



# Selected Acquisition Reports

**As of September 1999**

The Department of Defense has released details on major defense acquisition program cost and schedule changes since the June 1999 reporting period. This information is based on the Selected Acquisition Reports (SAR) submitted to the Congress for the Sept. 30, 1999, reporting period.

SARs summarize the latest estimates of cost, schedule, and technical status. These reports are prepared annually in conjunction with the President's budget. Subsequent quarterly exception reports are required only for those programs experiencing unit cost increases of at least 15 percent or schedule delays of at least six months. Quarterly SARs are also submitted for initial reports, final reports, and for programs that are re-baselined at major milestone decisions.

The total program cost estimates provided in the SARs include research and development, procurement, military construction, and acquisition-related operation and maintenance. Total program costs reflect actual costs to date as well as anticipated costs for future efforts. All estimates include allowances for anticipated inflation.

The current estimate of program acquisition costs for programs covered by SARs for the prior reporting period (June 1999) was \$706,935.6 million. After adding the costs for one new program, Navy Theater Wide in June 1999, the adjusted current estimate of program acquisition costs was \$711,399.9 million. There was a net cost decrease of \$1,250.5 million during the current reporting period (September 1999). The cost changes between June 1999 and September 1999 are summarized below:

	<b>Current Estimate</b>
	<b>(\$ in Millions)</b>
<b>June 1999 (71 programs*)</b> . . . . .	<b>\$706,935.6</b>
Plus one new program, NTW (Navy Theater Wide) . . . . .	+4,464.3
<b>June 1999 Adjusted (72 programs*)</b> . . . . .	<b>\$711,399.9</b>
<i>*Excludes classified costs for the Air Force's MILSTAR program.</i>	
 <b>Changes Since Last Report</b>	
Economic . . . . .	\$+5.8
Quantity . . . . .	-1,332.3
Schedule . . . . .	+4.1
Engineering . . . . .	-0.4
Estimating . . . . .	+67.1
Other . . . . .	.0
Support . . . . .	+5.2
Net Cost Change . . . . .	\$-1,250.5
 <b>September 1999 (72 programs*)</b> . . . . .	 <b>\$ 710,149.4</b>

For the September 1999 reporting period, there were quarterly exception reports submitted for 13 programs. The Air Force's AEHF (Advanced Extremely High Frequency) was the only program reporting for the first time; however, SBIRS Low (Space Based Infrared System – Low) was added as a new component to an existing SAR program. For the remaining 12 programs, there was a net decrease of \$1,250.5 million (-0.8%),

due primarily to a quantity reduction in the Navy's JSOW (Joint Standoff Weapon) Unitary variant. Details of the changes for these 12 programs are as follows:

### Army

**ATACMS-BAT (Army Tactical Missile System)** – The SAR was submitted to report a 14-month slip in the completion of developmental test (DT)/operational test (OT) from April 1999 to June 2000. During developmental testing (DT-1 and DT-2), test anomalies occurred; therefore, an additional DT flight (DT-3) is planned for June 2000. Program costs increased \$3.9 million (+0.06%) from \$6,252.6 million to \$6,256.5 million, due primarily to reflect revised estimates for negotiated costs of the BAT production contract. The increases were partially offset by a quantity reduction of 116 BAT submunitions from 19,554 to 19,438.

**BRADLEY UPGRADE (Fighting Vehicle)** – The SAR was submitted to report a schedule slip in the start of Initial Operational Test and Evaluation (IOT&E) from September 1999 to August 2000 to allow integration of Embedded Battle Command (EBC) software prior to testing. No cost changes were reported; however, the Army is evaluating the impact of this slip.

**MLRS UPGRADE (Multiple Launch Rocket System)** – The SAR was submitted to report a delay in the start of operational test (OT) from January 1999 to September 2001 to reflect a restructure in the M270A1 test program. The Army is evaluating the cost impacts of this slip and will report any increases in future SARs. Other program costs increased \$0.6 million (+0.01%) from \$4,933.9 million to \$4,934.5 million, due primarily to FY1999 reprogrammings.

*\*Excludes classified costs for the Air Force's MILSTAR program.*

**SMART-T (Secure Mobile Anti-Jam Reliable Tactical - Terminal)** – The SAR was submitted to report schedule delays of more than six months associated with the failed launch of the MILSTAR Flight-3 satellite. Specifically, the Medium Data Rate (MDR) follow-on test and evaluation (FOT&E) slipped from October 1999 to October 2000. A functional MDR Satellite is required to perform SMART-T FOT&E, and the next launch is scheduled for May 2000. The Army is evaluating the cost impacts of this slip and will report any increases in future SARs. Other program costs decreased \$2.1 million (-0.3%) from \$764.2 million to \$762.1 million, due primarily to a quantity decrease of two terminals from 320 to 318.

