

Why GAO Did This Study

Since 2002, MDA has spent approximately \$98 billion and has requested \$38 billion more through fiscal year 2018 to develop, test, and field a system to defend against enemy ballistic missiles. The BMDs is comprised of a command and control system, sensors that identify incoming threats, and intercepting missiles. GAO is mandated by law to assess the extent to which MDA has achieved its acquisition goals and objectives, as reported to Congress through its acquisition baselines, and to report on other issues as appropriate. This report examines the agency's progress and any challenges in fiscal year 2013 associated with (1) developing, flight testing, and producing individual systems, which MDA refers to as BMDs elements; and (2) reporting resource and schedule baselines that support oversight. To support this effort, GAO examined MDA's acquisition and test reports, analyzed two of MDA's acquisition baselines—resource and schedule—to discern progress, and interviewed a wide range of DOD and contractor officials.

What GAO Recommends

GAO recommends (1) any changes to the SM-3 Block IB be flight tested before DOD approves full production; (2) retest the fielded GMD interceptor to demonstrate performance; and (3) improve the content of its schedule baselines. DOD partially concurred with the first, non-concurred with the second, and concurred with the third, stating that the production and testing decisions will be made using the proper DOD processes. GAO believes both recommendations are valid as discussed in this report.

View [GAO-14-351](#). For more information, contact Cristina Chaplain at (202) 512-4841 or chaplainc@gao.gov.

MISSILE DEFENSE

Mixed Progress in Achieving Acquisition Goals and Improving Accountability

What GAO Found

In fiscal year 2013, the Missile Defense Agency (MDA) made mixed progress in achieving its acquisition goals to develop, test, and produce elements of the Ballistic Missile Defense System (BMDS). For the first time, MDA conducted an operational flight test that involved warfighters from several combatant commands using multiple BMDS elements simultaneously. The agency also successfully conducted several developmental flight tests that demonstrated key capabilities and modifications made to resolve prior production issues. However, the Aegis BMD and Ground-based Midcourse Defense (GMD) continued to experience testing and development challenges.

- Aegis BMD—while the program successfully conducted three intercept flight tests with the Standard Missile (SM)-3 Block IB missile in support of a full production decision planned for fiscal year 2015, a missile failed during one of these tests. Although the cause of failure is not known, the program plans to move forward with missile production in 2014. The program is also determining whether a key component that is common with the already fielded SM-3 Block IA missile will need to be redesigned.
- GMD—although the program successfully conducted a non-intercept flight test of its upgraded interceptor, the program is nearing a seven year delay in completing its first successful intercept. Until this upgraded interceptor is demonstrated in an intercept test, expected to be conducted in the third quarter of fiscal year 2014, manufacturing and deliveries remain on hold. In July 2013, the GMD program also failed a flight test of its fielded interceptor. This flight test was designed to assess the fielded interceptor under more challenging conditions and to confirm design changes to resolve prior issues. MDA has not yet made a decision on how to proceed since the cause of failure has not been determined.

MDA has improved the clarity of its resource and schedule baselines since it first submitted them to Congress in 2010. However, issues with the content and presentation of these baselines continue to limit the usefulness of the information available to decision makers for oversight. First, as the agency is still in the process of improving the quality and comprehensiveness of the cost estimates that support its resource baselines, for the fourth year, GAO has found that MDA's cost estimates are unreliable. For example, MDA's 2013 cost estimates still do not include operations and support costs for military services which may significantly understate total costs. Congress has recently required MDA to include these costs in future acquisition baselines which may improve transparency. Second, MDA's schedule baselines are presented in a way that makes it difficult to assess progress. Specifically, MDA's 2013 schedule baselines include numerous events but provide very little information about them, making it difficult to understand what the events are and why they are important. Additionally, the 2013 schedule baselines do not compare the current event dates with previously reported dates, so decision makers cannot easily assess how the program is performing over time. Until MDA improves the quality and comprehensiveness of its cost estimates and the content of its schedule information, its baselines will not be useful for decision makers to gauge progress.