

Why GAO Did This Study

Since 2002, Congress has directed GAO to assess the Missile Defense Agency's (MDA) annual fiscal year cost, schedule, testing, and performance progress in developing the Ballistic Missile Defense System (BMDS). This year's report specifically assesses MDA's progress in (1) delivering missile defense assets as scheduled (2) improving accountability and transparency over the past year (3) implementing the European Phased Adaptive Approach (4) implementing changes to the Ground-based Midcourse Defense program (5) implementing the targets revised acquisition strategy identified in 2009, and (6) testing the BMDS and developing its modeling and simulations to assess performance. To accomplish this, GAO reviewed MDA's progress reports to the Congress, pertinent Department of Defense (DOD) policies and reports including a DOD assessment and plan related to the Ground-based Midcourse Defense system.

What GAO Recommends

GAO makes 10 recommendations for MDA to strengthen its resource, schedule and test baselines, facilitate baseline reviews, and further improve transparency and accountability. GAO is also making a recommendation to improve MDA's ability to carry out its test plan. In response, DOD fully concurred with 7 recommendations. It partially concurred with 3, contending that its current actions are sufficient and that the test recommendation is also not affordable. GAO continues to believe that additional action is needed.

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MISSILE DEFENSE:

Actions Needed to Improve Transparency and Accountability

What GAO Found

In 2010, MDA made progress in delivering assets as well as increasing transparency and accountability. While many significant, positive steps were taken, GAO also found issues limiting the extent to which cost, schedule, and system performance can be tracked. Stabilizing the new acquisition approach, improving execution and increasing transparency are key steps for DOD.

Asset Delivery

In 2010, MDA was able to meet or exceed its delivery goals for several MDA activities, such as missile defense upgrades to Aegis ships. However, the agency was unable to meet all of its goals for Terminal High Altitude Area Defense, a system used to defend against targets in their last phases of flight.

Transparency and Accountability

MDA finalized a new process in which detailed baselines were set for several missile defense systems. As a result of the new process, its 2010 progress report to the Congress is more comprehensive than it was in 2009. Although the information in MDA's progress reports to the Congress increased, GAO found its unit and life-cycle cost baselines had unexplained inconsistencies and documentation for six baselines had insufficient evidence to be a high-quality cost estimate. As a result, GAO could not evaluate cost progress.

European Phased Adaptive Approach for Missile Defense

The September 2009 shift in focus for European missile defense represents a significant change in U.S. policy and a substantial investment for DOD. However, DOD has not fully implemented a management process that synchronizes European missile defense acquisition activities and ensures transparency and accountability. Without key management and oversight processes, there is a limited basis for oversight, and there is a risk that key components will start production before demonstrating system performance. In the past, similar deficiencies in missile defense acquisition oversight have led to rework, cost increases, delays, and doubts about delivered capabilities.

Ground-based Midcourse Defense (GMD)

While the GMD system—which is primarily designed to engage longer-range targets in the midcourse range of flight—has demonstrated a limited capability, DOD has not yet determined the system's full capabilities and limitations. In January and December 2010, GMD experienced two flight test failures. In addition, GMD is just beginning to take actions necessary to sustain the capability through 2032.

Targets Acquisition, Testing, and Performance

MDA made a targets acquisition decision in 2010 in response to a target failure. This decision was not consistent with its 2009 acquisition plan which envisioned competitive contract awards that would reduce reliance on its prime contractor. The cost of this action remains unknown. Also, as in previous years, failures and delays in testing have continued to delay validation of models and simulations used to assess BMDS performance.