

TRANSCRIPT

DOD Press Briefing Announcing Sentinel ICBM Nunn-McCurdy Decision

July 8, 2024

DEPARTMENT OF DEFENSE SPOKESPERSON JEFF JURGENSEN: Well, good afternoon. I appreciate everybody joining us this afternoon for our press brief. If you're with us, then you're aware of the topic we're here to discuss today, the Sentinel ICBM program and the Department of Defense's actions with regard to the Nunn-McCurdy statute. We're here to make some announcements and then take some of your questions today.

Most of you should have received a copy of the embargoed press release. We sent that to our list at 12:00 today. Just a reminder of our ground rules for this afternoon. We have approximately 30 minutes for our press engagement. We are on the record, which means the remarks from our panelists, who I will introduce here in a moment, are for by-name attribution. But again, as a reminder, if you're on with us today, you've agreed to embargo the content of our press brief and our press release until 1600 today. That's US Eastern standard Time.

So, with that, I am going to introduce our panel members today who will be discussing the Sentinel Nunn-McCurdy topic. First panel is Dr. William A. LaPlante, who is the Under Secretary of Defense for Acquisitions and Sustainment. We also have Mr. Andrew Hunter with us, who is the United States Air Force Senior Acquisition Executive. And we have General Slife, who is the US Air Force Vice Chief of Staff. So, those are our three panelists.

In order to sort of jump right in here, I will turn it over to Dr. LaPlante for some opening comments. Sir?

UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND SUSTAINMENT
WILLIAM A. LAPLANTE: Yes. Thank you, Jeff. And good afternoon and thank you for being here today to everybody out there.

As many of you are aware, on January 18th of this year, the Air Force notified Congress that the Sentinel program exceeded its baseline cost projections, resulting in a critical Nunn-McCurdy breach. By statute, the program must be terminated unless the Under Secretary of Defense for Acquisition and Sustainment certifies to Congress that the program meets established criteria to continue.

These criteria are as follows: number one, the program is essential to national security; number two, there are no alternatives to the program that will provide acceptable capability to meet the joint requirements at less cost; number three, that new cost estimates have been determined by the CAPE Director to be reasonable; number four, the program is a higher priority than programs whose funding will be reduced to cover

the increased cost of this program; and number five, the management structure is sufficient to control additional cost growth.

Over the past 120 days, I have led the department in executing our statutory responsibilities to conduct a comprehensive, unbiased review of the program to determine what factors led to this cost growth and whether to certify continuation of the program. Based on the results of the review, it is clear that a

reasonably modified Sentinel program remains essential to US national security and is the best option to meet the needs of our warfighters.

As the milestone decision authority, today I am certifying that the Sentinel program meets the statutory criteria to continue, but it is important to note that this certification does not indicate business as usual. The program will be restructured to address the root causes of the breach and ensure an appropriate management structure is in place to control costs.

The total program acquisition costs for a reasonably modified program are estimated by the CAPE to be \$140.9 billion, an increase of 81 percent compared estimates at the program's previous Milestone B decision in September of 2020. There are reasons for this cost growth, but there are also no excuses. We fully appreciate the magnitude of the cost, but we also understand the risks of not modernizing our nuclear forces and of not addressing the very real threats we confront.

So, along with this certification to Congress, I am rescinding the program's Milestone B and directing the Air Force to come back to me with a plan to restructure the program. Preserving schedule will be a key consideration during this restructuring, but a delay of several years is currently estimated.

It's important to note that Sentinel is truly a historic program to modernize the land leg of the nuclear triad, and its scale, scope and complexity are something we haven't attempted as a nation for over 60 years. Across the department, we are committed to ensuring we are on the right path to defend our nation while protecting the sacred responsibility the American taxpayer has entrusted us with.

I'll now turn it over to Mr. Hunter and General Slife to discuss the Air Force's path forward and then look forward to your questions. Thank you.

