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United States Government Accountability Office
Washington, DC 20548

August 4, 2005

The Honorable Terry Everett
Chairman
The Honorable Silvestre Reyes
Ranking Member
Subcommittee on Strategic Forces
Committee on Armed Services
House of Representatives

Subject: *Military Transformation: Actions Needed by DOD to More Clearly Identify New Triad Spending and Develop a Long-term Investment Approach*

In response to your request, we issued a report in June 2005 on the Department of Defense's (DOD) progress in determining and allocating resources needed to implement the New Triad today and in the future.¹ In that report, we made recommendations to the Secretary of Defense to provide greater visibility of the projected spending and future investments for DOD's efforts to create the New Triad and acquire future capabilities. On April 28, 2005, we provided DOD with a draft of that report for review and comment. DOD did not provide comments in time to incorporate them in that report, which went to printing on June 24, 2005. DOD provided its comments to us on June 30, 2005. To present DOD's comments and provide our perspective on them, this report briefly summarizes our June 2005 report's objectives, results, and recommendations, along with DOD's comments and our evaluation of the comments. DOD's comments, which were provided by the acting Assistant Secretary of Defense for International Security Policy, are included as enclosure I to this report.

Summary of Objectives, Results, and Recommendations

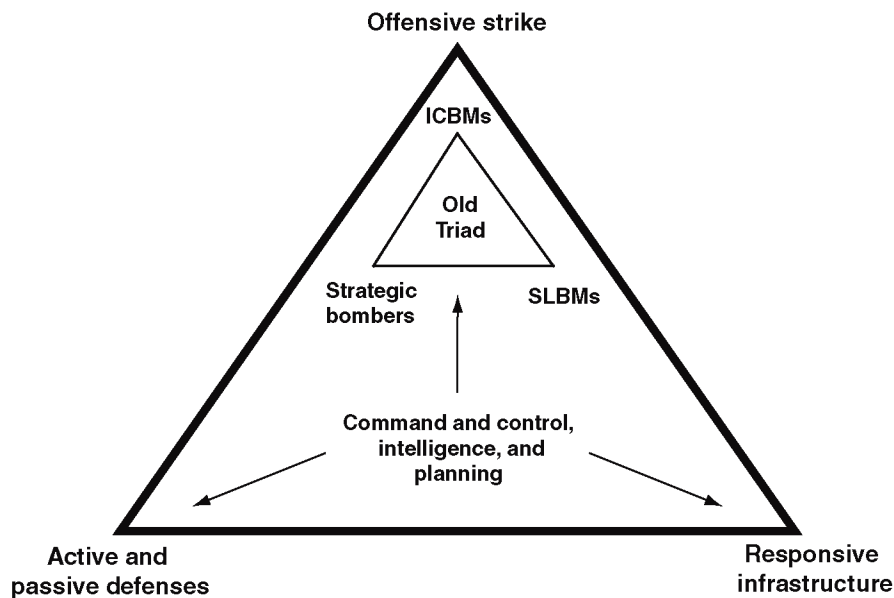
In our June 2005 report, we determined the extent to which DOD has (1) identified the projected spending for the New Triad in its Future Year Defense Program (FYDP) and (2) developed a long-term investment approach to identify and manage future investments needed to achieve the synergistic capabilities envisioned for the New Triad.

In its December 2001 Nuclear Posture Review, DOD significantly expanded the range of strategic capabilities to include not only the old Triad, which consisted of nuclear-

¹ See GAO, *Military Transformation: Actions Needed by DOD to More Clearly Identify New Triad Spending and Develop a Long-term Investment Approach*, GAO-05-540 (Washington, D.C.: June 30, 2005).

armed intercontinental ballistic missiles, submarine-launched ballistic missiles, and strategic bombers, but also conventional and nonkinetic offensive strike and defensive capabilities. The review also called for revitalizing the U.S. research and development and industrial infrastructure that would develop, build, and maintain offensive forces and defensive systems and be capable of responding in a timely manner to augment U.S. military capabilities when necessary. According to DOD, the three legs of the New Triad—offensive strike, active and passive defenses, and responsive infrastructure—are intended to be supported by timely and accurate intelligence, adaptive planning, and enhanced command and control capabilities. The review stated that the synergism achieved through the integration of nuclear and conventional offensive strike and defensive capabilities would provide the President and Secretary of Defense with a broad array of military options to better address the spectrum of potential opponents and contingencies that may arise in the coming decades. Figure 1 shows the three legs of the New Triad and its supporting elements.

