

Use of Line Items in Management and Operating Contracts Could Be Improved

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A report to congressional committees

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What GAO Found

The National Nuclear Security Administration (NNSA) has traditionally used a single, all-encompassing management and operating (M&O) contract at each of its sites to acquire work performed, including to subcontract for construction services. Beginning in 2014, NNSA introduced individual contract line item numbers (line items) to some contracts to increase the visibility of specific efforts. Line items capture information about separately identifiable goods and services that the government seeks to acquire within the scope of the overall contract.

Since introducing individual contract line items in 2014, NNSA has minimally used line items to separate contract deliverables, especially for construction projects. Specifically, five of NNSA's 21 capital asset projects that had approved performance baselines as of June 2026 are covered by separate line items in the M&O contracts (see table). One smaller project and two projects under a former contract were completed as separate contract line items. NNSA officials told GAO they are considering adding at least two other construction projects at one site as separate line items.

Ongoing Construction Projects with Separate Contract Line Items in the National Nuclear Security Administration's Management and Operating Contracts

Line item	Contract
Uranium Processing Facility (2 projects)	Y-12 National Security Complex
Savannah River Plutonium Processing Facility (2 projects)	Savannah River Site
Power Sources Capability	Sandia National Laboratories

Source: GAO analysis of National Nuclear Security Administration data. | GAO-26-108409

According to NNSA officials and M&O contractor representatives GAO interviewed, contract line items can enhance transparency of procurement data and allow NNSA to develop separate contractor fee plans and performance evaluations for high-risk, high-value projects. However, officials said these separate fee plans and performance evaluations require additional administrative resources to implement.

Because line items can have both benefits and drawbacks, NNSA officials stated that they decide which deliverables are most appropriate to oversee through contract line items based on several considerations, such as the total project cost, complexity, and whether there are dedicated appropriations. However, NNSA has not documented the criteria for determining how and when officials should decide to use separate line items. Without doing so, NNSA lacks reasonable assurance that contracting officers are using consistent and appropriate criteria when determining separate line items. This could result in missed opportunities to improve accountability and contractor performance.

NNSA also has not fully assessed and documented lessons learned from its use of line items, which could be used to inform its future use of line items. By documenting lessons learned, NNSA can ensure it retains information that could help it to most effectively and appropriately use line items and avoid expending administrative resources on ineffective acquisition approaches.

Why GAO Did This Study

Over the next decade, NNSA plans to spend almost \$200 billion modernizing the nation's nuclear weapons production and research infrastructure. In fiscal year 2025, NNSA spent close to \$24 billion on multi-year, multi-billion-dollar M&O contracts to run the government-owned, contractor-operated sites of the nuclear security enterprise.

Senate Report 118-188, accompanying S. 4638, the National Defense Authorization Act for Fiscal Year 2025, includes a provision for GAO to review NNSA's use of line items in its M&O contracts and how line items can improve contract oversight.

This report examines (1) the extent to which NNSA has used line items in its M&O contracts; (2) the benefits and drawbacks of using line items, according to officials and contractors; and (3) how NNSA determines when to use line items in M&O contracts.

GAO reviewed NNSA's M&O contracts and compared NNSA's use of line items to Department of Energy (DOE) acquisition policy and relevant standards for internal control. GAO also interviewed DOE and NNSA headquarters and field office officials and M&O contractor representatives.

What GAO Recommends

GAO is making two recommendations to NNSA to document criteria for using separate line items and to assess and document lessons learned for using line items in M&O contracts. NNSA identified steps it plans to take to address these recommendations.