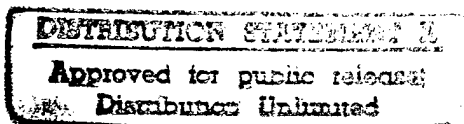


May 1997

Defense Acquisitions Issue Area Plan, Fiscal Years 1997-99



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Forward

The General Accounting Office's goal is to provide unbiased analysis and timely, accurate information for decisionmakers in the Congress and executive agencies. Our work results in such products as reports, briefings, and testimonies. The Defense Acquisitions issue area is 1 of 32 issues for which GAO periodically develops multiyear strategic plans.

Relying heavily on consultation with congressional committees, as well as with industry, academia, and agency officials and other experts knowledgeable of the issues, GAO develops strategic plans to ensure that GAO's limited resources are directed at the most important issues of concern to the Congress. For each issue area, GAO's strategic plan describes the significance of the issues, our objectives, and the focus of our work.

The Defense Acquisitions issue area covers programs of the Department of Defense (DOD), the individual military services, and other supporting defense agencies. It also is responsible for GAO's work on the National Aeronautics and Space Administration (NASA). Its work focuses on (1) the justification for new systems; (2) development and acquisition (or major modification) of weapon and space systems; (3) DOD's and NASA's budgeting for their procurement and research, development, test, and evaluation (RDT&E) accounts; (4) the management of the acquisition process, including acquisition reform initiatives and reductions in acquisition infrastructure; and (5) international collaboration and defense trade. The principal issues we cover are the

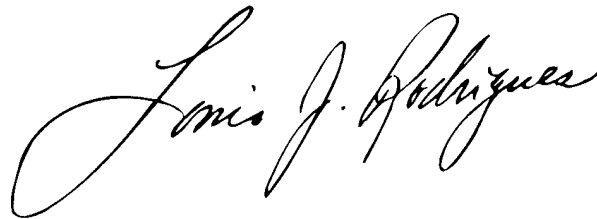
- adequacy of the justifications for systems selected for development or modification;
- efficient, effective, and economical acquisition of systems;
- assurance that funds budgeted for procurement and for research, development, test, and evaluation can be and should be spent as indicated;
- cost savings from acquisition reform initiatives and related infrastructure reductions; and
- the use of international collaboration to acquire weapons in the most cost-effective manner.

In the pages that follow, we describe our key planned work on these issues.

Because events may significantly affect even the best of plans, our planning process allows for updating the plan and responding quickly to

Forward

emerging issues. If you have any questions or suggestions about this plan, please call me at (202) 512-4841.

A handwritten signature in cursive script that reads "Louis J. Rodrigues". The signature is written in black ink and is positioned centrally on the page.

Louis J. Rodrigues
Director
Defense Acquisitions Issues

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Table I: Key Issues

Issue	Significance
Weapon and Space Systems Justification: Are DOD and NASA selecting for development only those systems and modifications that are adequately justified?	Many of the military systems that are in planning or under development were designed to counter a no longer existing Soviet threat. The notion of an all-out confrontation in Europe has given way to concerns over regional instabilities. In light of these changes, justifications for weapon systems must be revisited to determine whether the systems support a new strategy focused on regional instabilities and to ensure that the appropriate trade-offs are being made in the current constrained budget environment. NASA systems need to be considered in light of significant reductions in resources to achieve NASA's mission.
Weapon and Space Systems Acquisition: Are DOD and NASA ensuring that systems are being acquired in an efficient, effective, and economical manner?	Despite the many attempts at acquisition reform, significant problems continue to occur. Major commitments to systems are still made before adequate testing ensures that the systems will meet critical performance requirements. Costs for systems continue to escalate. Some recent systems have doubled in price. Schedules for the delivery of systems continue to slip. New reform initiatives are opening the door to government use of the best acquisition practices in the private sector. Use of these best practices can improve the acquisition process and help ensure that systems are acquired in the most efficient, effective, and economical manner.
Budget Analysis: Do acquisition-related budgets reflect current needs and should prior-year funds be rescinded?	Over \$150 billion was requested in fiscal years 1996 and 1997 for the acquisition of military systems and support items. Analyzing planned budgetary expenditures is necessary to identify those that are unnecessary and those that can and should be delayed.

Table I: Key Issues

Objectives	Focus of Work
<ul style="list-style-type: none">• Determine whether the justifications for new and modified systems are reasonable and logical and support the national military strategy.• Determine whether DOD, the services, and NASA have adequately considered meeting stated requirements through alternative uses of or modifications to current systems.• Assess whether accurate cost estimates, including estimates for operation and support costs, are being developed and used to determine which programs should be pursued and which systems best meet requirements within limited budgets.• Determine whether DOD, the services, and NASA have selected the lowest risk and least costly acquisition strategies consistent with the need for the planned system or modification.• Determine whether selected acquisition strategies commit the government to production before sufficient testing is accomplished.• Ensure that key milestone decisions in the acquisition process are timely and are adequately supported.• Identify whether technical problems identified during testing affect the system's capability and costs.• Determine whether the services and NASA are incorporating acquisition reform initiatives into their processes for acquiring new systems or modifying current systems.• Determine whether the services and NASA are using the best acquisition practices.• Identify items in current budget requests that should be considered for denial or reduction.• Identify prior-year appropriations that could be rescinded.	<ul style="list-style-type: none">• Justifications of major systems such as F-22, V-22, and F/A-18 E/F; directed energy weapons; precision-guided munitions; national and theater missile defense; the Navy's new arsenal ship; the new attack submarine; and DOD and NASA space systems.• Acquisition of major systems such as B-2, F-22, Joint Primary Aircraft Training System (JPATS), F-14, Comanche, F/A-18 E/F, Joint Strike Fighter, DOD and NASA space systems, Crusader, Navy systems to improve littoral warfare capability, and digitized battlefield systems.• Reviews of the procurement and research, development, test, and evaluation budget accounts for aircraft, C3I, ships, ground and DOD space systems, missiles, munitions, ballistic missile defense, defense agencies, and NASA systems.

