



Highlights of [GAO-09-338](#), a report to Congressional Committees

## Why GAO Did This Study

The Missile Defense Agency (MDA) has spent about \$56 billion and will spend about \$50 billion more through 2013 to develop a Ballistic Missile Defense System (BMDS). GAO was directed to assess the annual progress MDA made in developing the BMDS as well as improvements in accountability and transparency in agency operations, management processes, and the new block strategy. To accomplish this, GAO reviewed contractor cost, schedule, and performance; tests completed; and the assets fielded during 2008. GAO also reviewed pertinent sections of the U.S. Code, acquisition policy, and the activities of the new Missile Defense Executive Board (MDEB). An appendix on the effect the cancellation of a Ground-based Midcourse Defense flight test (FTG-04) had on BMDS development is also included.

## What GAO Recommends

GAO recommends that the MDEB assess how the transparency and accountability of MDA acquisitions can be strengthened without losing the benefits of MDA's existing flexibilities. Meanwhile, MDA should improve its cost and test baselines; tie modeling and simulation needs into test objectives; provide more time to analyze tests; better coordinate with independent testers; synchronize development, manufacturing, and fielding with testing and validation; complete a key developmental test; and strengthen the basis for capability declarations. DOD agreed with 10 of the 11 recommendations and partially agreed with one.

To view the full product, including the scope and methodology, [click on GAO-09-338](#). For more information, contact Paul Francis at (202) 512-4841 or [francis@gao.gov](mailto:francis@gao.gov).

## DEFENSE ACQUISITIONS

### Production and Fielding of Missile Defense Components Continue with Less Testing and Validation Than Planned

#### What GAO Found

##### Cost

MDA has not yet established baselines for total costs or unit costs, both fundamental markers most programs use to measure progress. Consequently, for the sixth year, GAO has not been able to assess MDA's actual costs against a baseline of either total costs or unit costs. MDA planned to establish such baselines in 2008 in response to past GAO recommendations, but has delayed this until 2009. GAO was able to assess the cost performance on individual contracts, and project an overrun at completion of between \$2 billion and \$3 billion. However, because in some cases the budgeted costs at completion—the basis for our projection—has changed significantly over time as adjustments were made, this projection does not capture as cost growth the difference between the original and current budgeted costs at completion. In one case, these costs increased by approximately five times its original value.

##### Performance and Testing

While MDA completed several key tests that demonstrated enhanced performance of the BMDS, all elements of the system had test delays and shortfalls. Overall, testing achieved less than planned. For example, none of the six Director's test knowledge points established by MDA for 2008 were achieved. Poor performing target missiles have been a persistent problem. Testing shortfalls have slowed the validation of models and simulations, which are needed to assess the system's overall performance. Consequently, the performance of the BMDS as a whole can not yet be determined.

##### Schedule

Although fewer tests have been conducted than planned, the production and fielding of assets has proceeded closer to schedule. Except for no ground-based interceptors being delivered, all other radars, standard missiles, and software were delivered as planned. However, some deliveries, such as enhanced Exoatmospheric Kill Vehicles, will now precede test results. In most cases, MDA has also reduced the bases it planned to use to declare when capabilities are operational in the field. Thus, fielding decisions are being made with a reduced understanding of system effectiveness.

##### Transparency, Accountability, and Oversight

Improvement in this area has been limited. The Missile Defense Executive Board (MDEB) has acted with increased authority in providing oversight of MDA and the BMDS. However, transparency and accountability into MDA's work is limited by the management fluidity afforded through the lack of cost baselines, an unstable test baseline, continued use of development funds to produce assets for fielding, and renewed potential for transferring work from one predefined block to another. A better balance must still be struck between the information Congress and the Department of Defense need to conduct oversight of the BMDS and the flexibility MDA needs to manage across the portfolio of assets that collectively constitute the system's capability. At this point, the balance does not provide sufficient information for effective oversight.