



Highlights of [GAO-10-717](#), a report to congressional committees

Why GAO Did This Study

The Department of Defense (DOD) spends billions of dollars each year to sustain its weapon systems. These operating and support (O&S) costs can account for a significant portion of a system's total life-cycle costs and include costs for repair parts, maintenance, and personnel. The Weapon Systems Acquisition Reform Act of 2009 directs GAO to review the growth in O&S costs of major systems. GAO's report addresses (1) the extent to which life-cycle O&S cost estimates developed during acquisition and actual O&S costs are available for program management and decision making; (2) the extent to which DOD uses life-cycle O&S cost estimates after systems are fielded to quantify cost growth and identify its causes; and (3) the efforts taken by DOD to reduce O&S costs for major systems. GAO selected seven aviation systems that reflected varied characteristics and have been fielded at least several years. These systems were the F/A-18E/F, F-22A, B-1B, F-15E, AH-64D, CH-47D, and UH-60L.

What GAO Recommends

GAO recommends that DOD take steps to retain life-cycle O&S cost estimates for major systems, collect additional O&S cost elements in its visibility systems, update life-cycle O&S cost estimates periodically after systems are fielded, and retain documentation of program changes affecting O&S costs for use in cost analysis. DOD concurred with GAO's recommendations.

[View GAO-10-717 or key components.](#)
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DEFENSE MANAGEMENT

DOD Needs Better Information and Guidance to More Effectively Manage and Reduce Operating and Support Costs of Major Weapon Systems

What GAO Found

DOD lacks key information needed to effectively manage and reduce O&S costs for most of the weapon systems GAO reviewed—including life-cycle O&S cost estimates and complete historical data on actual O&S costs. The services did not have life-cycle O&S cost estimates developed at the production milestone for five of the seven aviation systems GAO reviewed, and current DOD acquisition and cost-estimating guidance does not specifically address retaining these estimates. Also, the services' information systems designated for collecting data on actual O&S costs were incomplete, with the Army's system having the greatest limitations on available cost data. Without historic cost estimates and complete data on actual O&S costs, DOD officials do not have important information necessary for analyzing the rate of O&S cost growth for major systems, identifying cost drivers, and developing plans for managing and controlling these costs. At a time when the nation faces fiscal challenges, and defense budgets may become tighter, the lack of this key information hinders sound weapon system program management and decision making in an area of high costs to the federal government.

DOD generally does not use updated life-cycle O&S cost estimates to quantify cost growth and identify cost drivers for the systems GAO reviewed. The services did not periodically update life-cycle O&S cost estimates after production was completed for six of the seven systems. The F-22A program office had developed an updated life-cycle O&S cost estimate in 2009 and found a 47-percent (\$19 billion) increase in life-cycle O&S costs from what had been previously estimated in 2005. GAO's comparisons of estimated to actual O&S costs for two of the seven systems found some areas of cost growth. However, notable changes such as decreases in the numbers of aircraft and flying hours occurred in both programs after the production milestone estimates were developed, complicating direct comparisons of estimated to actual costs. According to federal guidance, agencies should have a plan to periodically evaluate program results as these may be used to determine whether corrections need to be made and to improve future cost estimates. However, DOD acquisition and cost estimation guidance does not require that O&S cost estimates be updated throughout a system's life cycle or that information on program changes affecting the system's life-cycle O&S costs be retained. The services' acquisition and cost-estimation guidance that GAO reviewed does not consistently and clearly require the updating of O&S cost estimates after a program has ended production.

DOD has several departmentwide and service-specific initiatives to address O&S costs of major systems. One DOD program funds projects aimed at improving reliability and reducing O&S costs for existing systems. Other initiatives are aimed at focusing attention on O&S cost requirements and reliability during the acquisition process. In a recent assessment, DOD identified weaknesses in O&S cost management, found deficiencies in sustainment governance, and recommended a number of corrective actions. Many of DOD's initiatives are recent or are not yet implemented.