

Cost and time overruns in Major Defense Acquisition Programs (MDAPs)

David Berteau, Director
Defense-Industrial Initiatives Group
Center for Strategic and International Studies

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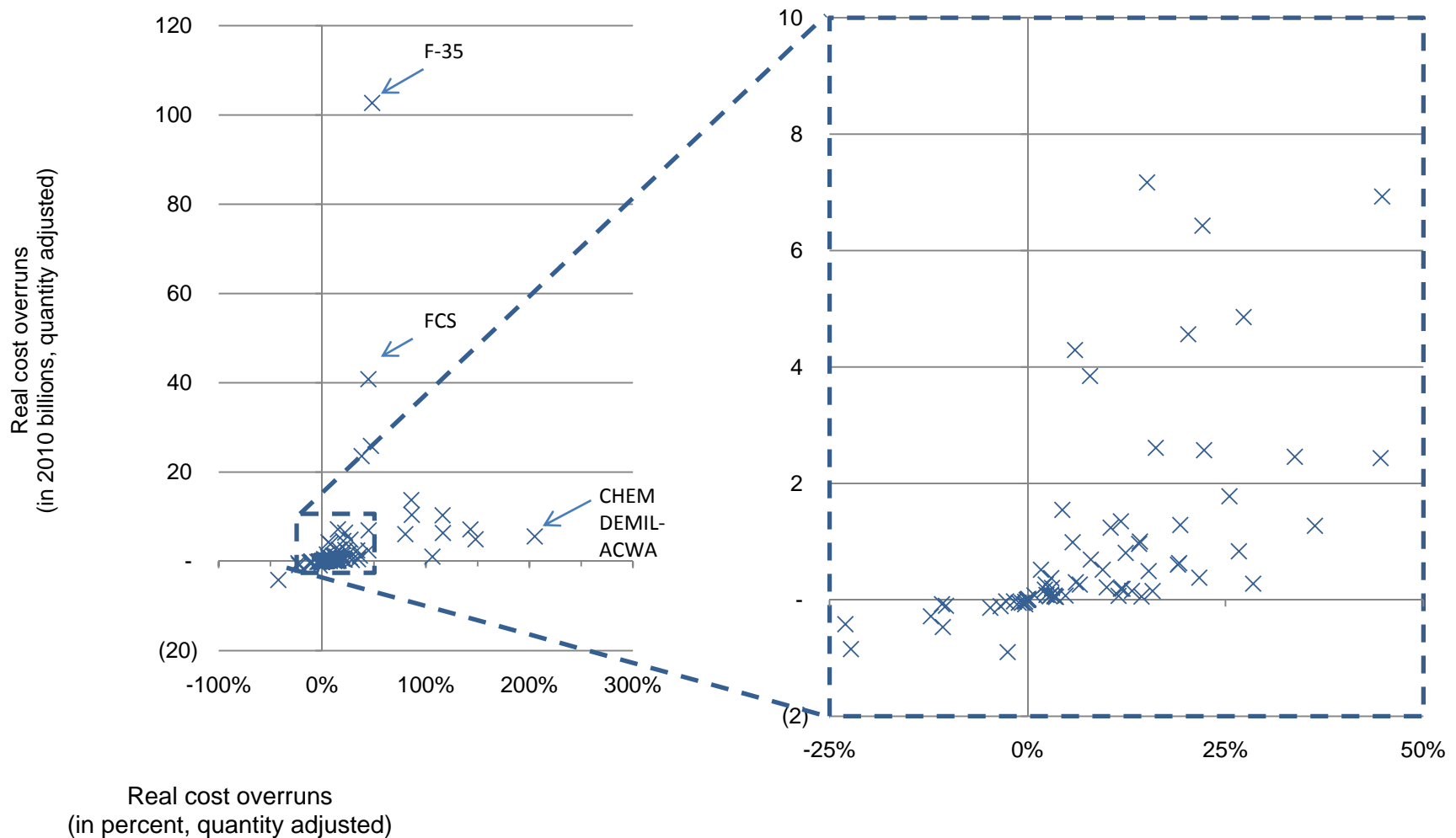
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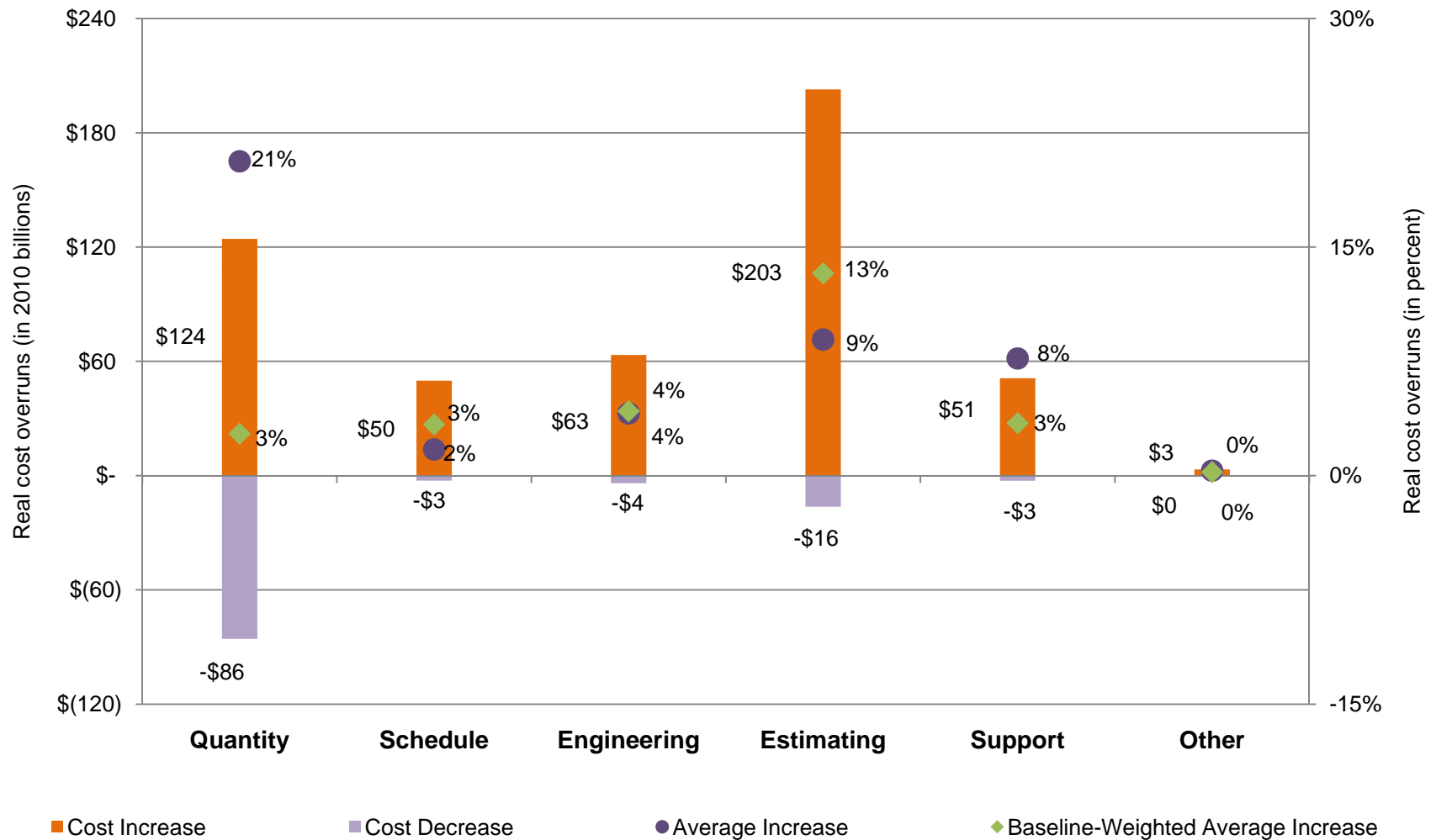
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Relative cost growth versus absolute cost growth



Note: The sample includes 92 FY2010 MDAPs with a baseline estimate beyond Milestone B in the June 2010 SAR as well as twelve additional cancelled programs, notably including the Future Combat System (FCS).