ASSISTANT SECRETARY OF THE AIR FORCE FOR ACQUISITION, TECHNOLOGY AND LOGISTICS ANDREW HUNTER: Well thank you, Dr. LaPlante. This is Andrew Hunter. First, I'd like to thank you and your team and the assessment teams that you led for the comprehensive review of the Sentinel ICBM program.

The Air Force fully supports the decision to restructure the Sentinel program and is committed to restructuring in a manner that provides a robust nuclear deterrent into the future, promotes the most effective acquisition of this critical capability that controls

cost, and delivers the weapons system on a schedule that ensures our ability to sustain the nuclear deterrent.

The department's leaders are acutely aware that we can and must do more to improve program management and oversight of this vital project. We do not take lightly the once in a generation responsibility to modernize the ground leg of the nuclear triad and are mindful of the scope and scale of this undertaking, which is unprecedented in contemporary times.

Over the coming months, we'll develop a comprehensive plan for how the Air Force will restructure the program, tackling the root causes of cost growth while prioritizing effective program management and oversight. We'll move quickly to mature the restructure options that you've directed, especially related to the command and launch segment, improving our systems engineering and adjusting the contract structure and execution to deliver this project.

Our goal is to ensure the long-term success and sustainability of the ICBM force as it continues to provide 24/7 strategic deterrence, standing ready to respond at a moment's notice as the most

responsive leg of the nuclear triad. We'll do what it takes to sustain Minuteman III to meet these warfighter requirements in the interim.

While awaiting your decision, Dr. LaPlante, the Air Force has already taken proactive steps to address challenges within the Sentinel program and enhance its governance and oversight. Last fall, the Department of the Air Force established a Nuclear Oversight Committee, which is co-chaired by the most senior leaders of the Department of the Air Force. The Nuclear Oversight Committee is responsible for providing oversight of the Air Force's nuclear enterprise, including strategic bombers, land-based ICBMs, and nuclear command and control.

We also recently established a dedicated Program Executive Officer, or PEO, for ICBMs, and are in the process of elevating the commander of the Air Force Nuclear Weapons Center to a three-star general, currently it's a two-star general, to a three star general, and established the Nuclear Systems Center.

These actions are just three examples that demonstrate our dedication to bringing the critically important Sentinel program to full mission capability. Our team is committed and ready to execute your direction, and I look forward to being able to share more information with the group on this call on our plan as it takes shape.

And I'll turn it over to General Slife.

US AIR FORCE VICE CHIEF OF STAFF JAMES SLIFE: Well, thank you, Dr. LaPlante and Mr. Hunter. The Air Force approaches our stewardship of two of the three legs of the nuclear triad seriously.

Each leg brings unique complementary attributes which are mutually supporting and key to signaling and establishing deterrence amidst an increasingly complex and dynamic security environment which, for the first time, includes the People's Republic of China as a major nuclear armed power and strategic competitor.

The land leg's geographic dispersal creates targeting problems for our adversaries, and our missileers sitting in an alert posture 24/7 ensures responsiveness. Transitioning from the Minuteman III to the Sentinel system through a restructured program is the best way to continue providing these capabilities.

Throughout, we'll continue working closely with the Department of Defense and other stakeholders to mitigate risk and minimize gaps as we field modernized systems for the future. In the meantime, we maintain the full faith and confidence in the abilities of our Air Force missileers, maintainers and security forces to sustain and defend the Minuteman III, as they have for more than 50 years, while we field a new Sentinel ICBM weapons system.

Thank you, and I look forward to your questions.

MR. JURGENSEN: Gentlemen, thank you very much for your opening comments. For the reporters on the line, in the interest of time, let's keep it to one question and one brief follow-up. With that, I will turn it over to Tara Copp from AP. Are you on the line, Tara?

Q: Yes, I am. Can you hear me?

MR. JURGENSEN: Yes, we can hear you.

