

GAO Highlights

Highlights of [GAO-22-104344](#), a report to congressional committees

Why GAO Did This Study

Since 2002, MDA received over \$174 billion to develop a system-of-systems known as the Missile Defense System to detect, track, and defeat enemy missiles. GAO has long reported on MDA's progress in working to improve the system's costs, schedules, and performance.

Congress included provisions in legislation for GAO to assess MDA's progress toward meeting its acquisition goals. This report assesses the extent to which MDA's program and flight test cost (1) estimates align with GAO's leading practices for cost estimating and (2) information is transparent and traceable when reported to Congress. GAO reviewed MDA's cost estimates and baseline reporting for the seven most recently established programs, seven flight test cost estimates prepared under the newly established cost model, and flight test information in mandated reports to Congress. GAO also interviewed officials within DOD, MDA, and the military services.

What GAO Recommends

Congress should consider reviving MDA's semiannual requirement to report on flight test costs, and consider requiring clarification on MDA's flight test reporting methodology. GAO is making six new recommendations to DOD to help improve the completeness and accuracy of MDA's program and flight test cost estimates and reporting. DOD concurred with four recommendations but did not concur with two recommendations. GAO continues to believe the recommendations are valid, as discussed in the report.

View [GAO-22-104344](#). For more information, contact John D. Sawyer at (202) 512-4841 or SawyerJ@gao.gov.

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MISSILE DEFENSE

Addressing Cost Estimating and Reporting Shortfalls Could Improve Insight into Full Costs of Programs and Flight Tests

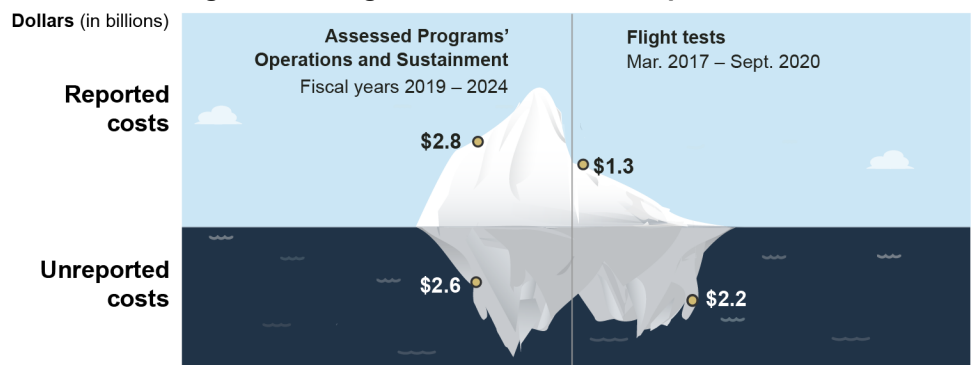
What GAO Found

The Department of Defense's (DOD) Missile Defense Agency (MDA) is continuing efforts to deliver systems to the warfighter that will protect against enemy missiles. However, shortfalls persist with MDA's program and flight test cost estimates and reporting.

Program cost estimates. MDA continues to omit the military services' operations and sustainment costs from the program life-cycle cost estimates, as depicted below. By omitting these costs, MDA limits decision-makers' insight into the full financial commitments needed for affordability and funding determinations. In the report, GAO outlines actions MDA can take to account for these costs consistent with a 2013 recommendation with which DOD partially concurred.

Flight test cost estimates. Accuracy issues linger with MDA's flight test cost estimates that could skew the agency's annual \$1.3 billion funding request, such as not being regularly updated with actual costs. However, MDA is taking steps to improve these cost estimates by using a new cost model, among other things.

Some MDA Program and Flight Test Costs Are Unreported



Source: GAO analysis of Missile Defense Agency (MDA) data. | GAO-22-104344

Program cost reporting. MDA continues to adjust program baselines without clear traceability over time. MDA also forgoes recurrent comparisons to the original baseline. Such adjustments and omissions impede decision-makers' awareness of each program's cost performance and total system cost. In the report, GAO notes actions MDA can take to address the traceability of program baselines consistent with a 2013 recommendation with which DOD concurred.

Flight test cost reporting. Congress required MDA to report on flight test costs, but we found the information lacking due to the agency's reporting methodology. MDA only accounted for about \$1.3 billion of at least \$3.5 billion in funding the agency requested for flight testing between March 2017 and September 2020. Moreover, the reporting requirement ended in December 2021. Without further reporting on complete flight test costs, Congress does not have information needed to facilitate holding the agency accountable for its spending.