



Highlights of [GAO-09-501T](#), a testimony before the Committee on the Budget, House of Representatives

### Why GAO Did This Study

Since fiscal year 2000, the Department of Defense (DOD) has significantly increased the number of major defense acquisition programs and its overall investment in them. However, acquisition outcomes have not improved. Over the next 5 years, DOD expects to invest \$357 billion on the development and procurement of major defense acquisition programs and billions more on their operation and maintenance. Last year, we reported that the total acquisition cost of DOD's portfolio of major defense programs under development or in production has grown by \$295 billion (in fiscal year 2008 dollars). In most cases, the programs we assessed failed to deliver capabilities when promised—often forcing warfighters to spend additional funds on maintaining legacy systems. Continued cost growth results in less funding being available for other DOD priorities and programs, while continued failure to deliver weapon systems on time delays providing critical capabilities to the warfighter.

This testimony describes the systemic problems that have contributed to poor cost and schedule outcomes in DOD's acquisition of major weapon systems; recent actions DOD has taken to address these problems; and steps that Congress and DOD need to take to improve the future performance of DOD's major weapon programs. The testimony is drawn from GAO's body of work on DOD's acquisition, requirements, and funding processes.

[View GAO-09-501T](#) or [key components](#). For more information, contact Michael J. Sullivan at (202) 512-4841 or [sullivanm@gao.gov](mailto:sullivanm@gao.gov).

## DEFENSE ACQUISITIONS

### DOD Must Prioritize Its Weapon System Acquisitions and Balance Them with Available Resources

#### What GAO Found

Since 1990, GAO has consistently designated DOD's management of its major weapon acquisitions as a high-risk area. A broad consensus exists that weapon system problems are serious, but efforts at reform have had limited effect. For several years, GAO's work has highlighted a number of strategic- and program-level causes for cost, schedule, and performance problems in DOD's weapon system programs. At the strategic level, DOD's processes for identifying warfighter needs, allocating resources, and developing and procuring weapon systems, which together define the department's overall weapon system investment strategy, are fragmented. As a result, DOD fails to balance the competing needs of the services with those of the joint warfighter and commits to more programs than resources can support. At the program level, DOD allows programs to begin development without a full understanding of requirements and the resources needed to execute them. The lack of early systems engineering, acceptance of unreliable cost estimates based on overly optimistic assumptions, failure to commit full funding, and the addition of new requirements well into the acquisition cycle all contribute to poor outcomes. Moreover, DOD officials are rarely held accountable for poor decisions or poor program outcomes.

Recent changes to the DOD acquisition system could begin to improve weapon program outcomes. However, DOD must take additional actions to reinforce the initiatives in practice including (1) making better decisions about which programs should be pursued or not pursued given existing and expected funding; (2) developing an analytical approach to better prioritize capability needs; (3) requiring new programs to have manageable development cycles; (4) requiring programs to establish knowledge-based cost and schedule estimates; and (5) requiring contractors to perform detailed systems engineering analysis before proceeding to system development. Recently proposed acquisition reform legislation addresses some of these areas. However, while legislation and policy revisions may lead to improvements, they will not be effective without changes to the overall acquisition environment. DOD has tough decisions to make about its weapon systems portfolio, and stakeholders, including the DOD Comptroller, the military services, industry, and Congress, have to play a constructive role in the process of bringing balance to it.

Portfolio status	Fiscal year 2007 portfolio
Number of programs	95
Change in total research and development costs from first estimate	40 percent increase
Change in total acquisition cost from first estimate	26 percent increase
Estimated total acquisition cost growth from first estimate	\$295 billion
Share of programs with 25 percent or more increase in program acquisition unit cost	44 percent
Average schedule delay in delivering initial capabilities	21 months

Source: GAO analysis of DOD data.