



Highlights of [GAO-06-368](#), a report to congressional committees

Why GAO Did This Study

The Department of Defense (DOD) is planning to invest \$1.3 trillion between 2005 and 2009 in researching, developing, and procuring major weapon systems. How DOD manages this investment has been a matter of congressional concern for years. Numerous programs have been marked by cost overruns, schedule delays, and reduced performance. Over the past 3 decades, DOD's acquisition environment has undergone many changes aimed at curbing cost, schedule, and other problems. In order to determine if the policy DOD put in place is achieving its intended goals, we assessed the outcomes of major weapons development programs initiated under the revised policy. Additionally, we assessed whether the policy's knowledge-based, evolutionary principles are being effectively implemented, and whether effective controls and specific criteria are in place and being used to make sound investment decisions.

What GAO Recommends

GAO recommends that DOD insert specific criteria into the policy at key investment points and require programs satisfy those criteria before allowing them to move forward. In order to insure transparency and accountability, GAO also recommends that DOD require decision makers to include the rationale for their decisions in decision documentation. DOD partially concurred with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-368.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Michael J. Sullivan at (202) 512-4841 or sullivanm@gao.gov.

DEFENSE ACQUISITIONS

Major Weapon Systems Continue to Experience Cost and Schedule Problems under DOD's Revised Policy

What GAO Found

Changes made in DOD's acquisition policy over the past 5 years have not eliminated cost and schedule problems for major weapons development programs. Of the 23 major programs we assessed, 10 are already expecting development cost overruns greater than 30 percent or have delayed the delivery of initial operational capability to the warfighter by at least 1 year. The overall impact of these costly conditions is a reduction in the value of DOD's defense dollars and a lower return on investment. The following table illustrates the problem.

Cost and Schedule Outcomes Sorted by Percent of Product Development Remaining

Programs	Percent cost growth ^a	Schedule growth, in months	Percent of development remaining
Aerial Common Sensor	45%	24	85%
Future Combat System	48%	48	78%
Joint Strike Fighter	30%	23	60%
Expeditionary Fighting Vehicle	61%	48	49%
C-130 Avionics Modernization Program	122%	Delays anticipated	Undetermined
Global Hawk (RQ-4B)	166%	Delays anticipated	Undetermined

Sources: DOD (data); GAO (analysis and presentation).

^aCost growth is expressed as the percent change in program development cost estimates in 2005 base year dollars.

Poor execution of the revised acquisition policy is a major cause of DOD's continued problems. DOD frequently bypasses key steps of the knowledge-based process outlined in the policy, falls short of attaining key knowledge, and continues to pursue revolutionary—rather than evolutionary or incremental—advances in capability. Nearly 80 percent of the programs GAO reviewed did not fully follow the knowledge-based process to develop a sound business case before committing to system development. Most of the programs we reviewed started system development with immature technologies, and half of the programs that have held design reviews did so before achieving a high level of design maturity. These practices increase the likelihood that problems will be discovered late in development when they are more costly to address. Furthermore, DOD's continued pursuit of revolutionary leaps in capability also runs counter to the policy's guidance.

DOD has not closed all of the gaps in the policy that GAO identified nearly 3 years ago, particularly with regard to adding controls and criteria. Effective controls require decision makers to measure progress against specific criteria and ensure that managers capture key knowledge before moving to the next acquisition phase. However, DOD's policy continues to allow managers to approach major investment decisions with many unknowns. Without effective controls that require program officials to satisfy specific criteria, it is difficult to hold decision makers or program managers accountable to cost and schedule targets. In this environment, decision-making transparency is crucial, but DOD is lacking in this area as well.