Figure 1: The New Triad



Source: 2001 Nuclear Posture Review.

Note: ICBMs = intercontinental ballistic missiles; SLBMs = submarine-launched ballistic missiles.

We found that although DOD established its New Triad in 2001, it has not developed a way to fully identify projected spending for New Triad programs in its FYDP. In light of the challenges DOD faces in transforming strategic capabilities in the current fiscal environment, decision makers need to have the best and most complete data available about the resources being allocated to the New Triad. Although DOD has identified some New Triad-related spending in the FYDP, our notional analysis of such spending included in the FYDP through 2009 indicates that overall spending for the New Triad could be much greater than DOD’s limited analyses have identified. DOD has not fully identified New Triad spending because the diversity and scope of the New Triad and ambiguity of the concept make it difficult for DOD officials to reach agreement on a complete list of programs, according to DOD officials. Additionally, the current FYDP structure does not readily identify and aggregate New Triad spending. A mechanism to aggregate FYDP spending, known as a “virtual major force program,” has been used by DOD to identify space funding and could be

beneficial in tracking New Triad funding, according to some DOD officials including the Commander of the U.S. Strategic Command. Without some mechanism to aggregate funding associated with the New Triad, DOD will be limited in its ability to guide and integrate New Triad spending.

We also found that despite the long lead time generally needed to develop and acquire new systems and the need to consider long-term affordability issues, DOD has not developed an overarching and integrated long-term investment approach for acquiring new capabilities and replacing some or all of its aging systems that provide New Triad capabilities. Best practices show that long-term capital planning is needed to help organizations define direction, establish priorities, and plan future budgets. While DOD has identified some near-term investments, its investment plans are incomplete because some key capabilities for the New Triad have not been fully assessed in context of the New Triad and long-term replacement of key platforms have not been assessed in the context of the new security environment and DOD-wide affordability challenges. Although DOD recognizes the need for a long-term investment approach, it has not begun to develop one because its concepts for nonnuclear strike and missile defense are not fully mature. However, delaying the preparation of a long-term investment approach puts DOD at risk of not developing an affordable strategy. Additionally, DOD and Congress will not have sufficient information to effectively determine future investment costs, the priorities, and trade-offs needed to sustain New Triad implementation. While we agree that some concepts are continuing to evolve, and that new systems are still under development, we do not believe that these circumstances preclude DOD from beginning to plan for the future of the New Triad. As new information becomes available, we would expect to see adjustments in DOD's plans—that is the nature of long-term planning.

To strengthen DOD's implementation of the New Triad and provide greater transparency of resources that are being applied to developing, acquiring, and sustaining the needed capabilities, we recommended in our June 2005 report that the Secretary of Defense take the following four actions:

- Direct the Director, Office of Program Analysis and Evaluation, in consultation with the Under Secretary of Defense (Comptroller), to (1) develop and obtain approval of a comprehensive list of program elements in the FYDP, which support activities for developing, acquiring, and sustaining New Triad capabilities; (2) modify the FYDP to establish a virtual major force program for the New Triad by creating new data fields that would clearly identify and allow aggregation of New Triad-related program elements to provide increased visibility of the resources allocated for New Triad activities; and (3) report each year the funding levels for New Triad activities and capabilities in the department's summary FYDP report to Congress. The Secretary of Defense should direct that these three actions be completed at or about the time when the President's budget for fiscal year 2007 is submitted to Congress.
- Direct the Under Secretaries of Defense for Policy and Acquisition, Technology, and Logistics to develop an overarching and integrated long-term investment approach for the New Triad that provides decision makers with information about future joint requirements, projected resources, spending

priorities and trade-offs, milestones, and funding time lines. As part of developing and implementing this approach, DOD should leverage the analyses, assessments, and other information prepared under the Joint Capabilities Integration and Development System process. The Secretary of Defense should direct that development of a long-term investment approach be completed in time for it to be considered in the department's preparation of its submission for the President's budget for fiscal years 2008 and 2009 and be updated, as needed, to adapt to changing circumstances.

Agency Comments and Our Evaluation

DOD's comments on a draft of our June 2005 report are summarized below and reproduced in enclosure I. DOD concurred with one of that report's four recommendations.