Q: So, my first question is what program's funding will be cut in order to be able to afford the Sentinel? And just for the average taxpayer, can you explain how a program gets 81 percent over budget without someone reining it in in time?

DR. LAPLANTE: Yeah. Thank you, Tara. This is Bill LaPlante. I'll try to answer the second question and then perhaps to my Air Force colleagues for the first.

In the case of this program, the estimates of the cost at the Milestone B point in the program, which is the decision point to go forward with a full development program, which was in September of 2020, the knowledge of the ground-based segment of this program was insufficient in hindsight to have a high-quality cost estimate. So, I'd say that's sort of an answer to that point number one. And point two is just the knowledge that we have today is much better than we did even have four years ago.

For the first part of your question, I'll turn to my Air Force colleagues. Thank you.

GENERAL SLIFE: Hey, Tara, it's Jim Slife here. With respect to programs that will be cut, so our current cost profile does not suggest that any of the cost growth in the Sentinel program will be realized over the course of the next five years or so inside the Future Years Defense Program.

And so really, it is a decision for down the road to decide what trade-offs we're going to need to make in order to be able to continue to pursue the Sentinel program. But those decisions won't be made until we get to the new Milestone B decision that Dr. LaPlante referred to earlier.

MR. HUNTER: And Tara, I wanted to, this is Andrew Hunter, speak to the second half of your question about how did we get to the point where we're seeing this cost growth. Actually, most of this cost growth, in fact all of it, has actually not yet occurred. So, this is future cost growth that we're projecting and estimating.

And the reason why we now know about this projected cost growth is because we've dramatically accelerated the maturity of the design of the ground segment. That's where the vast majority of this cost growth resides and is being driven by, is in the ground segment.

That increase in maturity happened because Dr. LaPlante approved changing acquisition strategy so that we would get after the construction, design and testing of those ground segments earlier in the program compared to the previous plan. So, as he identified, there were some gaps in maturity at Milestone B. We moved it to accelerate those elements of the program. We uncovered the growth in the size of the ground segment. And that's really the driver of the cost growth.

MR. JURGENSEN: Idrees Ali from Reuters?

Q: What is the unmodified cost estimate? And how can you guarantee that there won't be any price increases if either there's a change in administration or a different direction is gone in after six months, if you could sort of explain that?

DR. LAPLANTE: Yeah. Thank you. This is Bill LaPlante, Idrees. Appreciate the question. The unmodified cost number or cost growth that's been released, that is the number, should the program proceed with no changes, how much the estimates are that it will cost at the end of the program.

What is going forward in the certification is not that plan, but a modification of that plan with some changes made to the launch facility to make it more cost effective as well as less complex, as well as some of the schedule. That's, I guess, how I'd answer that part.

And then on the other part of the question, I'll defer, I think, to my Air Force colleagues. Thanks.

MR. HUNTER: One thing that's important to emphasize is the numbers that we're providing today are based on the Nunn-McCurdy review. When we restructure the program, we will bring a new program baseline to Dr. LaPlante for approval.

So, that will be the new baseline for the program, and those numbers may vary slightly from the numbers that we're discussing today. But that'll be the new program baseline. And we expect that process to take on the order of 18 to 24 months to complete. So, it is still to come.

There could be some variation in the numbers. I think the CAPE cost estimate is at a 50 percent confidence level, which means it's as likely for the final number to be lower as it is higher. So, there's some variability, but we think these numbers are ones that we can--well, certainly supported the decision that Dr. LaPlante has made and is a good basis for decision.

MR. JURGENSEN: Let's go to Haley Britzky from CNN. Are you on this afternoon?

Q: I am, but my question's already been asked and answered. Thank you.

MR. JURGENSEN: Okay. Thanks, Haley. Let's go to Tony Capaccio, Bloomberg.

Q: Hi. Can you hear me okay?

MR. JURGENSEN: Yes, we can, Tony.