 Source: Selected Acquisition Reports; analysis by CSIS Defense-Industrial Initiatives Group

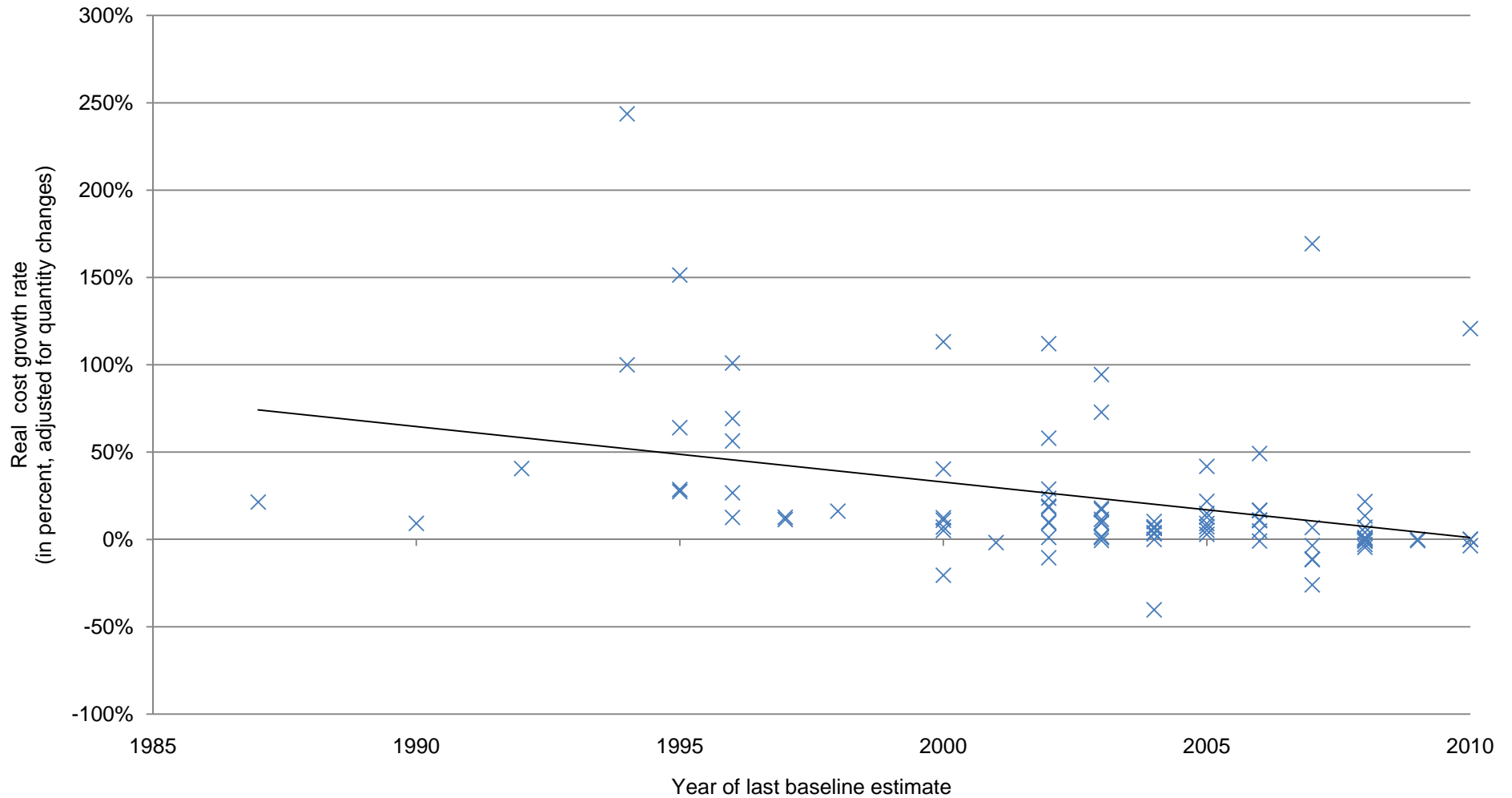
Functional reasons for cost growth



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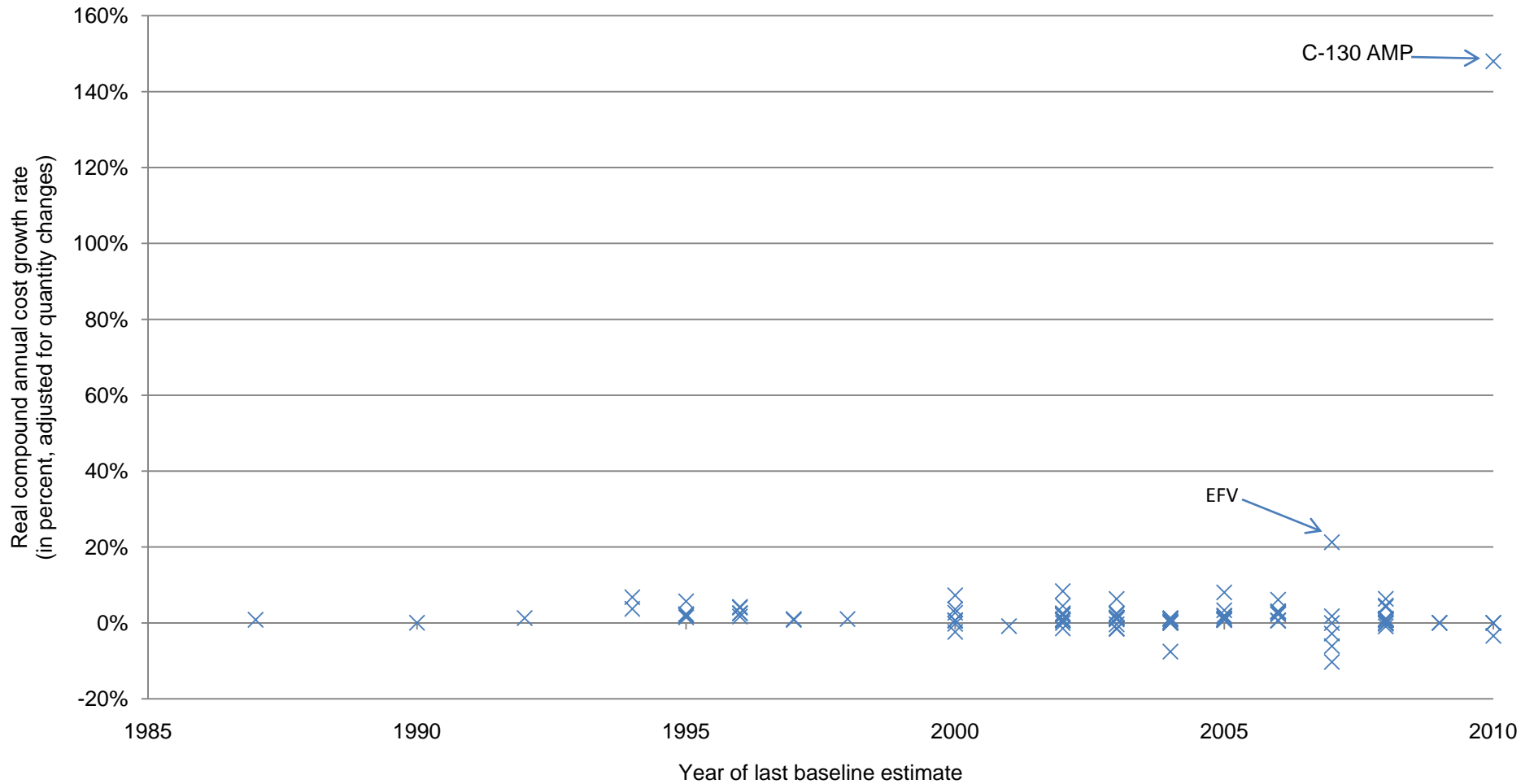
