SECRETARY OF DEFENSE
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JAN 2 2002

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE
SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OPERATIONAL TEST AND EVALUATION
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION & MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Missile Defense Program Direction

The Department last year conducted extensive and rigorous missile defense reviews to determine how best to fulfill the Nation's need to defend the U.S., deployed forces, allies and friends. The findings underscore the importance of layered defenses as well as the need for new approaches to acquire and deploy missile defenses.

The attached provides my key priorities and specific direction to execute the Missile Defense Program. My objectives are:

a. Establish a single program to develop an integrated system under a newly titled Missile Defense Agency (MDA).

b. Assign the best and brightest people to this work.

c. Apply a capability-based requirements process for missile defense.

d. Direct the MDA to develop the missile defense system and baseline the capability and configuration of its elements and the Military Departments to procure and provide for operation and support.

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The full and cooperative efforts of the Services, Joint Staff, and defense agencies are essential to this goal. I ask that you give your full support to this national priority. I will look to the Senior Executive Council for oversight and recommendations for decision-making in this area.

Point of contact for this matter is Lieutenant General Ronald Kadish, Director, Missile Defense Agency, (703) 695-6550.

Attachment:
As stated

Missile Defense Program Direction

This document provides the Secretary of Defense's priorities and guidance for the Department's Missile Defense Program. The following are the top four missile defense priorities for the Department of Defense:

a. First, to defend the U.S., deployed forces, allies, and friends.

b. Second, to employ a Ballistic Missile Defense System (BMDS) that layers defenses to intercept missiles in all phases of their flight (i.e., boost, midcourse, and terminal) against all ranges of threats.

c. Third, to enable the Services to field elements of the overall BMDS as soon as practicable. To that end, we have started to deploy the Patriot Advanced Capability-3 system this year, after successful testing, as the first line of defense against short-range missiles.

d. Fourth, to develop and test technologies, use prototype and test assets to provide early capability, if necessary, and improve the effectiveness of deployed capability by inserting new technologies as they become available or when the threat warrants an accelerated capability.

To enhance elevated national priority and mission emphasis, the Ballistic Missile Defense Organization (BMDO) is hereby redesignated the Missile Defense Agency (MDA). The Director, MDA will report directly to the Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD (AT&L)).

To improve the leadership, management, and organization of missile defense activities, I direct the USD (AT&L) to take the following actions:

a. Establish a single development program for all work needed to design, develop, and test the elements of an integrated BMDS.

b. Develop for deployment, when directed, a useful military capability to detect, track, intercept, and defeat ballistic missiles in all phases of flight against all ranges of threats. Improve the BMD system through incremental improvements and block upgrades to BMDS elements over time.

c. Plan and execute work such that efforts in particular areas of the BMDS may be truncated or stopped if the results are unsatisfactory or where the development effort should be shifted to another integrated BMDS element to permit its acceleration.

d. Execute the program such that demonstrated capabilities can be fielded in limited numbers when available. Base production decisions on the initial performance of the BMDS as demonstrated through credible testing, availability of system alternatives, and consideration of threat evolution.

e. Adopt a flexible approach to the overall BMDS such that each BMDS element complements the others, supports deployment in differing combinations over time, and is open for international participation.

The special nature of missile defense development, operations, and support calls for non-standard approaches to both acquisition and requirements generation. As a development activity, the Missile Defense Agency will require some expanded responsibility and authority. I therefore direct the following:

a. To rapidly carry out my direction, streamlined executive oversight and reporting will be implemented. The Senior Executive Council (SEC), chaired by the Deputy Secretary of Defense, will, in addition to other responsibilities, provide policy, planning and programming guidance; oversee the Department's missile defense activities; and approve BMDS fielding recommendations. The USD (AT&L) will establish a Missile Defense Support Group (MDSG) of appointed department officials to advise the Director, MDA and support SEC decision-making. The chairman of the MDSG will report to USD (AT&L).

b. Management of the BMDS elements will consist of three phases: development, transition, and procurement and operations. The recommendation by Director, MDA for a BMDS element to move to the transition phase; and by the Defense Acquisition Board (DAB) to enter the procurement phase will be approved by the SEC along with budget and force structure levels.

c. To encourage flexible acquisition practices, I delegate to the Director, MDA, authority to use transactions other than contracts, grants, and cooperative agreements to carry out basic, applied, and advanced research.

d. The Secretary, with input from the SEC, will decide whether to use Research Development Test and Evaluation (RDT&E) assets for emergency or contingency deployment, based on assessment of military utility, progress in development and recommendation by the Director, MDA and Military Services.

