Statement for the Record by

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Introduction

Madam Chairman, Distinguished Members, thank you for the opportunity to come before your committee to discuss the Fiscal Year 2008 (FY08) National Reconnaissance Office (NRO) program and budget request.

The NRO is a joint organization engaged in the research and development, acquisition, launch, and operation of overhead reconnaissance and related ground systems necessary to meet the needs of the Intelligence Community (IC) and the Department of Defense (DoD). NRO satellites and ground systems support on-demand, world-wide signals, and geo-spatial collection, as well as special communications services enabling a number of other, high-priority intelligence activities. Policymakers, intelligence and military users, and civil agencies all rely on NRO systems for support critical to continued US intelligence dominance.

NRO systems are integral to military operations, supporting battlespace preparation, precision targeting, wide-area surveillance, blue force tracking, and battle damage assessment, as well as providing near real-time support to ongoing tactical operations. NRO systems also provide the
foundation for a variety of analytical activities, including
unique indications and warning, access to denied areas, and
sustained target monitoring capabilities. Finally, consistent
with legal statutes, regulation and policy guidance NRO systems
are playing an ever-increasing role in support of homeland
security, law enforcement, and other civil support missions,
such as border protection and drug interdiction.

Simply put, NRO systems provide the US with a distinct
asymmetric advantage in a world that is defined by rapidly
changing targets and threats.

A few brief examples of how the NRO provides operationally
responsive capabilities include:

- Providing timely support for Combat Search and Rescue
  operations for downed aircrews in Iraq;

- Helping to identify technical solutions to counter the
  use of improvised explosive devices;

- Developing a web-based tool, subsequently transitioned to
  the National Geospatial-Intelligence Agency (NGA) for
  operations, that allows posting and sharing of imagery products
  worldwide and that has actually saved lives because of its
  quick-turn around capability;

- Directly engaging with our users to provide immediate
technical information to an anti-narcotics inter-agency task
force that resulted in seizure of two ships carrying five metric tons of cocaine.

- Working with our Mission Partners to provide support for various civil applications, such as security planners for major public events and disaster relief both at home and abroad.

Changing Threats

Increased awareness of the importance of space dominance as a force multiplier for military operations, particularly for the US, is accelerating the development of foreign, sophisticated counterspace technologies. This was dramatically illustrated by the successful demonstration of a Chinese direct ascent anti-satellite (ASAT) test on 11 January 2007, but the space-based threat to US systems is broader. Any threat analysis must consider this broad-based space threat, as well as the threats to our own ground networks and our communications infrastructure.

An effective response to these threats requires an improved understanding of our adversaries’ enabling systems for threat engagement, including space situational awareness for targeting, command and control links for decision-making and coordination,
as well as the mission impact to US operations. This knowledge will form the basis for developing responsive protection strategies at both the platform and the architectural level.

The FY08 Program Priorities

The changing threat environment and the changing nature of our targets were both drivers to our FY08 request. The NRO satellite constellation of today provides the world’s most capable collection and processing systems, yet intelligence problems are becoming more complex. Our Imagery Intelligence (IMINT), Signals Intelligence (SIGINT), and Communications architectures provide global intelligence, surveillance and reconnaissance, and near real time support to the warfighter, and offer critical contributions to the Global War on Terror (GWOT). At the end of the day, the NRO must strive for acquisition excellence and deliver on its commitments.

Revolutionize the NRO -- From the Ground Up. The NRO’s performance in the GWOT has demonstrated that overhead systems, designed in a different era and against a different problem set, can be adapted to collect against small, agile targets -- with dramatic success. This adaptation to become “operationally responsive space” has been done on the ground. This is where we can best respond -- by developing and deploying
new algorithms and processing improvements to keep up with rapidly changing technology and stay ahead of evolving threats.

In order to build on our record of success, I have consolidated NRO ground system programs into a single Integrated Ground Development Effort. Moreover, I have appointed a Ground Mission Manager to lead NRO ground-based efforts toward a Unified Ground Architecture, and to work with our partners in the Defense Intelligence Agency (DIA), the NGA, and the National Security Agency (NSA) toward an Integrated Ground Architecture. This new emphasis on the ground will not only ensure we get the most value from our investment in overhead systems, but is a “must have” to solve the most intractable intelligence problems. We simply must transition the data fusion efforts of today -- people talking -- to the fully automated fusion required for tomorrow. Human interaction and discussion should not be required to fuse data--only to make decisions resulting from that data.

**Space Radar.** The FY08 budget marks the first jointly funded, National Intelligence Program and Military Intelligence Program, request for Space Radar; demonstrating their commitment to the program as the single, future Space Radar system serving
both intelligence and military needs. This is critical. The Space Radar integrated program office, led by Air Force Major General Tom Sheridan (also a Deputy Director of the NRO), continues the work necessary to ensure a sound requirements and technology base for the Space Radar program toward a planned first launch in 2016.

**Research and Development (R&D)**

The FY08 request also sustains the strong commitment to R&D necessary to mature the technologies required for next-generation IMINT, SIGINT, and Communications satellites, to further the revolution on the ground, and to respond to new threats. The R&D program is also exploring numerous “leap ahead” capabilities that appear to be very promising against some of our most intractable intelligence problems.

**Financial Management**

The NRO places great emphasis on the integrity of its financial data and processes. Beginning with FY00, the NRO has undergone annual financial statement audits by an Independent Public Accounting firm, which have demonstrated significant quality in our financial management processes and controls. Basic funds management processes at the NRO have received high
scores since FY00. Indeed, the NRO Inspector General has noted that the investment in terms of systems, processes, and training to achieve this level of corporate financial management has been significant and represents NRO management’s commitment to strong financial management. Regardless of the outcome of each year’s audit, the NRO remains the only member of the IC to have achieved an unqualified opinion on its audits.

