline (APB). B-21 remains on track to meet its key performance parameter for Average Procurement Unit Cost (APUC) of $550 million in Base Year 2010 dollars and has negotiated fixed price production options for the first 40 aircraft.

The Long-Range Standoff (LRSO) weapon will likewise replace the nuclear-armed AGM-86B Air Launched Cruise Missile. The LRSO program is a joint effort involving DoD and Department of Energy National Nuclear Security Administration (DOE/NNSA), with the Air Force responsible for cruise missile development and integration and DOE/NNSA responsible for the W80-4 warhead. With the ability to penetrate and survive advanced integrated air defense systems, the LRSO program will maintain the viability of the B-52H fleet for the nuclear mission and ensure the United States continues to field a visible, flexible, and credible nuclear deterrent through the airborne leg of the triad. The LRSO program is meeting cost, schedule, and performance measures in successfully progressing through the

Engineering and Manufacturing Development Phase. The program remains on track to meet its planned fielding date.

For the first time since the 1980s, the Navy is building a new class of Ballistic Missile Submarine (SSBN). As recently announced, the Navy is projecting to deliver the first COLUMBIA-Class SSBN 12-to-16 months late based on current shipbuilder performance. Lead ship delivery schedule remains at risk due to challenges with first-time construction as well as the availability of specialized industrial capabilities and facilities, adequate work force recruitment and development, and supply chain and material availability across the nuclear enterprise. Currently, all options to recover schedule are being considered for the COLUMBIA-Class. The COLUMBIA Class will eventually be equipped with the modernized Trident II D5 Life-Extension 2 strategic weapon system, which will ensure the effectiveness of the sea-based leg of the triad through the 2080s. The COLUMBIA-Class SSBN remains a critical component of our triad modernization efforts, and DoD will continue to explore all options to drive improvement in schedule and mitigate associated risk.

The modernization of the land-based leg of the triad through the Sentinel program is the most complex program the Air Force has undertaken in decades. The program is intended to replace the Minuteman III weapon system with new missiles, command and launch infrastructure, support equipment, and trainers. On January 18, 2024, the Air Force formally notified Congress and DoD of a critical Nunn-McCurdy breach for the Sentinel program. The Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)) is executing its statutory responsibilities by conducting a robust review of the program and a detailed root cause analysis. OUSD(A&S) has assembled six review teams that are assessing all aspects of the program's schedule and cost growth to ensure the review is comprehensive and accounts for all potential sources of change. We expect to complete this in-depth examination of the Sentinel program in the timeframe required by statue. It is also important to note that even while we execute this review process, every day, the Air Force and DoD are actively mitigating program risks to ensure there are no capability gaps as we maintain our Nation's nuclear deterrent.

The F-35 is the most capable multi-role fighter aircraft anywhere in the world, and it is integral to our concept of integrated deterrence. As the preferred choice of our military services, allies and partners, the F-35 acquisition program also represents a strategic instrument

of foreign diplomacy and a model for co-development, co-production, and co-sustainment activities. In March 2024, I approved the F-35 acquisition program's Milestone C and Full-Rate Production Decision, formally authorizing entrance into the Operations and Support acquisition phase. With more than 990 F-35s delivered, the program has demonstrated production stability, agility, and mature manufacturing processes, and F-35 is ready to fight tonight. In addition to the United States, around the world, 17 countries have acquired or plan to acquire F-35s.

The F-35 program continues to address challenges with modernization efforts. Development and fielding of Technology Refresh 3 is taking far too long to deliver, and the program seeks to provide a truncated, training version of the software later this calendar year. Block 4 development is re-baselining the most crucial capabilities into a future F-35 major subprogram structure on a combat-relevant timeframe, which will improve reportability and increase acquisition oversight. Additionally, Engine Power Thermal Management Modernization efforts are conducting technology maturation and risk reduction to support future F-35 mission capabilities and sustainment. Continued F-35 modernization is essential to keep pace with our adversaries, we just need to deliver these capabilities sooner.

IV. Integration

As we continue to drive the cultural shift to embrace flexible acquisition and contracting authorities granted by Congress in recent years, we also recognize that the integration of emerging technologies into existing capability is critical.

The complexity of today's security environment demands a joint force that is underpinned by integrated system-of-systems capabilities in order to outpace adversaries that are unbounded by specific missions or Service structures. This requires aligning efforts across the Department, holistically looking more broadly across the entire "three-legged stool" that comprises enterprise acquisition to solve these challenges: (1) requirements development through the Joint Capabilities Integration and Development System (JCIDS), (2) resourcing through the Planning, Programming, Budgeting, and Execution (PPBE) process, and (3) program management through the Defense Acquisition System (DAS).

To align disconnected, Service-specific system acquisitions and better inform requirements and resourcing needs, my office established a new Acquisition Integration and

Interoperability, or AI2, organization. This team is translating portfolio management gaps into joint system-of-systems technical solutions and acquisition strategies. AI2's efforts are aligning and delivering key joint capabilities by closing seams between requirements while institutionalizing lessons learned through Competitive Advantage Pathfinders (CAPs) and Department-wide processes such as Integrated Acquisition Portfolio Reviews (IAPRs).