DOD did not concur with our three recommendations to develop and obtain approval of a comprehensive list of New Triad-related program elements in the FYDP; modify the FYDP to establish a virtual major force program; and report funding levels for the New Triad in the department's summary report to Congress, which DOD addressed as one recommendation in its comments. DOD believed that developing an official New Triad virtual major force program would be difficult and would not contribute substantially to developing coherent long-range investment plans. It believed that a New Triad virtual major force program would be more difficult to develop than the one that was created for space because the New Triad is presently much more complex and difficult to separate from other DOD-wide programs than the programs for space. DOD stated that while it is fairly straightforward to identify some program elements that contribute substantially to a particular New Triad capability, it would be highly subjective and difficult to attribute other elements to the New Triad. For example, DOD believed that it would be very hard to determine which conventional strike program elements to include in the New Triad. It further stated that categorizing science and technology efforts as relevant to the New Triad would also be very subjective. DOD believed that placing a program element in the New Triad virtual major force program would not automatically make a program a high priority or that the department would set aside funding for New Triad programs. Furthermore, DOD believed that a list of New Triad program elements should be more narrowly defined than the notional list prepared by GAO and that a New Triad major force program should include only those program elements that are most central to or contribute most directly to New Triad capabilities.

We continue to believe that each of these three recommendations have merit and, if implemented collectively, would provide DOD and congressional decision makers with the most complete accounting of the projected spending planned for the New Triad over the next several years as they deliberate the budget and make decisions on the affordability, sustainability, and trade-offs among efforts to develop and acquire capabilities. As our June 2005 report states, DOD needs to move beyond a broad conceptual framework for the New Triad it articulated in December 2001 and begin to identify the program elements currently in its FYDP that are intended to provide capabilities for the New Triad, whether they are fully or not fully dedicated to its missions. Establishing a virtual major force program for the New Triad in the FYDP would provide an important mechanism for DOD and Congress to continuously

identify and track projected spending, trends, and priorities and enhance an understanding of the progress made by DOD in developing and shaping New Triad capabilities. Our notional list of New Triad-related program elements was intended to provide an illustrative example of how a comprehensive list could be developed and we agree that it could be more narrowly defined if necessary. We believe that knowledgeable DOD officials should be able to agree on the most relevant program elements that make up the New Triad. DOD predicated the New Triad concept on creating a synergy between the capabilities provided by nuclear and conventional strike; active and passive defense; responsive infrastructure; and enhanced command and control, planning, and intelligence. But without some coherent and systematic attempt to identify program elements in the FYDP and aggregate and report on those elements, DOD stakeholders and congressional decision makers do not have the information they need to understand how this synergy is being achieved and to make decisions on programs that affect the creation and success of the New Triad concept. We also believe that a comprehensive and approved list of New Triad program elements could provide a foundation for developing long-range investment plans by helping to better define the New Triad and the capabilities currently being developed and acquired, their availability, and the scope of those efforts. Additionally, we believe that Congress could benefit in its deliberations on funding levels for New Triad-related programs in the President's budget for fiscal year 2007 if DOD were to fully implement our recommendations at or about the time that budget is submitted to Congress.

DOD concurred with our recommendation to develop an overarching and integrated long-term investment approach for the New Triad. In its comments, DOD stated that its recently completed Nuclear Posture Review Strategic Capability Assessment provides an initial effort toward that goal by identifying shortfalls in capabilities that would be used to develop individual investment strategies. The department stated that these individual plans and strategies are required as well as an overarching integration of these efforts. DOD also agreed that it should leverage the analysis, assessments, and other information prepared under the Joint Capabilities Integration and Development System process as part of developing and implementing this approach. We support DOD's efforts in this direction and look forward to additional actions by the department to bring this approach about, particularly to support preparation of its submission for the President's budget for fiscal years 2008 and 2009. Such a long-term investment approach will not only be of great value to the department for identifying and prioritizing its resources for acquiring future New Triad capabilities, but it will assist Congress in its deliberations on New Triad-related initiatives and programs.