e. The Director, MDA will manage the BMDS through the development and transition phases, and baseline the capability and configuration of its capability blocks and BMDS elements. The Departments of the Army, Navy, and Air Force will procure the BMDS elements and provide, with the Defense Agencies, for their operation and support.

f. The Director, MDA will work closely with the Commanders-In-Chief and Services throughout the development of the BMDS. Production quantities and operational force levels will be settled early enough in the development for an effective transition of responsibility. BMDS elements will enter the formal DoD acquisition cycle at Milestone C, concurrent with Service procurement responsibility transfer. USD (AT&L) will oversee all Service missile defense procurement phase activity.

g. Budgeting for RDT&E is the responsibility of MDA; budgeting for procurement is the responsibility of the Services.

h. The Under Secretary of Defense (Policy), as a member of the Missile Defense Support Group, will ensure international participation remains a key, long-term component of the missile defense program.

i. The Under Secretary of Defense (Comptroller)/Chief Financial Officer will develop within 120 days for the Deputy Secretary's approval, in coordination with the USD (AT&L) and the Director, MDA, a description of how the Department's Planning, Programming and Budget System process will be tailored for the missile defense program. The process will clarify the lines of authority, specific responsibilities and coordination requirements consistent with the intent of the authorities and responsibilities in this memorandum.

j. To reinforce the single-system focus, and to implement a successful transition to capability-based management, the BMDS program will not be subject to the traditional requirements generation process of CJCSI 3170. The current Service missile defense Operational Requirements Documents are not consistent with the proposed BMDS development program objectives and are hereby cancelled. However, the Director, MDA will establish a process that sets initial capability standards, engages the participation of future users early and throughout development, and permits capability trades across all BMDS elements. MDA will manage through System Technical Objectives and Goals and during the transition phase will baseline capabilities and configurations. During transition, the Services will develop a capability-based Operational Requirements Document (ORD) that will become operative upon transfer of capabilities to the Services. Throughout development, the military departments and the Joint Staff will provide guidance and advice on desired capabilities, operational approaches, and suitability and supportability features.

k. The Military Departments will provide forces, as needed, to support the fielding of early and/or contingency capability and will budget the resources to procure and operate the planned force structure. The MDA will continue to fund

and manage RDT&E activities for new missile defense capabilities and modifications to fielded systems.

l. The MDA is responsible for Developmental Testing and Evaluation (DT&E) of the BMDS and its elements. When a decision is made to transition a block configuration of an element to a Service for procurement and operation, an Operational Test Agent will be designated and an Operational Test and Evaluation (OT&E) will be conducted at the end of the transition phase to characterize the operational effectiveness and suitability of that block configuration of that element.

m. A DoD Force/Activity Designator (FAD) -1 priority is assigned for the BMDS and its elements.

n. The MDA will be staffed with our most-talented people through competitive nominations, selective personnel transfers, and recruitment. The Service Secretaries will assist in this effort. The Department will staff the MDA and program offices, both direct and matrix, at 100 percent of authorized levels. The Director, MDA will be the final authority for all personnel actions.

o. The Director, MDA will retain management responsibility for defining the overall BMDS and the interoperability standards for programs that transfer to the Services (e.g., Patriot Advanced Capability 3, Navy Area Theater Ballistic Missile Defense, and Medium Extended Air Defense System). The Services will ensure such systems remain interoperable, as defined by the Director, MDA, in the BMDS.

p. The Director, MDA will have all management authority and funding responsibility for the Space Based Laser, Airborne Laser and Space-Based Infrared System (Low) programs.

q. The Director, MDA will work with the designated Air Force DoD Executive Agent for Space to develop a seamless process that ensures close management, integration, and interoperability with existing and planned space systems.

Additionally, to affirm my commitment to rapidly capitalize on promising concepts and promptly adjust program priorities, I request the Deputy Secretary of Defense to ensure that decision-making cycle times are as rapid as possible for proposed executive decisions on missile defense. I will support additional or revised statutory authority as identified by the Director, MDA, to reduce development time and enhance program success.

All BMDS development and testing activities will be planned without regard for compliance with the ABM Treaty but no action will be taken that would violate that treaty as required by paragraph. 3.1, DoD Directive 2060.1, dated January 10, 2001.

DoD Directive 5134.9, the "Ballistic Missile Defense Program," will be revised within 90 days to implement this memorandum. Regulations and Instructions of the military departments and other departmental components will be revised as needed within 120 days.