



Highlights of [GAO-08-782T](#), a testimony before the Committee on Armed Services, 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 plans to invest about \$900 billion to develop and procure weapon systems—the highest level of investment in two decades. 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, and the potential impacts of 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-08-782T](#). For more information, contact Katherine V. Schinasi at (202) 512-4841 or schinasi@gao.gov.

DEFENSE ACQUISITIONS

Better Weapon Program Outcomes Require Discipline, Accountability, and Fundamental Changes in the Acquisition Environment

What GAO Found

DOD's portfolio of weapon system programs has grown at a pace that far exceeds available resources. From 1992 to 2007, the estimated acquisition costs remaining for major weapons programs increased almost 120 percent, while the annual funding provided for these programs only increased 57 percent. Current programs are 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. At the same time, frequent turnover of program managers and an increased reliance on contractors increases the government's risk of losing accountability.

Recognizing the need for more discipline and accountability in the acquisition process, Congress recently enacted legislation part of which requires decision-makers to certify that programs meet specific criteria at key decision points early in the acquisition process. Likewise, DOD has recently begun to develop several initiatives that are based in part on congressional direction and GAO recommendations. If adopted and implemented properly, these measures 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.

While legislation and policy revisions can help guide change, DOD must begin making better choices that reflect joint capability needs and match requirements with resources or the department will continue to experience poor acquisition outcomes. DOD investment decisions continue to be dictated by the services who propose programs that overpromise capabilities and underestimate costs to capture the funding needed to start and sustain development programs. The transitory nature of leadership further undermines successful reform. 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.