



Highlights of [GAO-08-1039](#), a report to the Subcommittee on Defense, Committee on Appropriations, House of Representatives

Why GAO Did This Study

The Department of Defense (DOD) plans to spend over \$27 billion acquiring launch services through the Evolved Expendable Launch Vehicle (EELV) program over the next 12 years. The EELV program uses two families of commercially owned and operated vehicles to launch satellites.

Partly because the commercial space market did not develop as expected, the EELV program has undergone significant changes. These include: adoption of a new acquisition strategy in 2005 that sought to ensure the viability of the two EELV launch vehicle providers, Boeing and Lockheed Martin; the subsequent decision by those two companies to form a joint venture called the United Launch Alliance (ULA); and a 10-year increase in the life of the program. In light of these changes, GAO was asked to (1) determine what uncertainties DOD faces in the EELV program and in the transition to ULA, and (2) assess how DOD is positioned to manage and oversee the effort. To accomplish this, GAO reviewed a wide variety of DOD documents and interviewed DOD and program officials.

What GAO Recommends

GAO recommends the Secretary of Defense take actions to: ensure the regular reporting of key information on program status, produce an independent life-cycle cost estimate, and ensure the program's staffing meets its needs. DOD concurred with the recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-1039](#). For more information, contact Cristina Chaplain at (202) 512-4841 or chaplainc@gao.gov.

SPACE ACQUISITIONS

Uncertainties in the Evolved Expendable Launch Vehicle Program Pose Management and Oversight Challenges

What GAO Found

The EELV program currently faces uncertainties in the reliability of the vehicles used to launch military and other government spacecraft as well as its budget for future years and in the merger of its two principal suppliers. Taken together, these unknowns require careful monitoring and oversight to ensure a fairly long track record of launch successes can continue.

- Though the program has had 21 successful operational launches, no single configuration from either family of launch vehicles has been launched enough times to demonstrate production process reliability. The ULA transition may also influence the demonstration of vehicle reliability because ULA plans to relocate production activities and may alter manufacturing processes.
- The consolidation of Boeing and Lockheed into ULA—a massive undertaking that seeks to combine two distinct corporate cultures, and consolidate launch infrastructure and business operations from five locations across the country to two—poses a variety of other cost, schedule, and performance uncertainties and risks.
- DOD does not know whether its EELV program budget is sufficient to manage the program in the short term because the Air Force reduced the EELV program budget to incorporate anticipated savings from the ULA transition, even though savings estimates were based on preliminary data.

DOD has taken steps to position itself to effectively oversee and manage the ULA transition and EELV program but still faces significant challenges in these areas. More specifically, DOD has established a well-defined process for how the ULA transition will be overseen and established mechanisms that allow the diverse agencies involved to coordinate the analysis and raise critical issues to senior leaders. However, when DOD moved the EELV program from the research and development phases in 2007 to the sustainment phase, DOD eliminated requirements on the program to produce data that would illuminate what impacts the transition is having on the program, what cost increases are occurring and why, and what other programmatic and technical vulnerabilities exist and how they are being addressed. Furthermore, a new independent life-cycle cost estimate was not required for the program when it moved to the sustainment phase; as a result, DOD will not be able to rely on this estimate for making long-term investment planning decisions. According to DOD officials, the latest life-cycle cost estimate for the program is not realistic. In addition, as part of its effort to increase its oversight and gain program knowledge, in 2005 the Under Secretary of the Air Force expanded the program office's management responsibilities when he approved a new acquisition strategy for the EELV program. At the same time, program officials stated that they do not have the government staff necessary to perform what they consider to be inherently governmental functions related to the expansion of oversight.