

GAO Highlights

Highlights of [GAO-14-145T](#), a testimony before Committee on Armed Services, House of Representatives.

Why GAO Did This Study

DOD's acquisition of major weapon systems has been on GAO's high risk list since 1990. Over the past 50 years, Congress and DOD have continually explored ways to improve acquisition outcomes, including reforms that have championed sound management practices, such as realistic cost estimating, prototyping, and systems engineering. Too often, GAO reports on the same kinds of problems today that it did over 20 years ago.

The topic of today's hearing is: "25 Years of Acquisition Reform: Where Do We Go From Here?" To that end, this testimony discusses (1) the performance of DOD's major defense acquisition program portfolio; (2) the management policies and processes currently in place to guide those acquisitions; (3) the incentives to deviate from otherwise sound acquisition practices; and (4) suggestions to temper these incentives. This statement draws from GAO's extensive body of work on DOD's acquisition of weapon systems.

View [GAO-14-145T](#). For more information, contact Paul Francis at (202) 512-4841 or francisp@gao.gov.

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DEFENSE ACQUISITIONS

Where Should Reform Aim Next?

What GAO Found

The Department of Defense (DOD) must get better outcomes from its weapon system investments, which in recent years have totaled around \$1.5 trillion or more. Recently, there have been some improvements, owing in part to reforms. For example, cost growth declined between 2011 and 2012 and a number of programs also improved their buying power by finding efficiencies in development or production and requirements changes. Still, cost and schedule growth remain significant; 39 percent of fiscal 2012 programs have had unit cost growth of 25 percent or more.

DOD's acquisition policy provides a methodological framework for developers to gather knowledge that confirms that their technologies are mature, their designs stable, and their production processes are in control. The Weapon Systems Acquisition Reform Act of 2009 and DOD's recent "Better Buying Power" initiatives introduced significant changes that, when fully implemented, should further strengthen practices that can lead to successful acquisitions. GAO has also made numerous recommendations to improve the acquisition process, based on its extensive work in the area. While recent reforms have benefited individual programs, it is premature to say there is a trend or a corner has been turned. The reforms still face implementation challenges and have not yet been institutionalized within the services.

Reforms that focus on the methodological procedures of the acquisition process are only partial remedies because they do not address incentives to deviate from sound practices. Weapons acquisition is a complicated enterprise, complete with unintended incentives that encourage moving programs forward by delaying testing and employing other problematic practices. These incentives stem from several factors. For example, the different participants in the acquisition process impose conflicting demands on weapon programs so that their purpose transcends just filling voids in military capability. Also, the budget process forces funding decisions to be made well in advance of program decisions, which encourages undue optimism about program risks and costs. Finally, DOD program managers' short tenures and limitations in experience and training can foster a short-term focus and put them at a disadvantage with their industry counterparts.

Drawing on its extensive body of work in weapon systems acquisition, GAO sees several areas of focus regarding where to go from here:

- at the start of new programs, using funding decisions to reinforce desirable principles such as well-informed acquisition strategies;
- identifying significant risks up front and resourcing them;
- exploring ways to align budget decisions and program decisions more closely; and
- attracting, training, and retaining acquisition staff and managers so that they are both empowered and accountable for program outcomes.

These areas are not intended to be all-encompassing, but rather, practical places to start the hard work of realigning incentives with desired results.