



Highlights of [GAO-08-552T](#), a testimony before the Subcommittee on Strategic Forces, Committee on Armed Services, U.S. Senate

Why GAO Did This Study

Each year, the Department of Defense (DOD) spends billions of dollars to acquire space-based capabilities to support current military and other government operations as well as to enable DOD to transform the way it collects and disseminates information, gathers data on adversaries, and attacks targets. In fiscal year 2009 alone, DOD expects to spend over \$10 billion to develop and procure satellites and other space systems.

At the same time, however, DOD's space system acquisitions have experienced problems over the past several decades that have driven up costs by hundreds of millions, even billions, of dollars; stretched schedules by years; and increased performance risks. In some cases, capabilities have not been delivered to the warfighter after decades of development.

This testimony relies on the extensive body of work GAO has produced reviewing DOD space acquisitions. It comments on

- the persistent problems affecting space acquisitions,
- the actions DOD has been taking to address these problems, and
- what remains to be done.

SPACE ACQUISITIONS

Major Space Programs Still at Risk for Cost and Schedule Increases

What GAO Found

The majority of major acquisition programs in DOD's space portfolio have experienced problems during the past two decades that have driven up cost and schedules and increased technical risks. At times, cost growth has come close to or exceeded 100 percent, causing DOD to nearly double its investment in the face of technical and other problems without realizing a better return. Along with the increases, many programs are experiencing significant schedule delays—as much as 7 years—postponing delivery of promised capabilities to the warfighter. Outcomes have been so disappointing in some cases that DOD has had to go back to the drawing board to consider new ways to achieve the same, or less, capability.

Our past work has identified a number of causes behind the cost growth and related problems. These include: optimistic cost and schedule estimating; the tendency to start programs with too many unknowns about technology; inadequate contracting strategies; contract and program management weaknesses; the loss of technical expertise; capability gaps in the industrial base; tensions between labs that develop technologies for the future and acquisition programs; divergent needs in users of space systems; and diffuse leadership.

DOD has taken a number of actions to address the problems that GAO has reported on. These include initiatives at the department level that will affect all major weapons programs, as well as changes in course within specific Air Force programs. Most notable, the Air Force has sustained its commitment to reduce technology risks in programs and acted to restructure new programs so that its space portfolio can be more affordable. These actions are a step in the right direction and will be effective, particularly if they are complemented by more accurate cost estimating; continued prioritization of investments; actions to address capacity shortfalls, such as low-cost launch and shortages of staff in program offices; and changes to acquisition policies to reflect the best practices the Air Force is committing to.