



# Selected Acquisition Reports

## From September 2002

The Department of Defense has released details on major defense acquisition program cost and schedule changes since the June 2002 reporting period. This information is based on the Selected Acquisition Reports (SARs) submitted to the Congress for the Sept. 30, 2002, 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 rebaselined 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 (except for pre-Milestone B programs which are limited to development costs pursuant to 10 USC §2432). Total program costs reflect actual costs to date as well as future anticipated costs. All estimates include anticipated inflation allowances.

The current estimate of program acquisition costs for programs covered by SARs for the prior reporting period (June 2002) was

\$1,118,668.7 million. After subtracting the completed legacy portion of NAVSTAR Global Positioning System (GPS), the adjusted current estimate of program acquisition costs was \$1,110,336.3 million. There was a net cost increase of \$1,383.2 million or 0.1 percent during the current reporting period (September 2002). This increase was due primarily to higher Evolved Expendable Launch Vehicle (EELV) launch service costs resulting from payload weight growth and revised life cycle cost estimates for National Polar-Orbiting Operational Environmental Satellite System (NPOESS). The cost changes between June 2002 and September 2002 are summarized below:

	Current Estimate (\$ in Millions)
June 2002 (70 programs) . . . . .	\$1,118,668.7
Less completed Legacy portion of NAVSTAR GPS . . . . .	-8,332.4
June 2002 Adjusted (70 programs) . . . . .	\$1,110,336.3
Changes Since Last Report:	
Economic . . . . .	\$ 0.0
Quantity . . . . .	0.0
Schedule . . . . .	+80.3
Engineering . . . . .	+7.5
Estimating . . . . .	+1,291.0
Other . . . . .	0.0
Support . . . . .	+4.4
Net Cost Change . . . . .	\$ +1,383.2
Plus initial acquisition-related operation and maintenance . . . . .	+463.6
cost estimates for NPOESS (National Polar-Orbiting Operational Environmental Satellite System); previous reports limited to development cost per 10 USC §2432	
September 2002 (70 programs) . . . . .	\$ 1,112,183.1

For the September 2002 reporting period, there were quarterly exception SARs submitted for seven programs. The Navy's Future Aircraft Carrier (CVNX) program is reporting a schedule delay of six months or more. The Air Force's Evolved Expendable Launch Vehicle (EELV), NAVSTAR GPS, and Joint Air-to-Surface Standoff Missile (JASSM) programs are also reporting schedule delays of six months or more. Initial reports are being submitted for the Army's Joint Tactical Radio System (JTRS) Cluster 1 and JTRS Waveform programs following approval of System Development and Demonstration (Milestone B) in June 2002. Finally, the Air Force's National Polar-Orbiting Operational Environmental Satellite System (NPOESS) program is rebaselining the SAR from a Planning Estimate to a Production Estimate to reflect approval of Acquisition and Operations (Key Decision Point C) in August 2002. Details of the changes for these seven programs are as follows:

#### **Army**

**JTRS (Joint Tactical Radio System) Cluster 1**—An initial SAR was submitted for the JTRS Cluster 1 following approval of System Development and Demonstration (Milestone B) in June 2002.

**JTRS (Joint Tactical Radio System) Waveform**—An initial SAR was submitted for the JTRS Waveform following approval of System Development and Demonstration (Milestone B) in June 2002.

#### **Navy**

**CVNX (Future Aircraft Carrier)**—The SAR was submitted to report a schedule slip of 12 months (from February 2002 to February 2003)

in the Early Operational Assessment (EOA), and a slip of five months (from September 2002 to February 2003) in the start of system development and demonstration (Milestone B) due to a delay in the approval of the Operational Requirements Document (ORD). Validation of the ORD is in process. There were no cost changes reported.

#### **Air Force**

**EELV (Evolved Expendable Launch Vehicle)**—The SAR was submitted to report a schedule slip of 10 months (from July 2003 to May 2004) to the planned heavy launch vehicle first operational flight. The delay is due to payload scheduling issues and does not represent an issue with the launch vehicles. Program costs increased \$529.4 million (+2.9 percent) from \$18,385.1 million to \$18,914.5 million, due primarily to a launch service adjustments associated with payload weight growth. That is, several satellites that EELV will launch have experienced weight growth which will require larger launch vehicles.

**JASSM (Joint Air-to-Surface Standoff Missile)**—The SAR was submitted to report a schedule slip of nine months (from December 2003 to September 2004) to the estimated F-16 required assets available milestone. This delay was due to a slip in release of the software tape for the F-16 operational flight profile schedule. Program costs increased \$43.6 million (+1.4 percent) from \$3,119.6 million to \$3,163.2 million, due primarily to additional Navy funding required to integrate JASSM on the F/A-18 E/F.

**NAVSTAR Global Positioning System (GPS)**—The SAR was submitted to report a schedule slip of 14 months (from May 2003 to July 2004) in the first launch of the Block IIR satellite modernization. The primary causes for the delay were: (1) difficulties with signal processing discovered late in the hardware layout and testing process, and (2) scale-up of the two power supply assemblies proved more time consuming than had been anticipated. Program costs decreased \$25.4 million (-0.4 percent) from \$5,962.6 million to \$5,937.2 million, due primarily to a transfer of funding from the modernized to the legacy satellite efforts.

**NPOESS (National Polar-Orbiting Operational Environmental Satellite System)**—The SAR was submitted to rebaseline the program from a planning to a production estimate following approval of Acquisition and Operations Key Decision Point C on Aug. 22, 2002. Previously, the NPOESS SAR was limited to development costs only (per 10 USC §2432). Program costs increased \$835.6 million from \$5,366.5 million to \$6,202.1 million, due primarily to a revised life cycle cost estimate based on the shared system performance responsibility contract. Adding in the \$463.6 million of acquisition-related operation and maintenance costs (not previously reported in the development-only SAR) brings the total current estimate for NPOESS to \$6,665.7 million.

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