Matters for Congressional Consideration

On the basis of DOD's comments on our recommendations regarding actions for DOD to take to provide greater visibility of projected New Triad spending in the FYDP, as discussed above, Congress should consider requiring the Secretary of Defense to

- develop and obtain approval of a comprehensive list of program elements in the FYDP, which support activities for developing, acquiring, and sustaining New Triad capabilities;

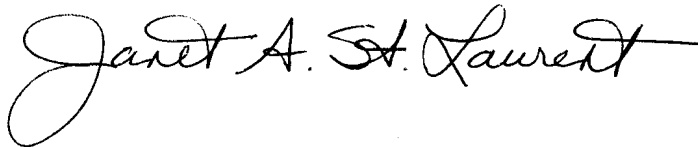
- modify the FYDP to establish a virtual major force program for the New Triad by creating new data fields that would clearly identify and allow aggregation of New Triad-related program elements to provide increased visibility of the resources allocated for New Triad activities; and
- report each year the funding levels for New Triad activities and capabilities in the department's summary FYDP report to Congress.

Congress should also consider requiring DOD to complete these actions at or about the time when the President's budget for fiscal year 2007 is submitted to Congress.

We are sending copies of this report to interested congressional committees; the Secretary of Defense; the Commander, U.S. Strategic Command; and the Director, Office of Management and Budget. We will make copies available to others upon request. In addition the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-4402 (stlaurentj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure II.

Sincerely yours,



Janet A. St. Laurent
Director, Defense Capabilities
and Management

Enclosures – 2

Comments from the Department of Defense



INTERNATIONAL SECURITY
POLICY

ASSISTANT SECRETARY OF DEFENSE
2900 DEFENSE PENTAGON
WASHINGTON, DC 20301-2900

30 JUN 2005

Ms. Janet A. St. Laurent
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. St. Laurent:

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) draft report GAO-05-540, "MILITARY TRANSFORMATION: Actions Needed by DOD to More Clearly Identify New Triad Spending and Develop a Long-term Investment Approach," dated April 28, 2005, (GAO Code 350475).

The DoD nonconcur with Recommendation #1 and concurs with Recommendation #2. Detailed comments on the GAO recommendations and report are attached. The DoD appreciates the opportunity to comment on the draft report.

Sincerely,

A handwritten signature in black ink that reads "Mira Ricardel".

Mira R. Ricardel
Assistant Secretary of Defense
for International Security Policy
(Acting)

Attachment:
As stated



**GAO DRAFT REPORT – DATED April 28, 2005
GAO CODE 350475/GAO-05-540**

**“MILITARY TRANSFORMATION: Actions Needed by DOD to More Clearly Identify
New Triad Spending and Develop a Long-term Investment Approach”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Director, Office of Program Analysis and Evaluation, in consultation with the Under Secretary of Defense (Comptroller), to: (1) develop and obtain approval of a comprehensive list of program elements in the Future Years Defense Program (FYDP), which support activities for developing, acquiring, and sustaining New Triad capabilities; (2) modify the FYDP to establish a virtual major force program for the New Triad by creating new data fields that would clearly identify and allow aggregation of New Triad-related program elements to provide increased visibility of the resources allocated for New Triad activities; and (3) report each year the funding levels for New Triad activities and capabilities in the Department’s summary FYDP report to Congress. The Secretary of Defense should direct that these three actions be completed at or about the time when the President’s budget for fiscal year 2007 is submitted to Congress. (Page 35/GAO Draft Report)

DOD RESPONSE: Nonconcur. Developing an official New Triad virtual major force program (MFP) would be difficult and we believe that such a virtual MFP would not contribute substantially to developing coherent long-range investment plans. The following material expands on these concerns.

NOT SIMPLE AS THE NEW TRIAD ADAPTS TO FUTURE NEEDS: Developing a New Triad Virtual MFP would be much more difficult than developing a Space Virtual MFP, because the New Triad is presently much more complex and difficult to separate from other DoD-wide programs than Space. The New Triad has today many more components than the old Cold War triad. Moreover, future mission capability needs, future threat developments, and innovative technology applications will necessarily mean changing components. In some cases, it might be fairly straightforward to decide whether a particular program should be included as a Program Element if it contributes substantially to a particular New Triad capability. In other cases, the determination would be highly subjective and difficult to attribute to New Triad or General Purpose Forces. For example:

Offensive Strike: It would be fairly straightforward to include the set of “Old Triad” Program Elements in the New Triad, although there might be major differences of opinion on how to deal with the tanker force (and tanker replacement). However, it would be very hard to determine which conventional strike Program Elements to include in the New Triad.

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of GAO-05-540.

