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SPACE ACQUISITIONS

Improvements Needed in Space Systems Acquisitions and Keys to Achieving Them

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Highlights

Highlights of GAO-06-626T, a testimony before the Subcommittee on Strategic Forces, Senate Committee on Armed Services

Why GAO Did This Study

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. GAO was asked to testify on its findings on space acquisition problems and steps needed to improve outcomes.

What GAO Recommends

GAO does not make recommendations in this testimony. However, GAO testified that there are steps DOD can take to ensure better outcomes for its space acquisitions programs. They include developing an overall investment strategy for space acquisition programs; revising policies supporting space to incorporate best practices; and addressing human capital and other shortfalls in capacity.

www.gao.gov/cgi-bin/getrpt?GAO-06-626T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cristina T. Chaplain at (202) 512-4841 or chaplainc@gao.gov.

What GAO Found

DOD's space acquisition programs continue to face substantial cost and schedule overruns. At times, cost growth has come close to or exceeded 100-percent, causing DOD to nearly double its investment in face of technical and other problems without realizing a better return on its investment. Along with the cost increases, many programs are experiencing significant schedule delays—as much as 6 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 capability.

These problems are having a dramatic effect on DOD's space investment portfolio. Over the next 5 years, there will be about $12 billion less dollars available for new systems as well as for the discovery of promising new technologies because of cost growth. And while DOD is pushing to start new, highly ambitious programs such as the Transformational Satellite and Space Radar, broader analyses of the nation's fiscal future indicate that spending for weapon systems may need to be reduced, rather than increased, to address growing deficits.

GAO has identified a number of causes behind these problems, but several stand out. First, DOD starts more space and weapons programs than it can afford, which pressures programs to under estimate costs and over promise capabilities. Second, DOD starts its space programs too early, that is, before it is sure the capabilities it is pursuing can be achieved within available resources and time constraints. DOD has also allowed new requirements to be added well into the acquisition phase.

DOD has appointed a new leadership to oversee space acquisitions who have committed to adopting practices GAO has recommended for improving outcomes. These include delegating the maturation of technologies to the S&T community; adopting an evolutionary development approach in which new systems would be developed in a series of discrete increments, or blocks; fund S&T appropriately so that significant technology breakthroughs can be continually pursued; and improving collaboration on requirements.

Adopting best practices for space acquisitions will not be an easy undertaking. DOD, as a whole, still operates in an environment that encourages competition for funding, and thus, behaviors that have been detrimental to meeting cost and schedule goals. Moreover, the changes being proposed will require significant shifts in thinking about how space systems should be developed and changes in incentives. By establishing investment priorities, embedding best practices in policy, and addressing capacity shortfalls, DOD can mitigate these challenges and better position programs for success.