Q: Okay. Dr. LaPlante, a couple things. Based on what you know now, should your predecessors have allowed this program to go into EMD in September 2020? And I had one other one on cost. In layman's language, the individual missile now, is it estimated to cost about \$214 million apiece, up from \$118 million in the 2020 baseline?

DR. LAPLANTE: Yeah. Thanks, Tony. Hi. I'll take a shot at the answer to the first question and then to my Air Force colleagues on your second one.

On the first question, I would just say that in hindsight, just where we are today in July 2024 and looking over this that the Nunn-McCurdy review did, the results of it including root cause, it's clear, and certainly for the ground segment, that the department was not at a preliminary design review, PDR, level of maturity at the Milestone B, which was in September of 2020.

Hence, the concern about going forward with the Milestone B at that point that we have now in hindsight. So, again, I would say that the launch part of it was not at the PDR level of maturity.

Q: Sir, in layman's language, they did not have enough information to go forward?

MR. HUNTER: Tony, if I could speak to the unit cost question, just one thing to emphasize here is that the unit cost figures that are provided under the statute are not per missile costs. They are unit costs. They are based on the number of missiles, but they're inclusive of things beyond just the missile itself.

But in terms of the program acquisition unit costs, the PAUC, the figure as estimated for the modified program is \$214 million.

Q: And the baseline was \$118 million, for layman's language comparisons?

MR. JURGENSEN: Okay. Thank you. Let's go to Steve Losey, Defense News. Do you have a question for us today?

Q: I do, yes. Can you talk to us a little bit more about some of the changes to the launch control facilities that you have in mind? For example, are you thinking about forgoing the plans to replace the copper cabling with fiber optic lines, or what are you going to do to try to bring some of these costs down?

DR. LAPLANTE: Yeah. Hi, Steve. This is Bill LaPlante. I'll answer some of your question and then also defer to my Air Force colleagues.

I would say, at the bigger picture level, the launch facility as the program baseline was being looked at was at a size and a complexity that, when we looked at it carefully with the modification, that we felt could be scaled back. And so, that's essentially what it is. This is basically a scaling back of the size and some of the details of the complexity of the launch facility.

And the other piece that happens when you scale it back is it also reduces the timeline of doing the transition between the existing system, Minuteman III, and the new system. So, both of those were the changes that are being recommended for the modification, the smaller launch facility with less complexity and the shorter timeline for the transition.

MR. HUNTER: I'll just add on the issue of the HICS cabling, we still do believe that there will be a need for some additional communications infrastructure beyond the current HICS cabling. However, the modification does involve more affordable ways to do that work.

MR. JURGENSEN: Great. Let's go to Luis Martinez, ABC. Do you have a question for us this afternoon?

Q: Hey, Jeff, yes. Actually, a couple of my colleagues have had follow-up questions, but unfortunately you're plodding down the sound after the first question. So, for example, I'd like to ask Tony's question with follow-up. Hopefully I'll get it right. When he was talking about the new estimate being \$214 million, is that an increase over the \$118 million that had been seen for previous years? And how much of a difference is it really?

I know you're talking about unit costs as opposed to per missile, but granted that is a major increase. I'm just looking for comment on that. Thank you.

MR. HUNTER: I sadly don't have that number right in front of me, but it is an 81 percent increase. That \$214 million figure is an 81 percent increase over the prior Milestone B figure.

DR. LAPLANTE: And I should add just the definition that's being used here. There's a couple definitions. But the one that's the 81 percent is what's called PAUC, and that's the price per unit. In this case, there's 450 units. But then also amortized across that is the R&D to develop the entire system. So, it's the cost per unit, in this case per missile and for facilities, plus amortized the development costs that went into building the whole system.

MR. HUNTER: I want to make one clarification there.

DR. LAPLANTE: Yeah, please.

MR. HUNTER: The PAUC is actually based on the number of missiles, which is more than the number of launch facilities. So, it's not 450. I don't have the exact number, but it's a different, slightly higher number.

