



Highlights of [GAO-09-663T](#), a testimony before the Committee on Armed Services, House of Representatives

Why GAO Did This Study

Since 1990, GAO has designated the Department of Defense’s (DOD) management of its major weapon acquisitions as a high-risk area; however DOD’s problems delivering weapon systems on time, at the estimated cost, in the planned amounts, and with the promised performance go back decades. Congress and DOD have continually explored ways to improve acquisition outcomes, yet problems persist.

The committee asked GAO to testify on measures needed to reform the acquisition of major weapon systems and related legislative proposals. Specifically, this statement will describe the poor outcomes on weapon system investments that make reform imperative; attributes of the requirements, funding, and acquisition processes that will need to change for reform to be effective; and positive steps that Congress and DOD have taken to improve weapon program outcomes. The statement will also examine other factors that should be considered as the committee moves forward with its reform efforts.

The testimony is drawn from GAO’s body of work on DOD’s requirements, funding, and acquisition processes. GAO has made numerous recommendations aimed at improving DOD’s management of its major weapon acquisitions, but it is not making any new recommendations in this testimony.

[View GAO-09-663T or key components.](#)
For more information, contact Paul Francis at (202) 512-4841 or francisp@gao.gov.

DEFENSE ACQUISITIONS

Charting a Course for Lasting Reform

What GAO Found

DOD must get a better return on investment from its weapon system programs. Since fiscal year 2003, DOD has increased the number of major defense acquisition programs and its overall investment in them. The cumulative cost growth for DOD’s programs is higher than it was 5 years ago, but at \$296 billion (fiscal year 2009 dollars), it is less than last year when adjusted for inflation. For DOD’s 2008 portfolio of programs, research and development costs are now 42 percent higher than originally estimated and the average delay in delivering initial capabilities has increased to 22 months.

Analysis of DOD Major Defense Acquisition Program Portfolios (Fiscal Year 2009 Dollars)

Portfolio status	Fiscal year 2003 portfolio	Fiscal year 2007 portfolio	Fiscal year 2008 portfolio
Number of programs	77	95	96
Total planned commitments	\$1.2 trillion	\$1.6 trillion	\$1.6 trillion
Commitments outstanding	\$724 billion	\$875 billion	\$786 billion
Change to total research and development costs from first estimate	37 percent	40 percent	42 percent
Change in total acquisition cost from first estimate	19 percent	26 percent	25 percent
Estimated total acquisition cost growth	\$183 billion	\$301 billion	\$296 billion
Share of programs with 25 percent or more increase in program acquisition unit cost	41 percent	44 percent	42 percent
Average delay in delivering initial capabilities	18 months	21 months	22 months

Source: GAO analysis of DOD data.

These problems have roots in not only the acquisition process, but also in the requirements and funding processes. Collectively, these processes create pressures to demand high performance, keep cost estimates low, and proceed with calendar-driven versus knowledge-driven schedules. These processes also do not adequately prioritize needs from a joint, departmentwide perspective, respond to changing warfighter demands, or constrain the number of programs to a level that is supportable by available resources. Programs are allowed to enter and proceed through the acquisition process with requirements that are not fully understood, cost and schedule estimates that are based on optimistic assumptions, and a lack of sufficient knowledge about technology, design, and manufacturing.

Congressionally-mandated and DOD-initiated changes to the acquisition system could provide the basis for sounder programs and improved acquisition outcomes. The committee’s proposed legislation dealing with requirements, systems engineering, technology and integration risk assessment, and cost estimation—also address areas in need of reform. However, past reform efforts have failed to produce lasting change. To make the most out of this opportunity, the weapons acquisition environment and the incentives inherent within it will also have to be confronted and addressed.