

GAO Highlights

Highlights of [GAO-17-370](#), a report to congressional committees

Why GAO Did This Study

The KC-46 tanker modernization program, valued at about \$44 billion, is among the Air Force's highest acquisition priorities. Aerial refueling—the transfer of fuel from airborne tankers to combat and airlift forces—is critical to the U.S. military's ability to effectively operate globally. The Air Force initiated the KC-46 program to replace about a third of its aging KC-135 aerial refueling fleet. Boeing was awarded a fixed price incentive contract to develop the first four aircraft, which are being used for testing. Among other things, Boeing is contractually required to deliver a total of 18 aircraft and 9 wing air refueling pod sets by August 2017. This is defined as required assets available. The program plans to eventually field 179 aircraft in total.

The National Defense Authorization Act for Fiscal Year 2012 included a provision for GAO to review the KC-46 program annually through 2017. This is GAO's sixth report on this issue. It addresses (1) progress made in 2016 toward achieving cost, performance, and schedule goals and (2) development risk remaining. GAO analyzed key cost, schedule, development, test, and manufacturing documents and discussed results with officials from the KC-46 program office, other defense offices, the Federal Aviation Administration, and Boeing.

What GAO Recommends

GAO is not making recommendations.

View [GAO-17-370](#). For more information, contact Michael Sullivan at (202) 512-4841 or sullivanm@gao.gov.

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KC-46 TANKER MODERNIZATION

Delivery of First Fully Capable Aircraft Has Been Delayed over One Year and Additional Delays Are Possible

What GAO Found

The KC-46 tanker modernization program is meeting cost and performance targets, but has experienced some recent schedule delays.

- **Costs:** As shown in the table below, the program's total acquisition cost estimate has decreased about \$7.3 billion, or 14 percent, since the initial estimate. This is primarily because there have been no requirements changes and there have been fewer engineering changes than expected.

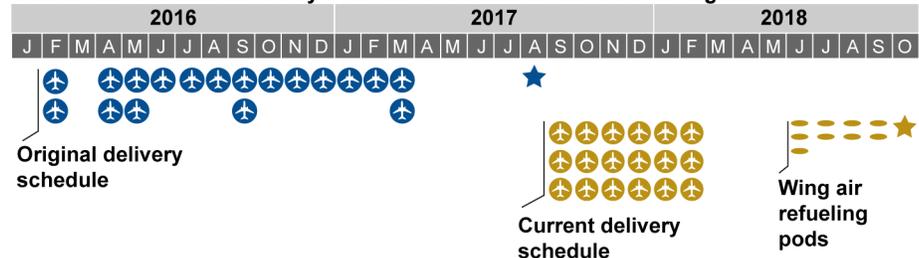
Total Acquisition Cost Estimate for the KC-46 Tanker Aircraft Has Decreased
(then-year dollars in millions)

	February 2011	January 2017	Percent Change
Development	7,149.6	5,897.7	-17.5
Procurement	40,236.0	35,494.1	-11.8
Military construction	4,314.6	2,966.7	-31.2
Total	51,700.2	44,358.5	-14.2

Source: GAO presentation of Air Force Data. | GAO-17-370

- **Performance:** The program office estimates that the KC-46 will achieve its key and technical performance capabilities, such as completing a mission 92 percent of the time. As noted below, though, much testing remains.
- **Schedule:** The program fixed design problems and was approved for low-rate initial production in August 2016, a year late. Boeing (the prime contractor) will not meet the original required assets available delivery schedule due to ongoing Federal Aviation Administration certifications of the aircraft, including the wing air refueling pods, and flight test delays. As shown, the remaining schedule was modified to allow Boeing to deliver the first 18 aircraft and pods separately by October 2018, 14 months later than first planned.

Current KC-46 Tanker Delivery Schedule Is 14 Months Later Than Original Plans



★ Original contractual delivery date ★ Current planned delivery date

Source: GAO analysis of KC-46 program data. | GAO-17-370

GAO's analysis shows there is risk to the current delivery schedule due to potential delays in Federal Aviation Administration certifications and key test events. Boeing must also complete over 1,700 test points on average for each month from February to September 2017, a level that is more than double what it completed in the last 11 months. Program officials agree that there is risk to Boeing's test completion rate until it obtains Federal Aviation Administration approval for the design of all parts, including the pods, but test mitigation strategies are underway.