



Highlights of [GAO-08-408](#), a report to congressional committees

## Why GAO Did This Study

The Future Combat System (FCS) program—which comprises 14 integrated weapon systems and an advanced information network—is the centerpiece of the Army's effort to transition to a lighter, more agile, and more capable combat force. The substantial technical challenges, the Army's acquisition strategy, and the cost of the program are among the reasons why the program is recognized as needing special oversight and review. Section 211 of the National Defense Authorization Act for Fiscal Year 2006 requires GAO to report annually on the FCS program. This report includes an examination of (1) how the definition, development, and demonstration of FCS capabilities are proceeding, particularly in light of the go/no-go decision scheduled for 2009; (2) the Army's plans for making production commitments for FCS and any risks related to the completion of development; and (3) the estimated costs for developing and producing FCS.

## What GAO Recommends

GAO recommends that the Secretary of Defense: establish criteria that the FCS program will have to meet in the 2009 milestone review in order to justify continuation; identify viable alternatives to FCS; and take other actions. DOD concurred with GAO's recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-408](#). For more information, contact Paul Francis at (202) 512-4841 or [francis@gao.gov](mailto:francis@gao.gov).

## DEFENSE ACQUISITIONS

### 2009 Is a Critical Juncture for the Army's Future Combat System

#### What GAO Found

The progress made during the year by the FCS program, in terms of knowledge gained, is commensurate with a program in early development. Yet, the knowledge demonstrated thus far is well short of a program halfway through its development schedule and its budget. This portends additional cost increases and delays as FCS begins what is traditionally the most expensive and problematic phase of development. Thus, FCS's demonstrated performance, as well as the reasonableness of its remaining resources, will be paramount at the 2009 milestone review for the FCS program. In the key areas of defining and developing FCS capabilities, requirements definition and preliminary designs are proceeding but not yet complete; critical technologies are immature; complementary programs are not yet synchronized; and the remaining acquisition strategy is very ambitious.

Beginning in 2008, the Army plans to make a series of commitments to produce FCS-related systems in advance of the low-rate production decision for the FCS core program in 2013. In general, production commitments are planned before key information is available. In 2008 and 2009, the Army plans to begin funding production of the first of three planned spin outs of FCS technologies to current forces. However, its commitment to the first spin out may be made before testing is complete. Also starting in 2008, the Army intends to commit to production of early versions of the Non-Line-of-Sight Cannon. This commitment is being made to respond to congressional direction to field the cannon. FCS technologies, network, and designs are not yet mature enough for production, and thus the cannons produced will not be deployable without significant modifications. Advance procurement funding for the first full suite of FCS systems will begin in fiscal year 2011, the budget for which will be presented to Congress in February 2010—less than a year after the milestone review and before the stability of the FCS design is assessed at the critical design review. In addition, the Army plans to commit to using Boeing, its lead system integrator, for the early production of FCS systems through the initial production phase of the FCS system of systems. By the time of the production decision in 2013, \$39 billion will have already been invested in FCS, with another \$8 billion requested. Thus, while demonstration of the FCS's capability falls late in the schedule, commitments to production are likely to come early—an untenable situation for decision makers.

The Army's \$160.9 billion cost estimate for the FCS program is largely the same as last year's but yields less content as the number of FCS systems has since been reduced from 18 to 14. There is not a firm foundation of knowledge for a confident cost estimate. Also, two independent cost assessments are significantly higher than the Army's estimate. However, the Army maintains that it will further reduce FCS content to stay within its development cost ceiling. Should the higher cost estimates prove correct, it seems unlikely that the Army could reduce FCS content enough to stay within the current funding constraints while still delivering a capability that meets requirements.