

STATEMENT OF
WALTON H. SHELEY, JR., DIRECTOR
MISSION ANALYSIS AND SYSTEMS ACQUISITION DIVISION

Mr. Chairman and Members:

I am pleased to be here today to discuss GAO's efforts in the weapon systems development and acquisition area. I will discuss the cost and cost growth of major programs; issues from studies of major weapon programs we recently forwarded to the Congress; studies we are doing in the area of cost estimating, joint service programs, and test and evaluation in systems acquisition; two of Defense's acquisition Improvement initiatives--amendment of Cost Accounting Standard 409 and multiyear contracting; and Executive Order 12352 outlining the President's mandate for procurement reform.

COST AND COST GROWTH

Each year, for the past several years, we have issued a report on the financial status of major defense and civil acquisitions. For our forthcoming status report, agencies supplied data on 443 active civil and defense acquisitions with a total estimated cost at completion of \$832 billion. Preliminary analysis of the data shows that, depending on when one begins to measure, the cost growth for these major acquisitions ranges between \$434 billion and \$324 billion. The difference depends on whether you measure from initial estimates that the Congress used to base its first approval or