

# IS THERE A PROBLEM??

- **After At Least 40 Years of Reform Efforts, DoD Acquisition System Overwhelmed by Cost, Schedule and Performance Problems**
- **Major Programs Taking 20 to 30 Years to Deliver Less Capability, at 2 to 3 Times the Cost and Planned Time**
- **DoD Facing Huge Force Modernization Shortfalls**
- **Recent GAO and CBO Reports Highlight Plans/Reality Mismatch**

# GAO Analyses of DoD Major Defense Acquisition Programs

## (Assessments of Selected Weapon Programs, March 2008)

	<u>FY 2000</u>	<u>FY 2005</u>	<u>FY 2007</u>
<b>Number of Programs Evaluated</b>	<b>75</b>	<b>91</b>	<b>95</b>
<b>Total Planned Costs (FY 2008 \$ Billion)</b>	<b>\$ 790</b>	<b>\$ 1,500</b>	<b>\$ 1,600</b>
<b>Costs Yet To Go (FY 2008 \$ Billion)</b>	<b>\$ 380</b>	<b>\$ 887</b>	<b>\$ 858</b>
<b>Δ RDT&amp;E Costs from First Estimate</b>	<b>27%</b>	<b>33%</b>	<b>40%</b>
<b>Δ Program Acq. Costs from First Estimate</b>	<b>6%</b>	<b>18%</b>	<b>26%</b>
<b>Estimated Total Acquisition Cost Growth (FY 2008 \$ Billion)</b>	<b>\$ 42</b>	<b>\$ 202</b>	<b>\$ 295</b>
<b>Share of Programs with 25 % or More Cost Growth in PAUC</b>	<b>37%</b>	<b>44%</b>	<b>44%</b>
<b>Average Delay in Delivering Initial Capabilities (Months)</b>	<b>16</b>	<b>17</b>	<b>21</b>

# **Flawed Assumptions in the DoD Planning & Budget Process**

- **Future Budgets Will Grow at a Faster Rate than the Past**
- **Investment Budgets Will Grow at a Faster Rate Than Total Budget**
  - **Permits More Program Starts Than Can Be Reasonably Accommodated**
- **Operating & Support Budgets Will Grow More Slowly Than Total Budget**
  - **New Weapons Will Be More Reliable & Easier to Maintain than Predecessors**
  - **Higher OPTEMPOS of Combat Theaters Budgeted for in Supplementals**
- **Weapon System Procurement Costs Will Decrease in the Future**
  - **Increasing Production Rates Will Combine with Steep Learning Curves to Lower Unit Costs**

