

## Why GAO Did This Study

This is GAO's annual assessment of DOD weapon system acquisitions, an area that is on GAO's high-risk list. The report is in response to the mandate in the joint explanatory statement to the DOD Appropriations Act, 2009. It includes (1) observations on the cost performance of DOD's 2011 portfolio of 96 major defense acquisition programs; (2) an assessment of the knowledge attained by key junctures in the acquisition process for 37 major defense acquisition programs, which were selected because they were in development or early production; (3) observations on the implementation of acquisition reforms, particularly for 16 future major defense acquisition programs that are not yet in the portfolio, which represent the best opportunity to assess DOD's progress in this area. To conduct this review, GAO analyzed cost, schedule, and quantity data from DOD's Selected Acquisition Reports and collected data from program offices on technology, design, and manufacturing knowledge; the use of knowledge-based acquisition practices; and the implementation of DOD's acquisition policy and acquisition reforms. GAO also compiled individual assessments of 68 weapon programs. Selection factors include major defense acquisition programs in development or early production, future programs, and recently cancelled programs.

DOD agreed that cost growth has occurred, but did not fully agree with our metrics for measuring cost growth, stating that they did not adequately address when, why, and how it occurred. GAO believes the report directly addresses these distinctions.

View [GAO-12-400SP](#). For more information, contact Michael J. Sullivan at (202) 512-4841 or [sullivanm@gao.gov](mailto:sullivanm@gao.gov).

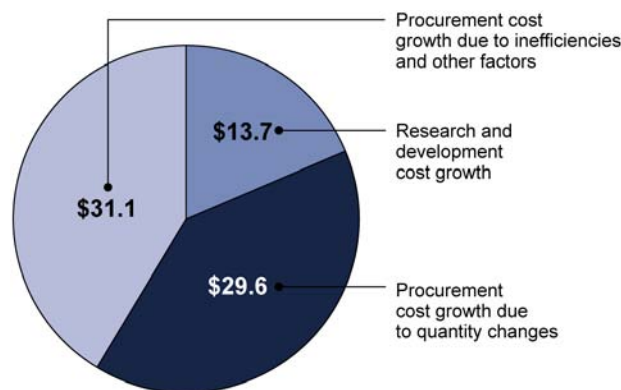
## DEFENSE ACQUISITIONS

### Assessments of Selected Weapon Programs

## What GAO Found

The total estimated cost of the Department of Defense's (DOD) 2011 portfolio of 96 major defense acquisition programs stands at \$1.58 trillion. In the past year, the total acquisition cost of these programs has grown by over \$74.4 billion or 5 percent, of which about \$31.1 billion can be attributed to factors such as inefficiencies in production, \$29.6 billion to quantity changes, and \$13.7 billion to research and development cost growth. DOD's portfolio is dominated by a small number of programs, with the Joint Strike Fighter accounting for the most cost growth in the last year, and the largest projected future funding needs. The majority of the programs in the portfolio have lost buying power in the last year as their program acquisition unit costs have increased. The number of programs in the portfolio has decreased from 98 to 96 in the past year and, looking forward, is projected to decrease again next fiscal year to its lowest level since 2004.

**Cost Growth over the Past Year for DOD's 2011 Portfolio of Major Defense Acquisition Programs (Fiscal Year 2012 Dollars in Billions)**



Source: GAO analysis of DOD data.

In the past 3 years, GAO has reported that newer programs are demonstrating higher levels of knowledge at key decision points. However, most of the 37 programs GAO assessed this year are still not fully adhering to a knowledge-based acquisition approach. Of the eight programs from this group that passed through one of three key decision points in the acquisition process in the past year, only one—Excalibur Increment 1b—implemented all of the applicable knowledge-based practices. As a result, most of these programs will carry technology, design, and production risks into subsequent phases of the acquisition process that could result in cost growth or schedule delays.

GAO also assessed the implementation of selected acquisition reforms and found that most of the 16 future programs we assessed have implemented key provisions of the Weapon Systems Acquisition Reform Act of 2009. Programs have also started to implement new DOD initiatives, such as developing affordability targets and conducting "should cost" analysis. Finally, as could be expected from the increased activity early in the acquisition cycle, the 16 future programs we assessed are planning to spend more funds in technology development than current major defense acquisition programs.