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Highlights

Highlights of [GAO-03-280](#), a report to Representative John F. Tierney

Why GAO Did This Study

In 1991, the Air Force began developing the F/A-22 aircraft with advanced features to make it less detectable to adversaries and capable of high speeds for long distances. After a history of program cost increases, Congress limited the cost of F/A-22 production to \$36.8 billion in 1997. Congress has remained interested in the potential cost of production. As requested, we (1) identified the latest production cost estimate and assessed the planned offsets from cost reduction plans, (2) identified areas where additional cost growth is likely to occur, and (3) determined the extent that DOD has informed Congress about production costs.

What GAO Recommends

GAO recommends that the Air Force fund production improvement programs at the planned level to maximize its potential for cost reductions. To help ensure proper congressional oversight, GAO recommends that DOD provide Congress with documentation (1) showing that the Air Force is funding production improvement programs as planned and (2) reflecting the potential cost of production if offsets are not achieved as planned and the aircraft quantity that can be procured with the cost limit. DOD did not concur with GAO's recommendations. GAO believes that DOD's position lessens the opportunity to create greater production efficiencies and better inform Congress.

www.gao.gov/cgi-bin/getrpt?GAO-03-280.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Allen Li at (202) 512-4841.

TACTICAL AIRCRAFT

DOD Needs to Better Inform Congress about Implications of Continuing F/A-22 Cost Growth

What GAO Found

The Department of Defense (DOD) has identified about \$18 billion in estimated production cost growth over the last 6 years. Even though the Air Force has designed cost reduction plans to offset a significant amount of this estimated cost growth, DOD still estimates that the cost of production will exceed the cost limit established by Congress in 1997. Furthermore, the Air Force has not fully funded certain cost reduction plans called production improvement programs (PIPs), and as a result, these PIPs may not achieve their estimated \$3.7 billion in offsets to cost growth.

In addition to the cost growth estimated by DOD, GAO identified areas where, in the future, F/A-22 production cost growth is likely to occur. First, the Office of the Secretary of Defense's current production cost estimate does not include about \$1.3 billion in costs that should be considered in future cost estimates. Second, schedule delays in developmental testing could delay the start of a multiyear contract designed to control costs. These delays could also result in additional costs owing to the expiration of an Air Force agreement with the contractor designed to help control production costs in fiscal year 2005. Last, other risk factors may increase future production costs, including the dependency of certain cost reduction plans on the availability of funding and a reduction in funding for support costs.

DOD has not fully informed Congress (1) about what the total cost of the production program could be if cost reduction plans do not offset cost growth as planned or (2) about the aircraft quantity that can be procured within the production cost limit. If the cost limit is maintained and estimated production costs continue to rise, the Air Force will likely have to procure fewer F/A-22s.



Source: U.S. Air Force.