

DEFENSE ACQUISITIONS

Assessments of Selected Weapon Programs



Highlights of [GAO-15-342SP](#), a report to congressional committees

Why GAO Did This Study

This is GAO’s annual assessment of DOD weapon system acquisitions, an area on GAO’s high-risk list. DOD and Congress have taken meaningful steps to improve the acquisition of major weapon systems, yet programs continue to experience cost and schedule overruns. Further, GAO has emphasized the need to sustain the implementation of acquisition reforms and complete developmental testing before beginning production. With the continuing budgetary pressures, DOD cannot afford to miss opportunities to address inefficiencies in these programs to free up resources for higher priority needs.

This report responds to a mandate in the joint explanatory statement to the DOD Appropriations Act, 2009. It includes observations on (1) the cost and schedule performance of DOD’s 2014 portfolio of 78 major defense acquisition programs; (2) the knowledge attained at key junctures in the acquisition process for 38 programs that were in development or early production; and (3) key acquisition reform initiatives and program concurrency. To develop the observations in this report, GAO analyzed cost, schedule, and quantity data from DOD’s December 2013 Selected Acquisition Reports. GAO also collected data through two questionnaires to program offices on technology, design, and manufacturing knowledge; the use of knowledge-based acquisition practices; and the implementation of acquisition reforms and initiatives.

In commenting on a draft of this report DOD noted that it was encouraged by the performance of its programs and will continue to seek improvement.

View [GAO-15-342SP](#). For more information, contact Michael J. Sullivan at (202) 512-4841 or sullivanm@gao.gov

What GAO Found

Over the past year, the overall size of DOD’s major defense acquisition program portfolio decreased, from 80 programs to 78, while the estimated cost has decreased by \$7.6 billion. The size and cost of the portfolio is currently the lowest in a decade. The decrease in current portfolio cost is due primarily to significant quantity decreases on two programs—most other programs actually experienced a cost increase over the past year. The average time to deliver initial capability to the warfighter also increased by over 1 month. Forty programs in the portfolio lost buying power during the past year resulting in \$2.2 billion in additional costs, a contrast to the buying power gains seen in GAO’s prior assessments. The F-35, the costliest program in the portfolio, epitomizes this loss in buying power as its costs have risen over the past year without any change in quantity, meaning it is paying more for the same amount of capability.

Buying Power Analysis for the 2014 Portfolio (Fiscal year 2015 dollars in billions)

| | Number of programs | Actual procurement cost change | Change attributable to quantity changes | Change not attributable to quantity changes |
|---|--------------------|--------------------------------|---|---|
| Programs that lost buying power | 40 | \$8.7 | -\$9.0 | \$17.7 |
| Programs that gained buying power | 34 | -\$16.7 | -\$1.3 | -\$15.4 |
| Programs with no change in buying power | 4 | \$0.0 | \$0.0 | \$0.0 |
| Portfolio totals | 78 | -\$8.1 | -\$10.3 | \$2.2 |

Source: GAO analysis of DOD data. | GAO-15-342SP

Note: Some numbers may not sum up due to rounding.

Most of the 38 programs GAO assessed this year are not yet fully following a knowledge-based acquisition approach. This held true for the six programs that recently entered system development. Each implemented some knowledge based practices—such as constraining the period for development—but some practices—such as fully maturing technologies prior to system development start and completing systems engineering reviews—were not fully implemented. As a result, programs will carry unwanted risk into subsequent phases of acquisition that could result in cost growth or schedule delays.

Implementation of the reform initiatives GAO analyzed varies for the 38 programs assessed above as well as the 15 assessed that will become programs in the future. While more programs are implementing acquisition reform initiatives now than in past assessments—such as the use of affordability constraints and increased opportunities for competition—several programs requiring significant funding commitments have received waivers from components of a mandatory certification at system development start that were established to aid the success of the acquisition. However, concurrently conducting both software and hardware development during production may be exposing programs to undue cost and schedule risk.