Active and Passive Defenses: Programs in this category would probably include ballistic missile defense, cruise missile defense, and chem/bio defense. Unfortunately, many of the systems relevant to cruise missile defense are also relevant to general air defense. There appears to be no straightforward criteria on which to obtain agreement on how to handle such multi-role systems.

Responsive Infrastructure: Most of the government-owned New Triad-related infrastructure is in NNSA. But much of the infrastructure for designing and making DoD New Triad systems is in private industry, and the viability/responsiveness of this infrastructure tends to follow DoD investments in the relevant systems. As such, there is no valid method to account for DoD-relevant private infrastructure.

Command, Control, Intelligence, and Planning: There are some planning systems that are dedicated to long-range strike and that definitely support the New Triad concept (e.g., the ISPAN system at USSTRATCOM). While satellites for detecting ballistic missile launches are definitely part of the New Triad, DoD has large investments in numerous other C4ISR systems that might or might not be classed as part of the New Triad, depending on highly subjective determinations.

A final consideration is that many Science and Technology efforts could be considered relevant to the New Triad as well as other important capabilities. Categorizing such programs would be very subjective.

QUESTIONABLE UTILITY: Even if the Department produces an officially endorsed list of Program Elements that comprise the New Triad, it is not clear that this will help in developing coherent long-range investment plans – a “road map” that the Department really needs. Being in the New Triad MFP would not automatically make a program a high priority, and it is very unlikely that the Department will “fence” funding for New Triad programs. For example, everyone agrees that bombers and ICBMs are part of the New Triad, but this agreement has not been of assistance in developing long-range investment plans for those systems.

SCOPE OF NEW TRIAD VIRTUAL MFP: Finally, if the Department were to develop a New Triad Virtual MFP, we believe the list of New Triad Program Elements should be more narrowly defined than the draft list prepared by the GAO. A Virtual MFP should include only those program elements that are most central to, or contribute most directly/exclusively to, New Triad capabilities. The Cold War-era strategic nuclear triad consisted of a few well-defined elements. The New Triad, on the other hand, consists of a much wider range of capabilities, as described above. Most of these programs are not exclusively for the New Triad but also provide capabilities for general-purpose forces. The GAO’s very long list of New Triad Program Elements (Appendix III) could easily capture a disproportionate percentage of the DoD FYDP, and many of the “New Triad” programs listed could be more readily attributed to general-purpose forces than to the New Triad. Increasing the number of questionable Program Elements in a New Triad Virtual MFP would reduce the already uncertain utility of such a Virtual MFP.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense (Policy) and the Under Secretary of Defense (Acquisition, Technology and Logistics) to develop an overarching and integrated long-term investment approach for the New Triad that provides decision makers with information about future joint requirements, projected resources, spending priorities and trade-offs, milestones, and funding time-lines. As part of developing and implementing this approach, DoD should leverage the analysis, assessments, and other information prepared under the Joint Capabilities Integration and Development System process. The Secretary of Defense should direct that development of a long-term investment approach be completed in time for it to be considered in the Department's preparation of its submission for the President's budget for fiscal years 2008 and 2009 and be updated, as needed, to adapt to changing circumstances. (Pages 35 and 36/GAO Draft Report)

DOD RESPONSE: Concur. We agree that the Department needs overarching and integrated long-term investment plans for major New Triad capabilities, such as long-range strike, strategic C3, and ballistic/cruise missile defense. The recently completed Nuclear Posture Review Strategic Capability Assessment provides an initial effort towards that goal through efforts to identify shortfalls in capabilities that could then be used to develop individual investment strategies. Such efforts will be required as well as an overarching integration of these efforts. Investment plans and strategies should provide decision makers with information about future joint requirements, projected resources, spending priorities and trade-offs, milestones, and funding time-lines. We also agree that, as part of developing and implementing this approach, DoD should leverage the analysis, assessments, and other information prepared under the Joint Capabilities Integration and Development System (JCIDS) process.

Now on page 27
of GAO-05-540.

GAO Contact and Staff Acknowledgments

GAO Contact

Janet A. St. Laurent (202) 512-4402

Acknowledgments

In addition to the individual named above, Gwendolyn R. Jaffe, Mark J. Wielgoszynski, David G. Hubbell, Kevin L. O'Neill, Julie M. Tremper, and Renee S. McElveen made key contributions to this report.

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