



Highlights of GAO-06-991T, a testimony before the Subcommittee on Airland, Committee on Armed Services, U.S. Senate

# TACTICAL AIRCRAFT

## Questions Concerning the F-22A's Business Case

### Why GAO Did This Study

The F-22A—the Air Force’s next generation air superiority fighter aircraft—incorporates a low observable (stealth) and highly maneuverable airframe, advanced integrated avionics, and a new engine capable of sustained supersonic flight without the use of afterburners. The F-22A acquisition history is a case study in increased cost and schedule inefficiency. Since the program’s inception in 1986, the Air Force has added new requirements, more than doubled the length of the acquisition schedule, cut purchase quantities by more than 75 percent, and increased total acquisition unit costs by more than 100 percent.

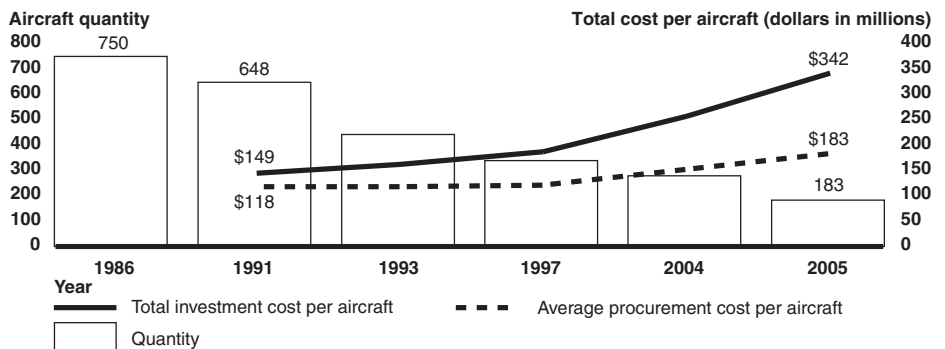
The F-22A program’s significant cost and schedule growth is illustrative of a number of systemic problems in the Department of Defense’s (DOD) major weapon system acquisitions. Currently, DOD is proposing to buy the remaining 60 F-22As under a 3-year contract. At the request of this subcommittee, GAO was asked for its views on DOD’s latest plan to restructure the program and on the Air Force’s request for authority to enter into a multiyear contract to implement this restructuring.

### What GAO Found

Under DOD’s latest restructuring of the F-22A program, as reflected in the fiscal year 2007 President’s budget, the program will spread the production of the remaining 60 aircraft over 3 lots extending the period of production by 2 years. The Air Force states that this is to avoid a gap in the production capabilities of the industrial base sector responsible for the latest generation of tactical fighter aircraft. Stretching out the production period will result in lower annual production rates and increased costs to the program of \$1.7 billion when compared to the costs the program would have incurred under the fiscal year 2006 President’s Budget proposal to buy the then-remaining quantity of 56 F-22As in two annual lots. The restructured F-22A program’s increased costs to complete the production will reduce the Department’s options in fulfilling other important national security priorities.

Having made the decision to extend the program, the Air Force, in an attempt to reduce some of the costs of the restructured program, is proposing that Congress authorize its use of a multiyear contract to buy the remaining aircraft. The Air Force has concluded that it has met the six statutory criteria required for entering into a multiyear contract. GAO offers several points for congressional consideration. The Air Force estimates savings of approximately \$225 million, 2.7 percent of remaining procurement cost for 56 aircraft—a significantly lower estimated savings percentage than past multiyear procurement program estimates, which averaged 13 percent. The Air Force wants to buy 4 additional aircraft at a cost of \$674 million to save an additional \$10 million, but has not yet funded this plan. Finally, the statute requires that production rates and quantities remain substantially unchanged during the contract period as downward adjustments could impact contract prices and savings. F-22A quantities have fluctuated recently and further downward adjustments after signing a multiyear contract could result in cancellation costs as high as \$201 million currently not funded.

Changes in F-22A Procurement Quantities and Effect on Unit Costs



Source: U.S. Air Force (data); GAO (presentation).

[www.gao.gov/cgi-bin/getrpt?GAO-06-991T](http://www.gao.gov/cgi-bin/getrpt?GAO-06-991T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Michael J. Sullivan at (202) 512-4841 or [sullivanm@gao.gov](mailto:sullivanm@gao.gov).