### Why GAO Did This Study

Since 2002, MDA received over $174 billion to develop a system-of-systems known as the Missile Defense System to detect, track, and defeat enemy missiles. GAO has long reported on MDA’s progress in working to improve the system’s costs, schedules, and performance.

Congress included provisions in legislation for GAO to assess MDA’s progress toward meeting its acquisition goals. This report assesses the extent to which MDA’s program and flight test cost (1) estimates align with GAO’s leading practices for cost estimating and (2) information is transparent and traceable when reported to Congress.

GAO reviewed MDA’s cost estimates and baseline reporting for the seven most recently established programs, seven flight test cost estimates prepared under the newly established cost model, and flight test information in mandated reports to Congress. GAO also interviewed officials within DOD, MDA, and the military services.

### What GAO Found

The Department of Defense’s (DOD) Missile Defense Agency (MDA) is continuing efforts to deliver systems to the warfighter that will protect against enemy missiles. However, shortfalls persist with MDA’s program and flight test cost estimates and reporting.

**Program cost estimates.** MDA continues to omit the military services’ operations and sustainment costs from the program life-cycle cost estimates, as depicted below. By omitting these costs, MDA limits decision-makers’ insight into the full financial commitments needed for affordability and funding determinations. In the report, GAO outlines actions MDA can take to account for these costs consistent with a 2013 recommendation with which DOD partially concurred.

**Flight test cost estimates.** Accuracy issues linger with MDA’s flight test cost estimates that could skew the agency’s annual $1.3 billion funding request, such as not being regularly updated with actual costs. However, MDA is taking steps to improve these cost estimates by using a new cost model, among other things.

### Some MDA Program and Flight Test Costs Are Unreported

<table>
<thead>
<tr>
<th>Reported costs</th>
<th>Unreported costs</th>
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<tbody>
<tr>
<td>$2.8</td>
<td>$1.3</td>
</tr>
<tr>
<td>$2.6</td>
<td>$2.2</td>
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Source: GAO analysis of Missile Defense Agency (MDA) data. | GAO-22-104344

### Program cost reporting.** MDA continues to adjust program baselines without clear traceability over time. MDA also forgoes recurrent comparisons to the original baseline. Such adjustments and omissions impede decision-makers’ awareness of each program’s cost performance and total system cost. In the report, GAO notes actions MDA can take to address the traceability of program baselines consistent with a 2013 recommendation with which DOD concurred.

**Flight test cost reporting.** Congress required MDA to report on flight test costs, but we found the information lacking due to the agency’s reporting methodology. MDA only accounted for about $1.3 billion of at least $3.5 billion in funding the agency requested for flight testing between March 2017 and September 2020. Moreover, the reporting requirement ended in December 2021. Without further reporting on complete flight test costs, Congress does not have information needed to facilitate holding the agency accountable for its spending.