March 2005

DEFENSE ACQUISITIONS

Status of Ballistic Missile Defense Program in 2004

GAO Accountability·Integrity·Reliability

Highlights

Highlights of GAO-05-243, a report to Congressional Committees

Why GAO Did This Study

Since 1985, the Department of Defense (DOD) has invested $85 billion in ballistic missile defense programs, with $66.5 billion more anticipated over the next 7 years through 2011. As a major result of this investment, the Department is on the verge of activating our nation's first missile defense system for protecting the United States from intercontinental ballistic missile attacks out of Northeast Asia. This initial capability—referred to as Limited Defensive Operations (LDO)—is the first step of a national priority to develop, field, and evolve over time an overarching ballistic missile defense system (BMDS).

To fulfill a congressional mandate, GAO assessed how well the Missile Defense Agency (MDA) met its cost, schedule, testing, and performance goals during fiscal year 2004. GAO assessed the program last year and will continue to provide assessments of MDA progress through 2006.

What GAO Recommends

To help decision makers in Congress and DOD better understand the relationship between requested funding and delivered capabilities, GAO recommends that MDA clarify and modify, as needed, its block policy to ensure its cost and fielding goals are consistently aligned. DOD concurred with our recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-05-243.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Robert E. Levin at (202) 512-4841 or levinr@gao.gov.

What GAO Found

By the end of fiscal year 2004, MDA carried out activities needed to field an initial missile defense capability, as planned. These included delivery and emplacement of Ground-based Midcourse Defense interceptors; upgrades of ground-based radars; enhancements to Aegis Navy ships for improved surveillance and tracking; development of command and control software for system operation; and tests to verify that components of this initial capability can communicate as part of an integrated whole. However, the performance of the system remains uncertain and unverified, because a number of flight tests slipped into fiscal year 2005 and MDA has not successfully conducted an end-to-end flight test using operationally-representative hardware and software. Additionally, based on our analysis of prime contractor cost and schedule performance, the development of BMDS elements cost approximately $370 million more than planned during fiscal year 2004. To cover much of this cost overrun, MDA deferred work planned for fiscal year 2004, redirected funds earmarked for other programs, and requested additional funds in its fiscal year 2005 budget to cover the cost of deferred work.

In the future, MDA will likely face increased funding risks. MDA plans to request about $10 billion annually from DOD for BMDS development, procurement, and sustainment. However, DOD's acquisition programs are likely to be competing for a decreasing share of the total federal budget and MDA's programs are competing against hundreds of other DOD programs. Also, MDA continues to budget for unanticipated cost growth. For example, the Airborne Laser program plans to spend an additional $1.5 billion to develop and demonstrate a prototype aircraft. Furthermore, procurement and sustainment will demand increased funding as more missile defense components are fielded over time.

MDA policy defines a block as an integrated set of capabilities fielded during the 2-year block cycle, but we observed that MDA's fielding goals do not consistently match its cost goals. For example, Block 2004 funds are used to procure 32 Aegis Ballistic Missile Defense missiles, but of these missiles, 11 will be delivered in 2004-2005 and the remaining missiles will be delivered during 2006-2007. MDA officials intend to clarify the block policy in the near future to better align the cost and fielding goals.

Elements of Ballistic Missile Defense System

First fielded block	Future blocks
Aegis Ballistic Missile Defense	Airborne Laser
Command, Control, Battle Management, and Communications	Kinetic Energy Interceptors
Ground-based Midcourse Defense	Space Tracking and Surveillance System
Patriot	Terminal High Altitude Area Defense

Sources: MDA (data); GAO (presentation).