In February 2022, the Deputy Secretary of Defense established CAPs to identify barriers in capability fielding resulting from disconnects among the three "legs," as well as to subsequently demonstrate corresponding solutions. Six pathfinders comprising the first CAPs Sprint demonstrated several successes in accelerating capability delivery and identifying scalable reforms. The second Sprint, which is currently ongoing, includes seven pathfinders that are illuminating actionable recommendations to institutionalize acquisition approaches, lessons-learned, and enduring policy reforms across the Department. In most cases, pathfinder programs are accelerating capability deliveries by an average of two to four years—and often without any additional funding. Instead, they are focusing on modular, open systems approaches to streamline development and cross-Service integration. Each CAP program necessitates stakeholders across the Department coming together to solve problems in innovative ways, driving not only process efficiencies but also identifying how solutions can scale to similar mission sets.

For example, CAPs have proven that development cycles can be shortened by taking advantage of existing investments, open architectures, and cross-Service use of technologies. By partnering with the Navy, the Army didn't have to start at the design or development stages when they began investigating improved electronic warfare (EW) technologies. Modularity of Navy shipboard EW components enabled near-direct use on ground vehicles, allowing the Army to successfully enter at the demonstration stage with minimal hardware, software, or firmware changes. From ship to shore, the EW capability provides the ability to degrade and deny adversary sensors for both Navy and Army missions from the same set of equipment.

Similarly, a Navy capability called Medusa provides vital ship-based situational awareness and electronic attack functions to degrade and deny adversary anti-access/area denial capabilities. Previously, this capability has been too large for aircraft to use in highly contested environments; however, through a CAP, the Navy and Air Force are developing a new, miniaturized capability that compacts the ship-based system into a size, weight, and

power that is suitable for aviation platforms. Aptly called Pegasus, when deployed, the capability will significantly reduce risk to ship and aircraft during a range of critical missions from air anti-submarine warfare and expeditionary troop movement to anti-surface warfare combat search and rescue. By leveraging the CAPs approach, the effort has shaved nearly three years off the development cycle: the time from funding availability through development completion is estimated to be only 18 months. This pathfinder has likewise demonstrated that the broader set of DoD platforms with this antenna configuration are immediate candidates to benefit from this capability, ultimately delivering situational awareness and electronic attack functions at scale to benefit our warfighters.

The Department has a relatively good track record of delivering on deliberate, long-term acquisitions to modernize major platforms and systems of the Joint Force—albeit with some continued challenges for containing cost growth—as demonstrated by the technological advantage we maintain over our adversaries. The Department appreciates the authorities granted by Congress in recent years that enabled the AAF reforms and a more robust contracting toolbox to accelerate the DAS where practical and appropriate. However, as the pace at which those adversaries accelerate their own technological advancement, the scalable reforms being identified by CAPs present additional opportunity to further enable speed across the "three legs" beyond the DAS.

For example, increasing flexibility for relatively small subsets of the Department's total budget would allow DoD to be more responsive to emergent and evolving threats. In certain instances, such as counter-unmanned aircraft system (c-UAS) capabilities in Ukraine, we're seeing the threat change and adapt as frequently as every two weeks. Coupled with the devastating events at Tower 22, having funding aligned with the prosecution of capability areas as opposed to specific, by-name systems would better enable procurement to outpace adversarial advancements and mitigate the risk posed by UAS to our Service members, allies, and partners worldwide. Our resourcing agility must match or exceed the adversary's ability to field agile capabilities. I applaud the work of the PPBE Commission and look forward to continued partnership with the Committee on areas for potential implementation.

We also recognize that cultural reform and partnership is critical to institutionalizing CAPs across the Department. Defense Acquisition University (DAU) is developing

educational resources and courses to increase awareness and utilization of the many tools and approaches that CAPs have illuminated.

To better identify and address interdependencies and critical risks, we continue to build, refine, and align capability portfolio management approaches across the Department. Integrated Acquisition Portfolio Reviews (IAPRs) are holistic reviews that bring together stakeholders across the Office of the Secretary of Defense and the SAEs to look at a specific mission thread—such as nuclear command, control, and communications (NC3) or integrated air and missile defense—to assess and prioritize static portfolio requirements and risks associated with dynamic mission-based requirements. At their core, IAPRs strengthen the synchronization of warfighting concepts, requirements, technologies, and program execution to directly align decision-making with operational needs. Through this mission engineering mindset and focusing on the kill chain, IAPRs ultimately deliver integrated suites of capabilities that are collectively stronger together than the sum of their parts.

