

Highlights of [GAO-12-822](#), a report to congressional committees

## Why GAO Did This Study

DOD plans to spend about \$19 billion to acquire launch services from fiscal year 2013 to fiscal year 2017, and total program costs through 2030 are expected to approach \$35 billion. The Evolved Expendable Launch Vehicle (EELV) program launches satellites for military, intelligence, civil, and commercial customers. In 2011, the Air Force created a Program Executive Officer for Space Launch position, responsible for completing a new EELV acquisition strategy. GAO reported that the new strategy needed to be based on sufficient information, and made seven recommendations to further this goal. DOD finalized a new EELV acquisition strategy in November 2011. In the 2012 National Defense Authorization Act, Congress required DOD to describe how it had implemented each GAO recommendation, and GAO to assess that information. This report provides that assessment.

GAO reviewed DOD's report and supporting information, program budgets, performance reports, and contracts. GAO examined recent defense industrial base studies, government audits of the prime contractor's business systems, independent engines cost assessments, and comparisons of historical and current launch manifests. GAO also interviewed or obtained perspectives from various launch officials and the prime contractor.

## What GAO Recommends

GAO is making no new recommendations in this report. DOD reviewed and concurs with this report.

View [GAO-12-822](#). For more information, contact Cristina Chaplain at (202) 512-4841 or [chaplainc@gao.gov](mailto:chaplainc@gao.gov).

July 2012

# EVOLVED EXPENDABLE LAUNCH VEHICLE

## DOD Is Addressing Knowledge Gaps in Its New Acquisition Strategy

### What GAO Found

The Department of Defense (DOD) has numerous efforts in progress to address the knowledge gaps and data deficiencies identified in the GAO report. Of the seven recommendations GAO made to the Secretary of Defense, two have been completely addressed. While two of GAO's recommendations have actions underway that are expected to be completed, two recommendations need more action for completion and one has had no action taken.

Recommendation	GAO assessment
Conduct an independent assessment of the health of the U.S. launch industrial base, paying special attention to engine manufacturers	Action underway; expected to complete
Reassess the block buy contract length given the additional knowledge DOD is gaining as it finalizes its new acquisition strategy	Action underway; expected to complete
Work closely with the National Aeronautics and Space Administration (NASA) to ensure DOD has sufficient knowledge of NASA heavy-lift program decisions—given the potential bearing those decisions could have on Evolved Expendable Launch Vehicle (EELV) engine prices—to facilitate DOD's ability to negotiate EELV launch contract prices that maximize the government's investment	Complete
Refrain from waiving Federal Acquisition Regulation requirements for contractor and subcontractor certified cost and pricing data as DOD finalizes its new EELV acquisition strategy	Complete
Ensure launch mission assurance activities are sufficient and not excessive, and identify ways to incentivize the prime contractor to implement efficiencies without affecting mission success as DOD develops a new contracting structure for the EELV program	Some action taken; more action needed
Examine how broader launch issues, such as greater coordination across federal agencies, can be factored into future launch acquisitions to increase efficiencies and cost savings	Some action taken; more action needed
Develop a science and technology plan for improving and evolving launch technologies. This plan should link to the broader space science and technology plans mandated by the 2010 National Defense and NASA Authorization Acts	No action taken

Source: GAO assessment of DOD actions to address recommendations in [GAO-11-641](#).

Since GAO's 2011 report, DOD has completed or obtained independent cost estimates for two Evolved Expendable Launch Vehicle engines and completed a study of the liquid rocket engine industrial base. Officials from DOD, the National Aeronautics and Space Administration, and the National Reconnaissance Office have initiated several assessments to obtain needed information, and have worked closely to finalize new launch provider certification criteria for national security space launches. Conversely, more action is needed to ensure that launch mission assurance activities are not excessive, to identify opportunities to leverage the government's buying power through increased efficiencies in launch acquisitions, and to strategically address longer-term technology investments. Some information DOD is gathering could set the stage for longer-term strategic planning for the program, especially in critical launch technology research and development decisions. Investing in a longer-term perspective for launch acquisitions is important to fully leverage the government's buying power and maintain a healthy industrial base.