



Highlights of [GAO-08-674T](#), a testimony before the Committee on Oversight and Government Reform and the Subcommittee on National Security and Foreign Affairs, House of Representatives

Why GAO Did This Study

DOD’s investment in weapon systems represents one of the largest discretionary items in the budget. The department expects to invest about \$900 billion (fiscal year 2008 dollars) over the next 5 years on development and procurement with more than \$335 billion invested specifically in major defense acquisition programs. Every dollar spent inefficiently in acquiring weapon systems is less money available for other budget priorities—such as the global war on terror and growing entitlement programs.

This testimony focuses on (1) the overall performance of DOD’s weapon system investment portfolio; (2) our assessment of 72 weapon programs against best practices standards for successful product developments; and (3) potential solutions and recent DOD actions to improve weapon program outcomes. It is based on GAO-08-467SP, which included our analysis of broad trends in the performance of the programs in DOD’s weapon acquisition portfolio and our assessment of 72 defense programs, and recommendations made in past GAO reports.

DOD was provided a draft of GAO-08-467SP and had no comments on the overall report, but did provide technical comments on individual assessments. The comments, along with the agency comments received on the individual assessments, were included as appropriate.

To view the full product, including the scope and methodology, click on [GAO-08-674T](#). For more information, contact Michael J. Sullivan at (202) 512-4841 or sullivanm@gao.gov.

DEFENSE ACQUISITIONS

Results of Annual Assessment of DOD Weapon Programs

What GAO Found

We recently released our sixth annual assessment of selected DOD weapon programs. The assessment indicates that cost and schedule outcomes for major weapon programs are not improving. Although well-conceived acquisition policy changes occurred in 2003 that reflect many best practices we have reported on in the past, these policy changes have not yet translated into practice at the program level.

Analysis of DOD Major Defense Acquisition Program Portfolios (fiscal year [FY] 2008 dollars)			
	FY 2000 Portfolio	FY 2005 Portfolio	FY 2007 Portfolio
Portfolio size			
Number of programs	75	91	95
Total planned commitments	\$790 Billion	\$1.5 Trillion	\$1.6 Trillion
Commitments outstanding	\$380 Billion	\$887 Billion	\$858 Billion
Portfolio performance			
Change in total acquisition cost from first estimate	6 percent	18 percent	26 percent
Estimated total acquisition cost growth	\$42 Billion	\$202 Billion	\$295 Billion
Share of programs with 25 percent or more increase in program acquisition unit cost	37 percent	44 percent	44 percent
Average schedule delay in delivering initial capabilities	16 months	17 months	21 months

Source: GAO analysis of DOD data.

None of the weapon programs we assessed this year had proceeded through system development meeting the best practices standards for mature technologies, stable design, and mature production processes—all prerequisites for achieving planned cost, schedule, and performance outcomes. In addition, only a small percentage of programs used two key systems engineering tools—preliminary design reviews and prototypes to demonstrate the maturity of the product’s design by critical junctures. This lack of disciplined systems engineering affects DOD’s ability to develop sound, executable business cases for programs.

Our work shows that acquisition problems will likely persist until DOD provides a better foundation for buying the right things, the right way. This involves making tough decisions as to which programs should be pursued, and more importantly, not pursued; making sure programs are executable; locking in requirements before programs are ever started; and making it clear who is responsible for what and holding people accountable when responsibilities are not fulfilled. Moreover, the environment and incentives that lead DOD and the military services to overpromise on capability and underestimate costs in order to sell new programs and capture funding will need to change. Based in part on GAO recommendations and congressional direction, DOD has begun several initiatives that, if adopted and implemented properly, could provide a foundation for establishing sound, knowledge-based business cases for individual acquisition programs and improving outcomes.