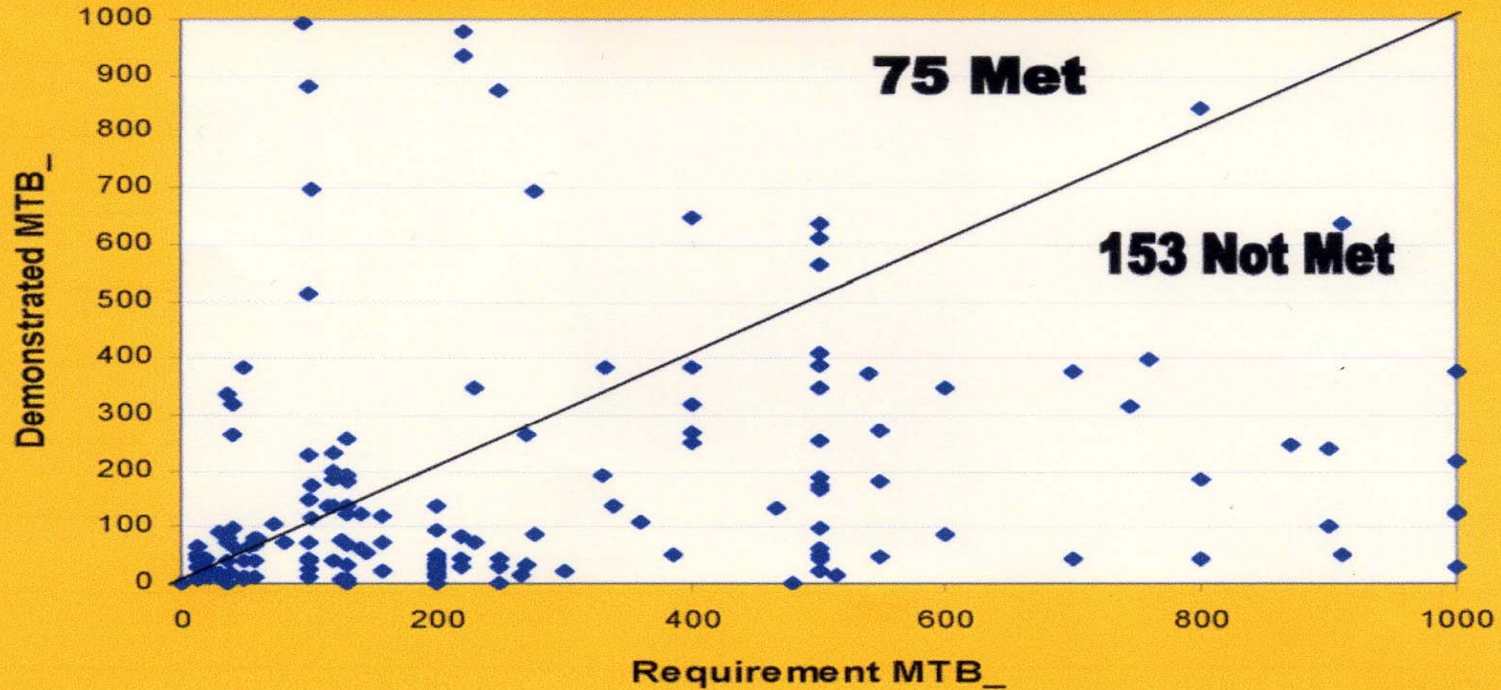
# **THE ISSUE IS CERTAINLY NOT NEW**

- **Every Few Years, Major Effort to “Reform” the Process**
  - **1970 Blue Ribbon Commission**
  - **1977 Steadman Review**
  - **1981 Carlucci Initiatives**
  - **1986 Packard Commission, Goldwater/Nichols Act**
  - **1989 Defense Management Review**
  - **1990 DSB Study**
  - **1993 DSB Acquisition Streamlining Task Force**
  - **1995 Total System Performance Responsibility (TSPR)**
  - **2002 Capabilities-Based Acquisition/Spiral Development**
  - **2006 Defense Acquisition Performance Assessment**
  - **Recent John Young Initiatives**
- **Many Substantive Recommendations not Heeded**

# WHERE THE PROCESS HAS FAILED

- **Sanctioned Appetite of Users, Fostered by R&D Community and Industry, for Quantum Leaps in Capability**
  - **Approved Unattainable/Risky Technical or Operational Requirements**
  - **Allowed Unrealistic Assumptions in Affordability Evaluations**
- **Approved Buy-ins in Terms of Cost, Schedule & Performance**
  - **Ignored Independent Cost Estimates & Technical Risk Assessments**
- **Did Not Foresee or Refused to Admit to Technical & Operational Problems**
- **Did Not Fund Up-Front Technology Demonstrations, Prototypes or Other Risk Mitigation Efforts**
- **Did Not Adhere to Acquisition Directives/Policies**
  - **Schedule-Based vs Event-Based Strategy**
  - **Waived Critical Test Events & Exit Criteria**
- **Emphasized System Effectiveness at the Expense of Suitability**
  - **Delivered Unreliable Systems to Users, Increasing O&S Burden**