**Furthering the New National Space Policy**

On August 31, 2006, the President signed the new National Space Policy, the first overarching national policy governing the conduct of US space activities to be issued in more than ten years. The NRO was a member of the interagency team that developed the policy, and is now working to ensure it is fully implemented.

I have already mentioned a number of NRO programs and initiatives, such as a strong R&D investment, the new emphasis on ground, and capabilities that respond to the new threat, which are all in complete consonance with the new National Space Policy. Other NRO initiatives are highlighted below.

Develop Space Professionals. The National Space Policy encourages the development of space professionals. The NRO believes the importance of the space professional workforce cannot be overstated -- it is absolutely essential to the success of the NRO, as well as the larger space community. To
that end, the NRO has taken a number of steps. First, we have completed an Air Force-NRO Statement of Intent (SOI), signed by the Director, NRO and the Air Force Chief of Staff. The SOI makes clear that the Air Force and NRO will work together to improve the career development of our space professionals. This includes additional training opportunities, enhanced mentoring, and a deliberate approach to assignments. This new approach to assignments is aided by the creation of an Air Force-NRO Space Assignment Advisory Board that is actively tracking the careers of space professionals to ensure they are provided the job experiences, as well as the education and training, necessary for their professional advancement. The NRO has also teamed with Air Force Space Command in training space professionals across the government at the new National Security Space Institute in Colorado Springs. I am working similar initiatives with the CIA. Finally, the NRO’s Acquisition Center of Excellence is helping NRO acquisition professionals, program managers, and finance and contract officers complete education requirements leading to advanced professional certifications or Masters Degrees in Public Management or in Engineering Administration.

These initiatives are in addition to an already robust Systems Engineering (SE) Professional Development and Certification Program that last year certified 151 system engineers. This successful effort has prompted the development of a similar course for Program Management.
**Improve Space System Development and Procurement.** Improving the NRO’s systems acquisition process has been a focus of mine since I became the Director, NRO. We have abandoned the “acquisition reform” practices of the 90s that proved so unsuccessful, and we are returning to acquisition fundamentals. The transition will not happen overnight. There are programs that were started in the “acquisition reform” era that must be successfully completed, and there were people trained in that era who must be re-trained. However, we are making demonstrable progress.

**Demonstrating Performance.** As part of the President’s Management Agenda and the Government Performance and Results Act, the Office of Management and Budget (OMB) evaluates at least one major NRO program each year. Three NRO operations and acquisitions programs have been evaluated to date: IMINT, SIGINT, and Communications. Scores for all three were “passing” or better. Moreover, the scores have consistently improved since the OMB reviews began in 2004. The most recent score of 81 percent for Communications, compared very well to the best in government programs. In addition, the Mission Integration and Development program, the ground portion of the Future Imagery Architecture, was recognized last October by the DoD and the National Defense Industrial Association as one of the DoD’s Top Five Programs. This award recognizes programs displaying
excellence in the application of systems engineering best practices resulting in program success.

**Increase and Strengthen Interagency Partnerships.** The National Space Policy also mentions the importance of interagency partnerships. This is a natural for the NRO, since it is fundamental to the history of the NRO, and inherent in everything we do. The NRO is a partnership -- a “joint-venture” between the DoD and the IC. We extend that partnership to other IC agencies and DoD elements to ensure end-to-end solutions to user needs. These include routine interchanges at all levels with our partners, such as NGA, NSA, and DIA, as well as to more formal venues for cooperation, like the Space Partnership Council. The Council, which includes the Air Force Space Command, US Strategic Command, National Aeronautics and Space Administration (NASA), and Defense Advanced Research Projects Agency (DARPA), considers broad issues affecting the nation’s space programs, and allows senior leaders to collectively address those issues. Finally, in order to ensure the NRO remains responsive to an ever-expanding user community, I established the Deputy Directorate for Mission Support (DDMS). The DDMS is specifically focused on improving our understanding of user needs, and ensuring the full capabilities of the NRO and its partners are brought to bear in satisfying those needs. The DDMS has a new additional responsibility as Deputy Commander,
Joint Functional Component Command for Space, under the US Strategic Command. Through these and other efforts, the NRO is helping to achieve the unity of effort called for in the National Space Policy.

**Strengthen US Space-related Science and Technology (S&T).**

The National Space Policy calls for strengthened U.S. space-related S&T efforts. As I have said, S&T is a key enabler for the NRO, and we maintain a strong S&T investment. However, we also coordinate that investment with others to ensure no duplication of effort. Moreover, we fully leverage the investment made by others, including NASA, the Missile Defense Agency, DARPA, the Air Force, and other IC and government elements involved in space. We host an annual Technology Forum to extend that cooperation and collaboration to private industry. Finally, we sponsor a program called the Director’s Innovation Initiative to involve non-traditional suppliers of technology and innovation.

In summary, the President’s policy sets challenging goals for all of us in the space business, and I am confident that the NRO is doing its part to meet or exceed those goals.
Conclusion

The resources identified in the FY08 request will address an aging constellation and known risks, allow the NRO to sustain critical intelligence capabilities to a growing base of intelligence-dependent users, and take important steps toward ensuring we deliver end-to-end solutions to user needs. It also sustains the R&D investment necessary to keep pace with rapidly evolving targets and threats.

Madam Chairman, I appreciate the support that Congress has shown in the past. I look forward to your continued support as we work through the challenges and opportunities in the coming year.

Thank you.