



Highlights of [GAO-10-706T](#), a testimony to Subcommittee on National Security and Foreign Affairs, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The past two years have seen the Congress and DOD take meaningful steps towards addressing long-standing weapon acquisition issues—an area that has been on GAO's high risk list since 1990. This testimony focuses on the progress DOD has made in improving the planning and execution of its weapon acquisition programs and the potential for recent acquisition reforms to improve program outcomes.

The testimony includes observations about (1) DOD's efforts to manage its portfolio of major defense acquisition programs, (2) the knowledge attained at key junctures of a subset of 42 weapon programs from the 2009 portfolio, (3) other factors that can affect program execution, and (4) DOD's implementation of recent acquisition reforms. The testimony is based on the results of our annual assessment of weapon programs. To conduct the assessment, GAO analyzed data on the composition of DOD's portfolio of major defense acquisition programs. GAO also collected data from program offices on technology, design, and manufacturing knowledge, as well as on other factors that can affect program execution.

GAO has made numerous recommendations on weapon system acquisition in prior work but is not making any new recommendations in this testimony.

[View GAO-10-706T or key components.](#)
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DEFENSE ACQUISITIONS

Observations on Weapon Program Performance and Acquisition Reforms

What GAO Found

While DOD still faces significant challenges in managing its weapon system programs, the current acquisition reform environment provides an opportunity to leverage the lessons of the past and manage risks differently. This environment is shaped by significant acquisition reform legislation, constructive changes in DOD's acquisition policy, and initiatives by the administration, including making difficult decisions to terminate or trim numerous weapon systems. To sustain momentum and make the most of this opportunity, it will be essential that decisions to approve and fund acquisitions be consistent with the reforms and policies aimed at getting better outcomes.

DOD has started to reprioritize and rebalance its weapon system investments. In 2009, the Secretary of Defense proposed canceling or significantly curtailing weapon programs with a projected cost of at least \$126 billion that he characterized as too costly or no longer relevant for current operations, while increasing funding for others that he assessed as higher priorities. Congress supported several of the recommended terminations. DOD plans to replace several of the canceled programs in fiscal years 2010 and 2011, hopefully with new, knowledge-based acquisition strategies, because the warfighter need remains. The most significant of these will be the effort to restructure the Army's terminated Future Combat System program. At the same time, however, DOD's portfolio of major defense acquisition programs continues to grow. Between December 2007 and July 2009, the number of major defense acquisition programs grew from 96 to 102 programs. GAO has previously reported that DOD should continue to work to balance its weapon system portfolio with available funding, which includes reducing the number or size of weapon system programs, or both, and assessing the affordability of new programs and capabilities in the context of overall defense spending.

At the program level, our recent observations present a mixed picture of DOD's adherence to a knowledge-based acquisition approach, which is a key for improving acquisition outcomes. For 42 programs GAO assessed in depth in 2010, there has been continued improvement in the technology, design, and manufacturing knowledge programs had at key points in the acquisition process. However, most programs are still proceeding with less knowledge than best practices suggest, putting them at higher risk for cost growth and schedule delays. A majority of programs have also experienced requirements changes, software development challenges, or workforce issues, or a combination, which can affect program stability and execution. DOD has begun to implement a revised acquisition policy and congressional reforms that address many of these areas. For example, eight programs we examined in the technology development phase plan to test competitive prototypes before starting system development and seven programs plan to hold early systems engineering reviews. If DOD consistently applies this policy, the number of programs adhering to a knowledge-based acquisition should increase and the outcomes for DOD programs should improve.