### Navy

**AV-8B REMANUFACTURE (Harrier II)** – The SAR was submitted to report a delay in the Navy Support Date from March 1999 to October 2002, due to procurement restructuring caused by budget cuts. No cost changes were reported.

**DDG 51 (Guided Missile Destroyer)** – The SAR was submitted to report a rescheduling of Initial Operational Capability (IOC) for the first Flight IIA ship (DDG-79) from October 2000 to October 2001. This 12-month revision is required primarily because of complexities associated with the Flight IIA design/construction, and introduction of major combat systems and ship performance improvements. No cost changes were reported.

**JSOW (Joint Standoff Weapon)** – The SAR was submitted to report a restructured JSOW Unitary program, which resulted in schedule delays of greater than six months. Specifically, the start of System Flight Test slipped from January 1999 to January 2001. Program costs decreased \$1,268.0 million (-17.4%) from \$7,285.3 million to \$6,017.3 million, due primarily to a quantity reduction of 4,800 Unitary variants from 7,800 to 3,000 weapons.

**LPD 17 (Amphibious Assault Ship)** – The SAR was submitted to report an expected 10-month schedule slip in Lead Ship Delivery from November 2002 to September 2003, and slips in other related milestones.

The lead ship schedule slip was caused by difficulties with and lack of progress on the detail design effort. There were no net cost changes reported as a result of the schedule delay.

### Air Force

**B-1 CMUP (Conventional Mission Upgrade Program)** – The SAR was submitted to report schedule slips of greater than six months to the Computer Upgrade and Defensive System Upgrade (DSUP) programs. The Avionics Flight Software (AFS) development for the Computer Upgrade program slipped 8½ months. This delay is needed to assure mature software is available at start of Flight Test in March 2000. The late delivery of government-furnished equipment (GFE) from the Navy’s Integrated Defensive Electronic Countermeasures (IDECM) will cause an 11-month slip to the completion of DSUP Engineering and Manufacturing Development (EMD). The full rate production decision (Milestone III) will be delayed from April 2002 to March 2003. Program costs increased \$45.7 million (+2.2%) from \$2,117.0 million to \$2,162.7 million, due primarily to the 8½-month AFS development schedule slip.

**JASSM (Joint Air-to-Surface Standoff Missile)** – The SAR was submitted to report the extension of Engineering and Manufacturing Development (EMD) by 10 months. The Teledyne engine development/modification process is progressing at a pace slower than planned due to bearing, digital fuel control, and compressor design issues. Also, several key subcontractors are delivering items late due to configuration changes made by Lockheed Martin. Lastly, two unplanned development flight tests are required because of design changes. No cost changes were reported.

**SBIRS (Space Based Infrared System)** – The SAR was submitted to incorporate SBIRS Low, which was approved for Program Definition and Risk Reduction (PDRR) in August 1999. This represents a new SBIRS component and is reported below under New SARs.

### DoD

**PATRIOT PAC-3 (Patriot Advanced Capability)**— The SAR was submitted to report schedule delays of greater than six months in the Configuration 3 Ground System Testing due to software maturity issues. Potential cost impacts from this slip are being evaluated and will be reported in future SARs. Other program costs decreased \$2.5 million (-0.03%) from \$7,778.3 million to \$7,775.8 million, due primarily to budget reductions.

### New SARs (As of Sept. 30, 1999)

The Department of Defense has submitted an initial SAR for one new program, Advanced Extremely High Frequency (AEHF), and for one new component of an existing SAR, Space Based Infrared System – Low (SBIRS Low). These reports do not represent cost growth. The baselines established on these programs will be the points from which future changes will be measured. The current cost estimates are provided below:

Program	Current Estimate (\$ in Millions)
AEHF (Advanced Extremely High Frequency) . . . . .	\$2,690.6*
SBIRS Low (Space Based Infrared System - Low) . . . . .	4,223.2
Total . . . . .	\$6,913.8

\* Pre-Milestone II program reporting development (RDT&E) costs only, in accordance with the provisions of Section 2432, Title 10, United States Code.

**Editor’s Note:** This information is in the public domain at <http://www.defenselink.mil/news>.