

Why GAO Did This Study

Since 2002 MDA has spent approximately \$90 billion to provide protection from enemy ballistic missiles by developing battle management systems, sensors that identify incoming threats, and missiles to intercept them. MDA plans to spend about \$8 billion per year through 2017. For nearly a decade, we have reported on MDA's progress and challenges in developing and fielding the Ballistic Missile Defense System.

GAO is mandated by law to assess the extent to which MDA has achieved its acquisition goals and objectives, as reported through acquisition baselines. This report examines the agency's progress and remaining challenges in (1) selecting new programs in which to invest; (2) putting programs on a sound development path; (3) establishing baselines that support oversight; and (4) developing and deploying U.S. missile defense in Europe for defense of Europe and the United States. To do this, GAO examined MDA's acquisition reports, analyzed baselines reported over several years to discern progress, and interviewed a wide range of DOD and MDA officials.

What GAO Recommends

GAO makes four recommendations to DOD to ensure MDA (1) fully assesses alternatives before selecting investments, (2) takes steps to reduce the risk that unproven target missiles can disrupt key tests, (3) reports full program costs, and (4) stabilizes acquisition baselines. DOD concurred with two recommendations and partially concurred with two, stating the decision to perform target risk reduction flight tests should be weighed against other programmatic factors and that its current forum for reporting MDA program costs should not include non-MDA funding. GAO continues to believe the recommendations are valid as discussed in this report.

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MISSILE DEFENSE

Opportunity to Refocus on Strengthening Acquisition Management

What GAO Found

Although the Missile Defense Agency (MDA) has made some progress, the new MDA Director faces challenges developing and deploying new systems to achieve increasingly integrated capabilities as well as supporting and upgrading deployed systems while providing decision makers in the Department of Defense (DOD) and Congress with key oversight information in an era of fiscal constraints.

Challenge: Improve Investment Decisions

Determining the most promising and cost effective new missile defense systems to buy—considering technical feasibility and cost—remains a challenge for MDA. While MDA has conducted some analyses that consider alternatives in selecting which acquisitions to pursue, it has not conducted robust analyses of alternatives for two of its new programs. Because of its acquisition flexibilities, MDA is not required to do so. Robust analyses, however, could be particularly useful to DOD and congressional decision makers as they decide how to manage the portfolio of missile defense acquisitions. GAO has reported in the past that without analyses of alternatives, programs may not select the best solution for the warfighter, are at risk for cost increases, and can face schedule delays.

Challenge: Expand on Steps Taken to Place Investments on a Sound Footing

In the past year, MDA gained important knowledge by successfully conducting several important tests, including a test to show how well its systems will operate together. MDA has also taken steps to lower the acquisition risks of two newer programs by adding more development time. However, development issues discovered after three programs prematurely committed to production continue to disrupt both interceptor production and flight test schedules. In addition, two other programs plan to make premature commitments to production before testing confirms their designs work as intended. MDA is planning to fly targets for the first time in its first operational test using several systems, adding risk that key information may not be obtained in this major test.

Challenge: Ensure Program Baselines Support Oversight

While MDA has made substantial improvements to the clarity of its cost and schedule baselines since first reporting them in 2010, they are still not useful for decision makers to gauge progress. For example, the information they include is not sufficiently comprehensive because they do not include operation and support costs from the military services. By not including these costs, the life cycle costs for some MDA programs could be significantly understated.

Challenge: Developing and Deploying U.S. Missile Defense in Europe

DOD declared the first major deployment of U.S. missile defense in Europe operational in December 2011, but MDA is faced with resolving some issues to provide the full capability and is facing delays to some systems planned in each of the next three major deployments. MDA has also struggled for years to develop the tools—the models and simulations—to credibly assess operational performance of systems before they are deployed. It recently committed to a new approach to resolve this problem.