



Highlights of [GAO-08-1159T](#), a testimony before the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Since 1990, GAO has designated the Department of Defense's (DOD) management of major weapon system acquisitions a high risk area. DOD has taken some action to improve acquisition outcomes, but its weapon programs continue to take longer, cost more, and deliver fewer capabilities than originally planned. These persistent problems—coupled with current operational demands—have impelled DOD to work outside of its traditional acquisition process to acquire equipment that meet urgent warfighter needs.

Poor outcomes in DOD's weapon system programs reverberate across the entire federal government. Over the next 5 years, DOD expects to invest more than \$357 billion on the development and procurement of major defense acquisition programs. Every dollar wasted on acquiring weapon systems is less money available for other priorities.

This testimony describes DOD's current weapon system investment portfolio, the problems that contribute to cost and schedule increases, potential solutions based on past GAO recommendations, and recent legislative initiatives and DOD actions aimed at improving outcomes. It also provides some observations about what is needed for DOD to achieve lasting reform. The testimony is drawn from GAO's body of work on DOD's acquisition, requirements, and funding processes, as well as its most recent annual assessment of selected DOD weapon programs.

To view the full product, including the scope and methodology, click on [GAO-08-1159T](#). For more information, contact Michael J. Sullivan at (202) 512-4841 or sullivanm@gao.gov.

DEFENSE ACQUISITIONS

Fundamental Changes Are Needed to Improve Weapon Program Outcomes

What GAO Found

DOD is not receiving expected returns on its large investment in weapon systems. Since fiscal year 2000, DOD significantly increased the number of major defense acquisition programs and its overall investment in them. During this same time period, the performance of the DOD portfolio has gotten worse. The total acquisition cost of DOD's 2007 portfolio of major programs under development or in production has grown by nearly \$300 billion over initial estimates. Current programs are also experiencing, on average, a 21-month delay in delivering initial capabilities to the warfighter—often forcing DOD to spend additional funds on maintaining legacy systems.

Systemic problems both at the strategic and at the program level underlie cost growth and schedule delays. At the strategic level, DOD's processes for identifying warfighter needs, allocating resources, and developing and procuring weapon systems—which together define DOD's overall weapon system investment strategy—are fragmented and broken. At the program level, weapon system programs are initiated without sufficient knowledge about system requirements, technology, and design maturity. Lacking such knowledge, managers rely on assumptions that are consistently too optimistic, exposing programs to significant and unnecessary risks and ultimately cost growth and schedule delays.

Our work shows that acquisition problems will likely persist until DOD provides a better foundation for buying the right things, the right way. This involves making tough decisions as to which programs should be pursued, and more importantly, not pursued; making sure programs can be executed; locking in requirements before programs are ever started; and making it clear who is responsible for what and holding people accountable when responsibilities are not fulfilled. Recent congressionally mandated changes to the DOD acquisition system, as well as initiatives being pursued by the department, include positive steps that, if implemented properly, could provide a foundation for establishing a well balanced investment strategy, sound business cases for major weapon system acquisition programs, and a better chance to spend resources wisely.

At the same time, DOD must begin making better choices that reflect joint capability needs and match requirements with resources. DOD investment decisions cannot continue to be dictated by the military services who propose programs that overpromise capabilities and underestimate costs to capture the funding needed to start and sustain development programs. To better ensure warfighter capabilities are delivered when needed and as promised, incentives must encourage a disciplined, knowledge-based approach, and a true partnership with shared goals must be developed among the department, the military services, the Congress, and the defense industry.