MR. JURGENSEN: And Luis, this is Jeff. If you've got any follow-on questions, we'll connect on email to make sure that we've got you what you need and you understand the distinctions.

Let's go over to Michael Marrow, Breaking Defense.

Q: Hi. Thanks. I just wanted to ask about the alternatives. Some members of Congress especially have been calling for possible extensions to the Minuteman III fleet, road mobile ICBMs. Could you just talk more about what alternatives you explored and why they are not viable?

DR. LAPLANTE: Yes. Thank you for the question. As the statute specifies, other alternatives must be examined for getting, let's say, equal or better performance at less cost. So, in accordance with the statute, we had a team led by the CAPE look across about four to five different options that were all possible options to a Sentinel program.

They included extending what we have now until the end of when the next period is needed, which is actually 2070. It looked at other options, including hybrid options of different ground facilities, mobile versus fixed and the rest.

I won't go into the details here. But in every case, either some combination of the following made it less desirable than the modification that was recommended. And it was some version of either the cost was prohibitive and/or it didn't to meet the

operational requirements that the warfighter had levied on us, leading us to the determination of the Mod 1 modification to Sentinel.

MR. JURGENSEN: Okay. I think we've got time for one more question. Mike Brest from the Examiner, you have one for us today? Mike, are you on the line? Can you hear me?

Q: No question.

MR. JURGENSEN: Thanks, Mike. Let's do Mikayla Easley from Defense Scoop. Do you have a question for us? Mikayla, did you hear me?

Q: I'm all set. Thank you so much.

MR. JURGENSEN: All right. Well, with that, I'd like to turn it over to our panel for some closing comments. Dr. LaPlante?

DR. LAPLANTE: Yeah. Thank you, Jeff. And thank you to those of you who joined us this afternoon. I really just want to reiterate that this is a historic multigenerational program to modernize this nation's nuclear posture.

The Nunn-McCurdy review we just completed was of the highest priority. It was detailed, comprehensive and objective. We've identified the root causes of the increased costs and we are already working to address them as we move forward.

But most importantly, we believe we are on a right path moving together and forward. And despite the historic scale and complexity, we can do this. We know we have to get this right, and we will. Thank you.

MR. HUNTER: Yeah, I would just say the Department of the Air Force really concurs with Dr. LaPlante's decision that a restructured Sentinel program is the best way to meet the essential national security requirements of sustaining our nuclear deterrent.

We will be restructuring the program pursuant to Dr. LaPlante's direction in the coming months and will bring forward a program that addresses the cost growth to the maximum extent that we can and successfully delivers this capability. And we will share more information on that approach as we are able.

And we are absolutely committed to doing what it takes to sustaining the Minuteman III system to continue to meet the warfighter requirements in the coming years. And the Air Force and our airmen will continue to provide that strategic deterrence 24/7 in the most responsive leg of the triad.

GENERAL SLIFE: Hey, Dr. LaPlante, just want to say thanks to you and your team for the thorough review of the Sentinel program that you did. Completely agree with the assessment that we made with respect to the alternatives that were considered, as well as the reasonable modifications.

The path that you and your team have laid out are going to deliver the capabilities our warfighters are going to need for the next several decades, and we look forward to working with you to make sure the program is a success going forward. Thank you.

MR. JURGENSEN: Right. Thanks again to all our media colleagues for dialing in this afternoon. Just a quick reminder on the ground rules. Our conversation this afternoon is embargoed until 4:00 PM US Eastern Standard Time today. Most of you on the line I think should have received the embargoed copy of the press release, which we also sent out. But if you didn't, reach out to me in email and I'll make sure that you have that.

So, with that, thank you very much, and I appreciate everybody joining us today.

<https://www.defense.gov/News/Transcripts/Transcript/Article/3830251/dod-press-briefing-announcing-sentinel-icbm-nunn-mccurdy-decision/>