



Highlights of [GAO-08-1113](#), a report to congressional committees

Why GAO Did This Study

The Missile Defense Agency (MDA) is likely to spend \$460 million annually on missiles used as targets for flight tests. Executing these tests depends on the quality and availability of targets. Congress asked GAO to assess (1) if MDA is providing reliable targets; (2) the causes of any deficiencies; and (3) if resolutions exist for any problems identified.

To do this, GAO analyzed acquisition policies and procedures; flight test data; and budget, program execution, and acquisition materials; and interviewed MDA and DOD officials.

What GAO Recommends

GAO recommends that the Secretary of Defense establish a revised business case for providing targets for a robust flight test program and use that as a guide to align the program's plans and resources. DOD partially concurred with these two recommendations, but did not concur with a third recommendation that it report its targets acquisition strategy, business case, and baselines to Congress, preferring to rely on briefings to Congressional staff and information in the annual budget submission. GAO is therefore suggesting that Congress consider requiring DOD to report this information to the Congressional Defense Committees.

To view the full product, including the scope and methodology, click on [GAO-08-1113](#). For more information, contact Paul L. Francis, 202-512-4841, francispl@gao.gov.

DEFENSE ACQUISITIONS

Sound Business Case Needed to Implement Missile Defense Agency's Targets Program

What GAO Found

MDA has difficulty in both supplying targets for missile defense testing as well as in developing a new family of short, medium and long-range targets. The number of target failures and anomalies (failing to achieve one or more non-critical mission objective or partially achieving a critical mission objective) during flight tests has increased since 2006, contributing to delays in flight tests and modification of flight test objectives. In addition, the average unit cost of targets has grown significantly, from \$4.5 million to \$8.5 million from 2002 to 2006 to current estimates of \$32 million to \$65 million for the targets planned from 2008 to 2010. Many factors contribute to this cost growth, including increased complexity of targets to better reflect an evolving threat and late changes to target requirements on contract.

MDA's difficulty in supplying existing targets is driven by diminishing sources for components, unanticipated costs, and problems incorporating requirements into contracts and establishing program baselines. MDA has also encountered problems developing the new family of targets, an effort currently estimated to cost at least \$1 billion. The problems are due, at least in part, to the fact that a sound business case was not established before proceeding with the program and the attendant contracting strategy. The decision to pursue this new family of targets was made without a formal cost analysis and it is unclear whether MDA evaluated all alternatives before making this commitment. GAO also could not identify an original approved acquisition strategy for the new family of targets. Consequently, developmental problems have arisen in the new family of targets, leading to cost growth, delayed flight tests, and deferral of several key capabilities.

MDA is taking a series of actions to address these problems, such as:

- establishing technical, cost, and schedule baselines for all missions in the 2-year integrated master test plan;
- drafting long-term target capability requirements;
- developing a new cost model for targets;
- making plans to improve risk management by considering program-wide issues, and including programmatic risks, cost and schedule in risk assessments.

However, the prospects for resolution of the target acquisition problems are unclear and the overall success of the Ballistic Missile Defense System flight test program depends on the success of a new family of targets under development.