



Highlights of [GAO-09-431T](#), a testimony before the Committee on Armed Services, U.S. Senate

Why GAO Did This Study

Since 1990, GAO has consistently designated the Department of Defense's (DOD) 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 impact. Last year, GAO reported that DOD's portfolio of weapon programs experienced cost growth of \$295 billion from first estimates, were delayed by an average of 21 months, and delivered fewer quantities and capabilities to the warfighter than originally planned.

At a time when DOD faces increased fiscal pressures from ongoing operations in Iraq and Afghanistan, and the federal budget is strained by a growing number of priorities, it is critical that the department effectively manage its substantial investment in weapon system programs. Every dollar wasted or used inefficiently on acquiring weapon systems means that less money is available for the government's other important budgetary demands.

This testimony describes the systemic problems that contribute to the cost, schedule, and performance problems in weapon system programs, recent actions that DOD has taken to address these problems, proposed reform legislation that the committee recently introduced, and additional steps needed to improve future performance of acquisition programs. The testimony is drawn from GAO's body of work on DOD's acquisition, requirements, and funding processes.

View [GAO-09-431T](#) or [key components](#). For more information, contact Michael J. Sullivan at (202) 512-4841 or sullivanm@gao.gov.

DEFENSE ACQUISITIONS

DOD Must Balance its Needs with Available Resources and Follow an Incremental Approach to Acquiring Weapons Systems

What GAO Found

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.

Recognizing the need for more discipline in weapon systems acquisition and to implement Congressional direction, DOD recently revised its policy and introduced several initiatives. The revised policy, if implemented properly, could provide a foundation for developing individual acquisition programs with sound, knowledge-based business cases. The policy recommends the completion of key systems engineering activities, establishes early milestone reviews, requires competitive prototyping, and establishes review boards to manage potential requirements changes to ongoing programs.

The committee's proposed reform legislation should lead to further improvements in outcomes. Improved systems engineering, early preliminary design reviews, and strengthened independent cost estimates and technology readiness assessments should make the critical front end of the acquisition process more disciplined. Establishing a termination criterion for critical cost breaches could help prevent the acceptance of unrealistic cost estimates at program initiation. Having greater combatant command involvement in determining requirements and greater consultation between the requirements, budget, and acquisition processes could help improve the department's efforts to balance its portfolio of weapon system programs.

Legislation and policy revisions may lead to improvements but cannot work effectively without changes to the overall acquisition environment and the incentives that drive it. Resisting the urge to achieve revolutionary but unachievable capabilities, allowing technologies to mature in the technology base before bringing them onto programs, ensuring requirements are well-defined and doable, and instituting shorter development cycles would all make it easier to estimate costs accurately, and then predict funding needs and allocate resources effectively. These measures will only succeed if the department balances its portfolio and adopts an incremental approach to developing and procuring weapon systems.