### Demonstrated Reliability vs Requirements for All Operational Tests



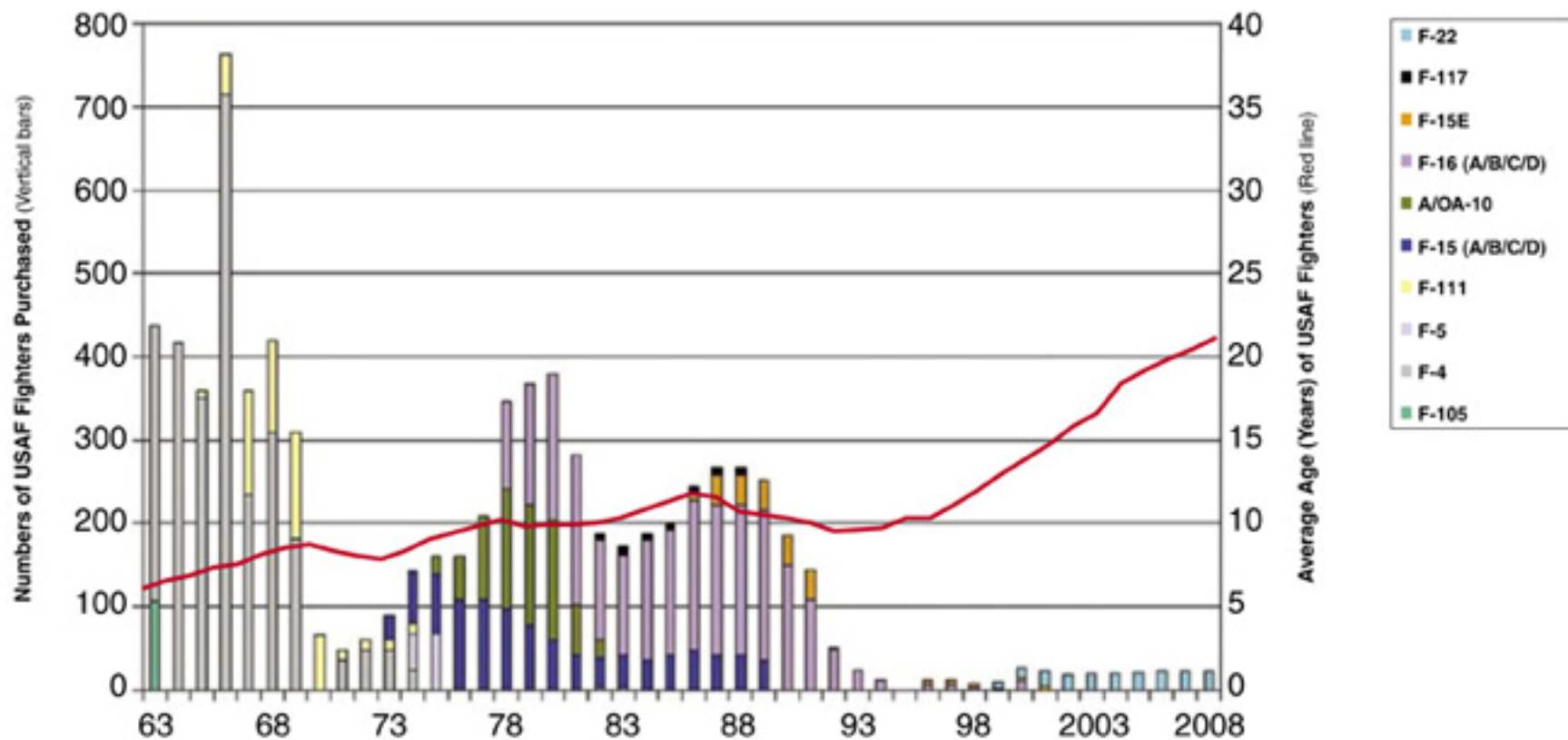
Army Systems' OT&E Results for 1997-2006

# **How the AF Ended Up With An Aging and Dwindling Fighter Force**

- **It Banked on a Higher Modernization Topline Than It Got Or Could Reasonably Have Expected To Get**
- **After Buying F-15s, F-16s and A-10s in Large Quantities in the Late 1970s/Early 1980s, & Growing the Force to 38+ Wings, It Went on a Procurement Holiday in the 1990s**
- **It Banked on Two New Fighter Aircraft Programs (F-22 & F-35) That It Can't Afford In Sufficient Numbers Even with Larger Budgets**
- **It Ended Up in Two Conflicts with Higher OPTEMPOS than It Had Planned On, Wearing Out Its Fleet Faster Than Expected**
- **It Was Faced with Other Big Modernization Bills Coming Due (Space, Tankers, etc.) at the Same Time**

