

Written by Administrator
Friday, 02 April 2010 00:00

On March 30, 2010 the Government Accountability Office (GAO) issued its annual “Assessment of Selected Weapon Programs” ([GAO-10-388SP](#)). The report, a 173-page tome, discussed the current status of 70 different major defense programs. It focused on technological maturity at three different points in the program lifecycle and discussed the current cost, schedule, and technical challenges of each program.

Overall, GAO made the following key points:

- A majority of programs changed key systems requirements after

Written by Administrator
Friday, 02 April 2010 00:00

development start. Only a few programs reported holding configuration steering boards to review requirements changes, significant technical changes, or de-scoping options in 2009.

- Many programs are at risk for cost growth and schedule delays because of software development issues.
- Programs' reliance on nongovernmental personnel continues to increase in order to make up for shortfalls in government personnel and capabilities.

Looking at the individual programs, GAO made some interesting observations. We are (obviously) not going to repeat all of them, but the following comments caught our eyes:

- EA-18G "Growler" – The report detailed a difference of opinion between the Navy and DOD's Director of Operational Test & Evaluation (DOT&E). The Navy found the Growler to be both "operationally suitable and operationally effective" while DOT&E found the aircraft "to be operationally effective for most missions and not operationally suitable." The issue seem

ed

to be the “poor reliability of the ALQ-99 jamming pod” plus issues with simultaneous operation of the active electronically scanned array (AESA) radar and the airborne electronic attack suite.

- Joint Air-to-Surface Standoff Missile (JASSM) – The report stated that the program “has a history of cost growth, due primarily to reliability issues” and that the program “experienced a Nunn-McCurdy unit cost breach” in 2007 and was restructured in 2008. In 2009, “the Air Force stopped accepting delivery of ... missiles and delayed negotiations ... after 4 out of 10 missiles failed during flight tests” GAO noted that “recent Lot 5 test results raised concerns about the maturity and quality of the program’s manufacturing process. Independent reviews have found that JASSM’s reliability issues are primarily driven by supplier quality control problems.”

- Space Based Infrared System (SBIRS) High – GAO reported that this satellite program “continues to experience setbacks that could add to cost overruns and schedule delays. All three of the program’s critical technologies are mature and 99 percent of the expected drawings are releasable. However, program costs continue to increase due to software development problems, hardware quality issues, and testing delays on the first GEO satellite. Unplanned work continues to be a challenge for the software development effort. The program also recently discovered hardware defects on the first GEO satellite.” GAO reported that “The SBIRS High program remains at high risk for cost and schedule growth. DCMA is currently projecting over \$245 million in cost overrun from the current baseline at contract completion. This amount has more than doubled in the past year and

Written by Administrator
Friday, 02 April 2010 00:00

continues to steadily grow. In December 2009, program officials began coordination to rebaseline

the program to more realistic cost and schedule goals. Air Force officials expect the rebaselining

effort to take about 9 months, and be completed in mid-to-late 2010. Additional contractor cost increases and schedule delays are expected due in part to hardware rework on the first satellite, continued difficulty with the flight software development, and delays in integration and test activities. The program's management reserve— funds set aside to address unanticipated problems— will likely be depleted before the first GEO satellite launches, and additional funding could be required if future problems occur. Additional schedule delays could also occur since meeting current launch estimates depends on the results of system-level integration tests.

”

- Virginia-Class Submarine (SSN 774) – GAO reported that “The Navy has identified extensive quality assurance problems at one of the Virginia-class shipyards. These problems include multiple contractor errors on Virginia-class submarines, the most recent of which involved the installation of weapons loading systems. Navy officials reported that the error in the weapons loading system installation does not affect deployed submarines. The Navy continues to investigate the extent of the quality assurance problems and the potential cost and schedule implications.”

Written by Administrator
Friday, 02 April 2010 00:00

Meanwhile, InsideDefense.com recently reported that the ATIRCM/CMWS program (which is intended to protect Army helicopters against infrared-guided missile threats) has breached its Nunn-McCurdy thresholds. It did so not because of technology maturity issues, requirements changes, or contractor quality problems. It did so because last year the program was restructured into three subprograms, one of which experienced cost growth. (We previously discussed

Nunn-McCurdy limits in

[this article](#)

.)

According to InsideDefense.com, “The original ATIRCM objective was 3,400; the decision to slash the buy to just 208 amounted to a 93 percent cut—a change that drove the unit cost into ‘critical’ Nunn-McCurdy breach territory.”

In addition, that same source reported that a “major satellite program” also breached Nunn-McCurdy thresholds, “forcing the Defense Department to choose between killing the program or

certifying to Congress that it must continue.”

The InsideDefense.com article reports that the Wideband Global Satellite (WGS) program “has increased by more than 25 percent over the current baseline, exceeding the Nunn-McCurdy law’s critical unit

Written by Administrator
Friday, 02 April 2010 00:00

cost threshold.” Air Force Secretary Michael Donley reported told Congress in a letter that the breach stemmed from “production breaks [of a two -year duration] and new plans to buy two more satellites.” Donley also “stresses the first three satellites had ‘an artificially low cost’.”

According to the article, “an industry source said the contractor, not the government, eats cost increases when they occur” under the program’s fixed-price contract type. However, we can speculate that it is possible for the contractor to insist on “get-well” funds if the customer wants to purchase new, unplanned, satellites (as is the case here)—in a manner similar to how Boeing [insisted](#) on certain terms and conditions related to its Air Force launch contracts.

Finally, InsideDefense.com also reported recent remarks by Dr.

Written by Administrator
Friday, 02 April 2010 00:00

Ashton Carter (USD, AT&L) regarding the Pentagon's troubled programs. When asked about other DOD programs that warrant similar [scrutiny](#) as that applied to the Joint Strike Fighter, the site reported Dr. Carter's remarks as follows—

I don't know where to start. There are so many. There are too many programs that resemble the Joint Strike Fighter in the sense that they are not performing in the way that they said they were going to and that we expected. There are lots of reasons for that. It's obviously very troubling to me.

We have posted over and over again on the importance of meeting program expectations in the current budgetary environment. These various reports indicate that there is still room for improvement.

GAO Discusses Key DOD Programs; DOD Gets Ready to Report Nunn-McCurdy Breaches to Congress

Written by Administrator
Friday, 02 April 2010 00:00
