

# GAO Highlights

Highlights of [GAO-22-105966](#), a report to congressional committees

## Why GAO Did This Study

Congressional conferees expressed concern that recent budget requests underfunded critical Navy weapon system programs that were using multiyear procurement authority. They also questioned whether the Navy's budget requests in recent years for programs using multiyear procurement accurately reflected the service's most important priorities.

The conferees included a provision for GAO to review certain activities related to Navy multiyear procurements in recent years. This report addresses (1) the extent to which Navy programs fulfilled their multiyear procurement plans in fiscal years 2021 and 2022; and (2) factors contributing to any budget requests for fiscal years 2021 and 2022 that did not include the multiyear procurement quantities stated in the contracts.

To conduct this assessment, GAO reviewed seven programs with active multiyear procurement contracts in fiscal years 2021–2022. GAO also reviewed relevant legislation, policy, and guidance; reviewed budget and contract information; and interviewed Department of Defense officials.

## What GAO Recommends

GAO is making one recommendation to the Department of Defense, that it establish a requirement to ensure that the congressional defense committees receive notification of the rationale for any budget requests that do not fund the procurement quantities stated in multiyear contracts. The Department of the Navy concurred with the recommendation.

View [GAO-22-105966](#). For more information, contact Shelby S. Oakley at (202) 512-4841 or [OakleyS@gao.gov](mailto:OakleyS@gao.gov).

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## MULTIYEAR PROCUREMENT

### Navy Should Provide Congress More Complete Information on Budget Request Decisions

## What GAO Found

The Navy used multiyear procurement—a special method to contract for multiple years of requirements in a single contract—for seven critical weapon system programs in fiscal years 2021 and 2022. This contracting method can save the government money through procurement efficiencies but can include future financial commitments. GAO reviewed the seven programs and found that the budget requests for three programs included quantity reductions when compared to their multiyear contracts or previous Navy plans. This hampered their efforts to meet warfighting needs:

- **DDG 51 destroyers.** The budget request for fiscal year 2022 included funds to procure one of the two ships in the program's multiyear contracts. Instead of requesting funding for the second ship, the Navy requested \$33 million to cover the government's cancellation liability for reducing its procurement to one ship in fiscal year 2022.
- **V-22 aircraft.** The budget request for fiscal year 2022 included funds to procure eight of the 11 aircraft in the program's multiyear contract for the budget year. The Navy used additional aircraft funded but not procured in fiscal year 2021 to offset the reduced request and meet the stated contract quantity for fiscal year 2022.
- **Virginia class submarines.** The budget request in fiscal year 2021 included funding for one submarine. This met the multiyear contract quantity but departed from previous multiyear procurement plans, the steady practice of procuring two of the submarines each year, and congressional direction.

#### DDG 51, V-22, and Virginia Class Weapon Systems Procured Using Multiyear Contracts



Source: (Left to right) DDG 51, Huntington Ingalls Industries, Pascagoula, MS; V-22, U.S. Navy photo by Mass Communication Specialist 1st Class Jeremy Graham; and Virginia class, U.S. Navy photo courtesy of Huntington Ingalls Industries. | GAO-22-105966

Navy officials told GAO that affordability was the primary driver leading to the reduction in quantities requested for DDG 51 and V-22 in the fiscal year 2022 budget. However, GAO found that Department of Defense financial management regulation does not require the Navy to notify the congressional defense committees of its rationale for budget decisions that do not support the procurement quantities stated in multiyear contracts. The lack of such notification can hamper the ability of the committees to oversee programs and make decisions without having to request supplemental information and explanations from the Navy.

The Navy included additional quantities for the DDG 51, V-22, and Virginia class programs in unfunded priorities lists provided to the defense committees. Congress ultimately decided to fund the procurement of additional quantities.