

EVOLVED EXPENDABLE LAUNCH VEHICLE

The Air Force Needs to Adopt an Incremental Approach to Future Acquisition Planning to Enable Incorporation of Lessons Learned

Why GAO Did This Study

The Air Force's EELV program is the primary provider launches for military and intelligence satellites. The Air Force is working to introduce competition into the program, which for almost 10 years had one company capable of providing launches. In working to introduce competition into launch contracts, the Air Force is changing its acquisition approach for launch services, including the amount of cost and performance data that it plans to obtain under future launch contracts.

Given these expected changes, the National Defense Authorization Act for Fiscal Year 2015 included a provision for GAO to examine this new approach. This report examines the (1) Air Force's new approach for competing launches, the resulting changes on the types of cost or performance data required and commensurate business systems needed compared to what is currently required of the incumbent contractor, and the benefits and drawbacks of this approach; and (2) risks the Air Force faces when planning for future launch acquisitions. To address these questions, GAO reviewed acquisition documents and the contract request for proposals, and interviewed DOD and contractor officials.

What GAO Recommends

GAO recommends that, when planning for the next phase of competition for launches, the Air Force use an incremental approach to the next acquisition strategy to ensure that it does not commit itself to a strategy until data is available to make an informed decision. DOD concurred with the recommendation.

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What GAO Found

The Air Force intends to make significant changes to its acquisition approach for acquiring launch services under the Evolved Expendable Launch Vehicle (EELV) program which will alter its current access and insights into certain cost and performance data. The United Launch Alliance (ULA)—EELV's incumbent provider—currently provides national security space launch services under a cost-reimbursement contract for a non-commercial item. Under this type of contract, the Air Force is able to obtain from ULA cost and performance data from contractor business systems. The Air Force uses this business data for a variety of purposes, including monitoring contractor performance and identifying risks that could affect the program's cost, schedule, or performance. However, for at least the first phase of future launches, the Air Force chose to change its acquisition approach to procure launch as a commercial item using a firm-fixed-price contract, which will prevent the service from collecting business data at the same level of detail. As a result, the Air Force will have significantly less insight into program costs and performance than what it has under the current contract with ULA, though according to the Air Force the level of information gathered is sufficient for monitoring launch costs in a competitive environment.

The acquisition approach chosen for the first competitive launches offers some benefits to the government, including increased competition, but it could limit program oversight and scheduling flexibility. The Air Force asserts that the use of full and open competition procedures in a commercial item acquisition will increase the potential to keep more than one launch company viable. The Air Force's use of commercial item contracts eliminates the need for contractors to develop the business systems associated with a cost-reimbursement contract and generally places greater responsibility upon the contractor for cost control. However, the Air Force has struggled with EELV program management and lack of oversight in the past, and removing the requirement for cost and performance data could leave it vulnerable to similar problems in the future. Also, the first competitive contracts will limit the Air Force's flexibility in modifying its launch schedule, and schedule changes resulting from satellite production delays may result in added costs. Satellite delays have historically been an issue for the program, and the Air Force's ability to modify the launch schedule is an important component of the current acquisition approach with ULA.

The Air Force is at risk of making decisions about future EELV acquisitions without sufficient knowledge. The Air Force plans to develop an acquisition strategy for the next phase of competitive launches before it has any actionable data from the first competitive launches. In addition, the Air Force views competition as crucial to the success of its new acquisition strategy, yet the viability of a competitive launch industry is uncertain. The launch industry is undergoing changes, and the ability of the domestic industry to sustain two or more providers in the long-term, while desirable, is unclear. Additionally, only one company is currently certified to compete with ULA for national security launches, and there are no other potential competitors in the near future. To adequately plan for future competitions and ensure informed decision making before committing to a strategy, it will be important for the Air Force to obtain knowledge about its new acquisition approach and on the launch industry.