# Air Force Fighters: Dwindling Purchases, Rising Age

Graphic by Heather Lewis, AIR FORCE Magazine

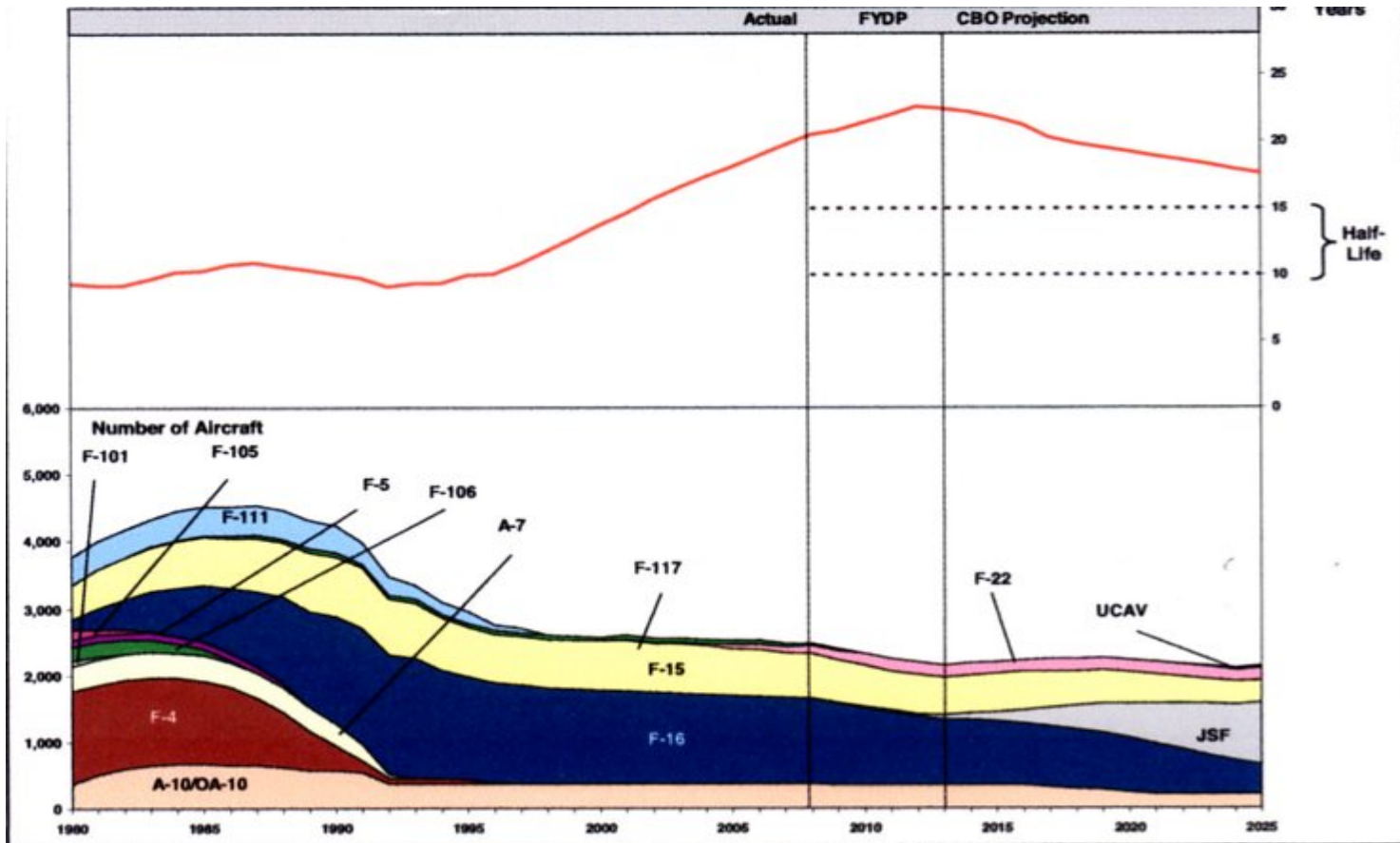


Basic Data: US Air Force



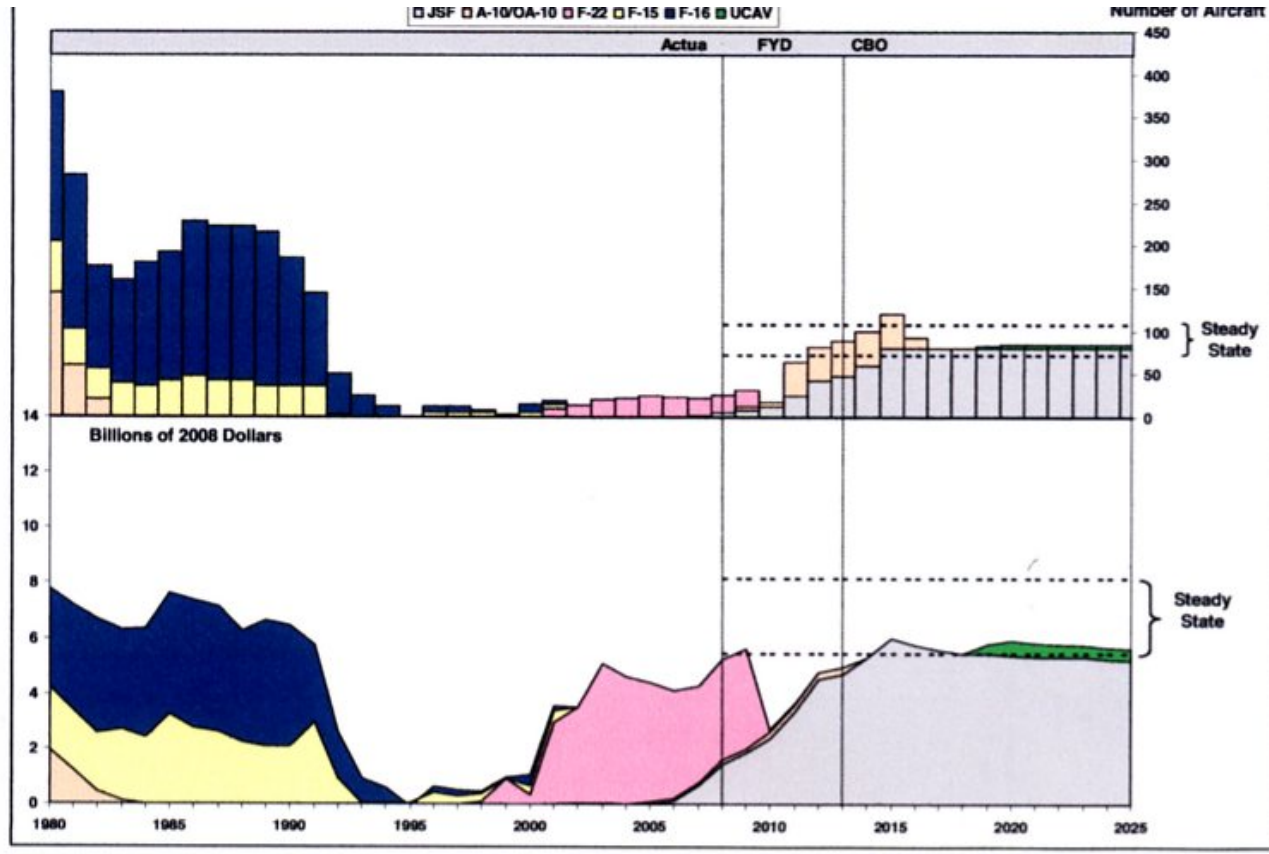
# Age & Inventory of Air Force Fighter & Attack Aircraft

(CBO Assessment of FY 2008 Defense Budget)



# Procurement of Air Force Fighter & Attack Aircraft

## CBO Assessment of FY 2008 Defense Budget



## Independent Assessments of JSF Cost and Schedule (GAO Assessments of Selected Weapon Programs, March 2008)

<b>Organization</b>	<b>Cost Impact</b>	<b>Schedule Impact</b>
<b>CAIG</b>	<b>+ \$ 5B for RDT&amp;E + \$ 33B for Procurement</b>	<b>12 Months Slip</b>
<b>NAVAIR</b>	<b>+ \$ 8B - 13B for RDT&amp;E or Tradeoffs Adding to Procurement Costs</b>	<b>19-27 Months Slip</b>
<b>DCMA</b>	<b>+ \$ 4.9B To Complete Lockheed Martin Development Contract</b>	<b>Up to 12 Months Slip</b>

# **NEEDED APPROACHES FOR SUCCESS**

- **Discipline the Existing Process**
  - Adhere to Directives
  - Realistic Budget Projections
  - Reward Good/Penalize Poor Performers
- **Demonstrate Technology Maturity before FSED**
  - Build and Test Prototypes of Systems & Subsystems
- **Restore In-House Technical Expertise**
  - Provide More Competent Oversight/Evaluation of Progress