Last year, we conducted five IAPRs focused on sustainment, NC3 situation monitoring and conferencing, air and cruise missile defense of the homeland, cyber hardening of priority defense systems, and tactical air capabilities for air-to-air and air-to-ground missions. Each continued to illuminate the need for greater integration and interoperability across systems and portfolios as threats increasingly require the development of more complex warfighting capabilities spanning multiple Services, systems, and operating domains.

Earlier this year, the Deputy Secretary of Defense also signed DoD Directive 7045.20, *Capability Portfolio Management*, that established the policy for using portfolio management across the Department to advise senior leadership on capability investment, divestment, and management. The policy aligns the Joint Staff requirements and Office of the Under Secretary of Defense for Research and Engineering's science and technology efforts to support IAPRs.

V. Production at Scale

Regardless of which AAF pathway—or combination of pathways—is employed, a clear acquisition strategy to production at scale is fundamental. Simply stated, if a technology is not in production, we are not providing our warfighters the capabilities they need.

The conflicts in Ukraine and Israel have put into sharp focus significant challenges across both domestic manufacturing and international supply chains. While we are seeing new,

innovative combinations of technologies and concepts being developed and implemented on the battlefield in mere months, if not weeks, the conflicts have illuminated the enduring need for a strong, secure, and resilient industrial base to deliver and sustain capabilities at scale.

Following the end of the Cold War and the resulting decrease in anticipated demand, the traditional defense industrial base restructured itself. Consistent investments in the defense industrial base decreased dramatically, production capacity shrank, defense-oriented companies consolidated significantly, and the associated manufacturing and production workforce declined by nearly two-thirds. For example, the submarine and shipbuilding sector alone will need to hire thousands of skilled workers to continue the production cadence of all three Navy nuclear platforms, including the COLUMBIA-Class and VIRGINIA-Class submarines.

As across the broader global economy, we remain challenged by the tyranny of lead time. Producing nearly any modern munition—such as a Javelin, Stinger missile, or Guided Multiple Launch Rocket System (GMLRS)—still takes at least two to three years, and their complex production lines cannot immediately be turned on or off overnight. Industry also reasonably remains reluctant to build additional capacity "at risk" until they have a clear, consistent demand signal from DoD, often with specific procurement quantities contracted for multiple years.

To ensure we pace the challenges outlines in the NDS, we cannot continue the "feast or famine" behavior we've typically employed each time a contingency arises. The FY23 NDAA, as amended by the FY24 NDAA, authorized multiyear procurement (MYP) contract authorities for 20 munitions programs to create the stability those suppliers need to accelerate procurement. This type of language enables the Department to enter more economical procurements from suppliers and more efficient production as compared to a series of annual contracts. The Army subsequently awarded and is executing the first five MYP contracts for aspects of 155mm artillery ammunition production, to include metal parts and containers, and load, assemble, and pack.

The Department appreciates the Committee's approval of MYPs for GMLRS, Patriot PAC-3, Naval Strike Missile (NSM), Advanced Medium-Range Air-to-Air Missile (AMRAAM), Long-Range Anti-Ship Missile (LRASM), and Joint Air-to-Surface Standoff Missile - Extended Range (JASSM-ER) in the FY24 budget and intends to execute MYP

contracts for the majority of these systems throughout the Fiscal Year. However, to fully realize the cost savings and strategic benefits afforded by MYPs, I welcome the opportunity to further collaborate on funding for Advanced Procurement of long-lead items and subcomponent materials that underpin production of critical systems.

The first-ever National Defense Industrial Strategy (NDIS), which my office published earlier this year, is likewise intended to guide the Department's engagement, policy development, and investment in the industrial base over the next three to five years. As the strategy outlines, our industrial base is hampered by workforce challenges, brittle supply chains, a lack of excess industrial capacity, and inconsistent demand signals from the DoD. These challenges are the result of decades of policy decisions and will not be fixed overnight. Urgent action is required now, and accordingly, the NDIS focuses on four strategic priorities: resilient supply chains, workforce readiness, flexible acquisition, and economic deterrence. We recognize that a strategy is only as good as its accompanying implementation plan and continue working to finalize its development in the coming weeks.

We are grateful for the Committee's enduring partnership on industrial base matters. Together, we must continue working to better incentivize the private sector to be more prepared to scale production and meet emergent national security needs. Production is itself a deterrent, but at the end of the day, you get the industrial base you pay for. Recent base appropriations coupled with supplemental funding for Ukraine, Israel, and Taiwan have been instrumental in jumpstarting our rebuilding of the defense industrial base. However, significant sustained investment is required into the future in order to realize the modernized defense industrial ecosystem the NDS necessitates.

VI. Conclusion

A flexible, responsive acquisition system that delivers capability at speed and scale underpins the Department's ability to maintain warfighting advantage against the pacing challenge. Across the DoD acquisition enterprise, we remain focused on using all available tools and authorities to maximize value to the American taxpayer while effectively and efficiently meeting the needs of our warfighters, allies, and partners. We appreciate the Committee's steadfast support and look forward to continued partnership as we work to improve acquisition outcomes together.