Table I: Key Issues

Issue	Significance
Acquisition Management: Are DOD and NASA streamlining and improving their acquisition processes, practices, and infrastructure while ensuring public funds are properly spent?	The Federal Acquisition Streamlining Act and the Federal Acquisition Reform Act require GAO evaluations of several provisions' implementation across the federal government. In addition, DOD has underway numerous reengineering initiatives and pilot programs designed to further acquisition reform and is expecting to see reductions in the acquisition infrastructure. The success of these reform initiatives and reductions in infrastructure are intended to improve the way DOD buys its goods and services and provide DOD a major source of the future funding for its modernization program. At the same time, defense acquisition and DOD and NASA contract management remain high-risk areas for misuse of billions of dollars in public funds.
International Collaboration and Defense Trade: How can DOD take advantage of the international marketplace to safely acquire weapons in the most cost-effective manner?	Tightening budget pressures and changes in DOD's acquisition policies point to an increased role for international collaboration in weapons acquisition through co-development and production of major systems and buying and selling systems and components. International competitive pressures, including foreign government defense procurement policies, pose new challenges for U.S. companies and government policymakers. U.S. government responses to this complex international environment will be a major factor in safeguarding U.S. technological leadership and in influencing the health of the U.S. defense industry.

Table I: Key Issues

Objectives

- Evaluate the implementation of governmentwide acquisition reform legislation and the costs/benefits of new proposals.
- Identify best commercial acquisition practices that can be incorporated into the DOD and NASA acquisition processes.
- Determine whether the savings that have been estimated as a result of acquisition reform and acquisition infrastructure reductions are likely to materialize.
- Identify and report internal control weaknesses on individual systems and in the acquisition process that result in fraudulent, wasteful, or abusive practices in systems acquisitions.
- Assess DOD's efforts to utilize opportunities for international cooperation in the development and production of weapon systems.
- Examine changes in the international defense market and the U.S. government response and determine their impact on the competitiveness and capabilities of the U.S. defense industry and on U.S. trade policies.

Focus of Work

- Acquisition reform initiatives, such as the use of off-the-shelf and nondevelopmental technology, Federal Acquisition Streamlining Act evaluations, electronic commerce systems, high-risk area updates, use of task order contracts and research and development contracts as "pass throughs," evaluation of best acquisition practices and acquisition infrastructure adjustments, and the impact of defense industry restructuring.
- Consolidation of the European defense sector, cost savings realized by DOD from sales to non-DOD customers, recent practices in offset arrangements, and the medium extended-range air defense system (MEADS) co-development program.

Table II: Planned Major Work

Issue	Planned Major Job Starts
Weapon and space system justifications	<ul style="list-style-type: none"> — Navy's plans to develop an arsenal ship. — Precision-guided munitions acquisition. — Airborne laser boost phase intercept program.* — Sea-Based Theater Ballistic Missile Defense.* — Intratheater airlift requirements.* — Aircraft investments.* — Unmanned aerial vehicle requirements.
Weapon and space system acquisitions	<ul style="list-style-type: none"> — B-2 cost and performance.* — F-22 status.* — F-14 modernization programs.* — Joint Strike Fighter (JSF) progress.* — Joint Primary Aircraft Training System.* — Comanche Helicopter Program. — Joint direct attack munition.* — DOD's space plans, programs, and activities. — Army's Family of Medium Tactical Vehicles program. — Space station development, operational planning, and management. — Army's development of the digitized battlefield. — Navy's New Attack Submarine.* — Joint STARS.*
Budget analysis	<ul style="list-style-type: none"> — DOD's and NASA's fiscal year 1998 RDT&E and procurement budget requests for weapon and space systems and intelligence programs.*
Acquisition management	<ul style="list-style-type: none"> — Savings from acquisition reform.* — Potential savings from industry restructuring. — DOD's initiative to use commercial off-the-shelf and non-developmental item alternatives. — Federal Acquisition Streamlining Act effectiveness.* — DOD's use of multiple award task and delivery order contracts. — R&D contract pass throughs.* — Technology insertion/Advanced Concept Technology Demonstrations. — High-risk updates on defense and NASA. — FACNET.*
International collaboration and defense trade	<ul style="list-style-type: none"> — European defense consolidation. — Practices in offset arrangements. — Medium extended-range air defense system co-development program. — Realizing unit cost savings from weapons exports.* — U.S. benefits from international data exchange agreements.

*Ongoing assignments.

Table III: GAO Contacts

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