Time-cost correlation (% Change)



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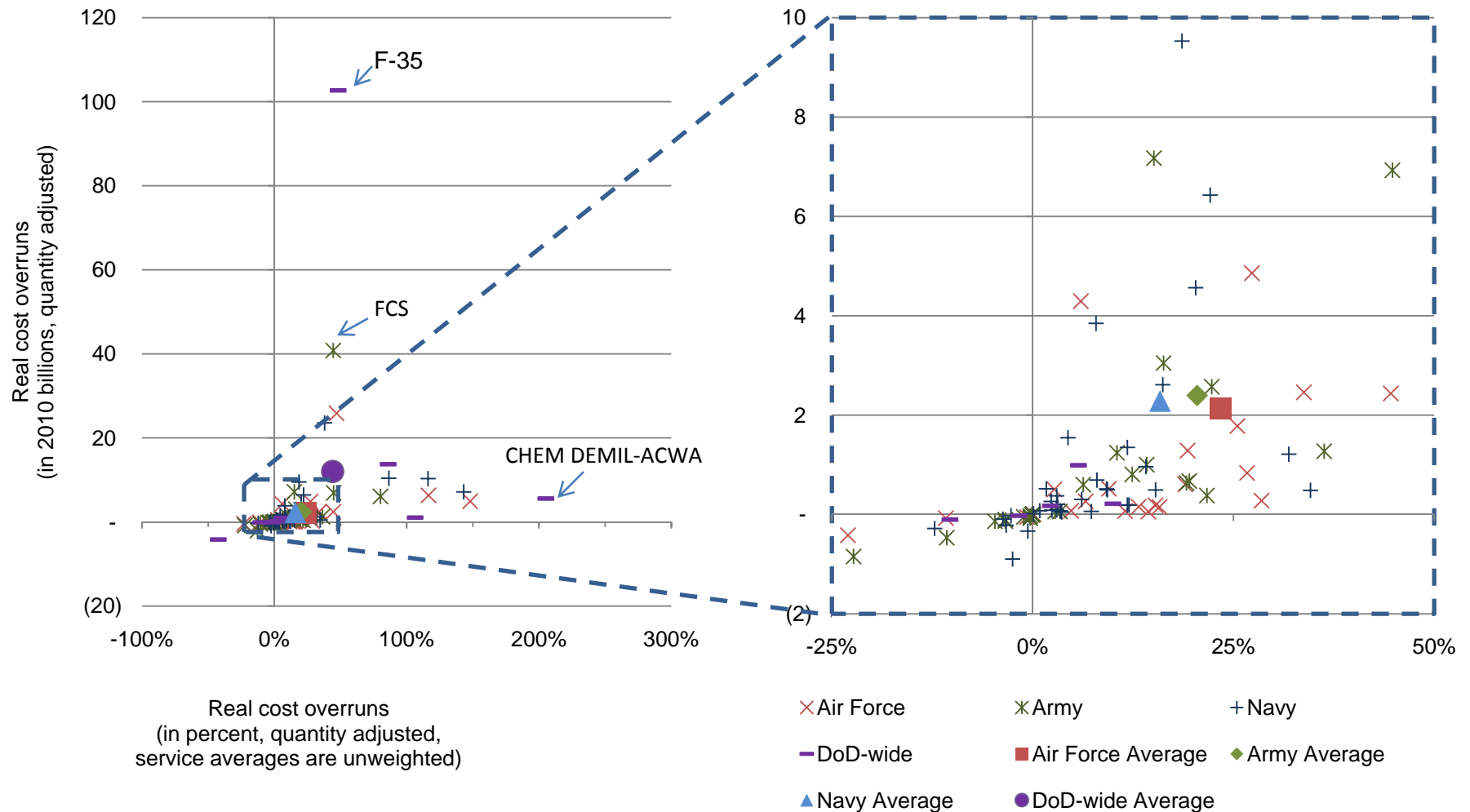
Time-cost correlation (Compound Annual Growth Rate)



Note: The sample includes 92 FY2010 MDAPs with a baseline estimate beyond Milestone B in the June 2010 SAR as well as twelve additional cancelled programs, notably including the Future Combat System (FCS). WIN-T Increment 2 was changed baseline years in 2010, but the compound annual growth rate was calculated as if the change happened in 2009.

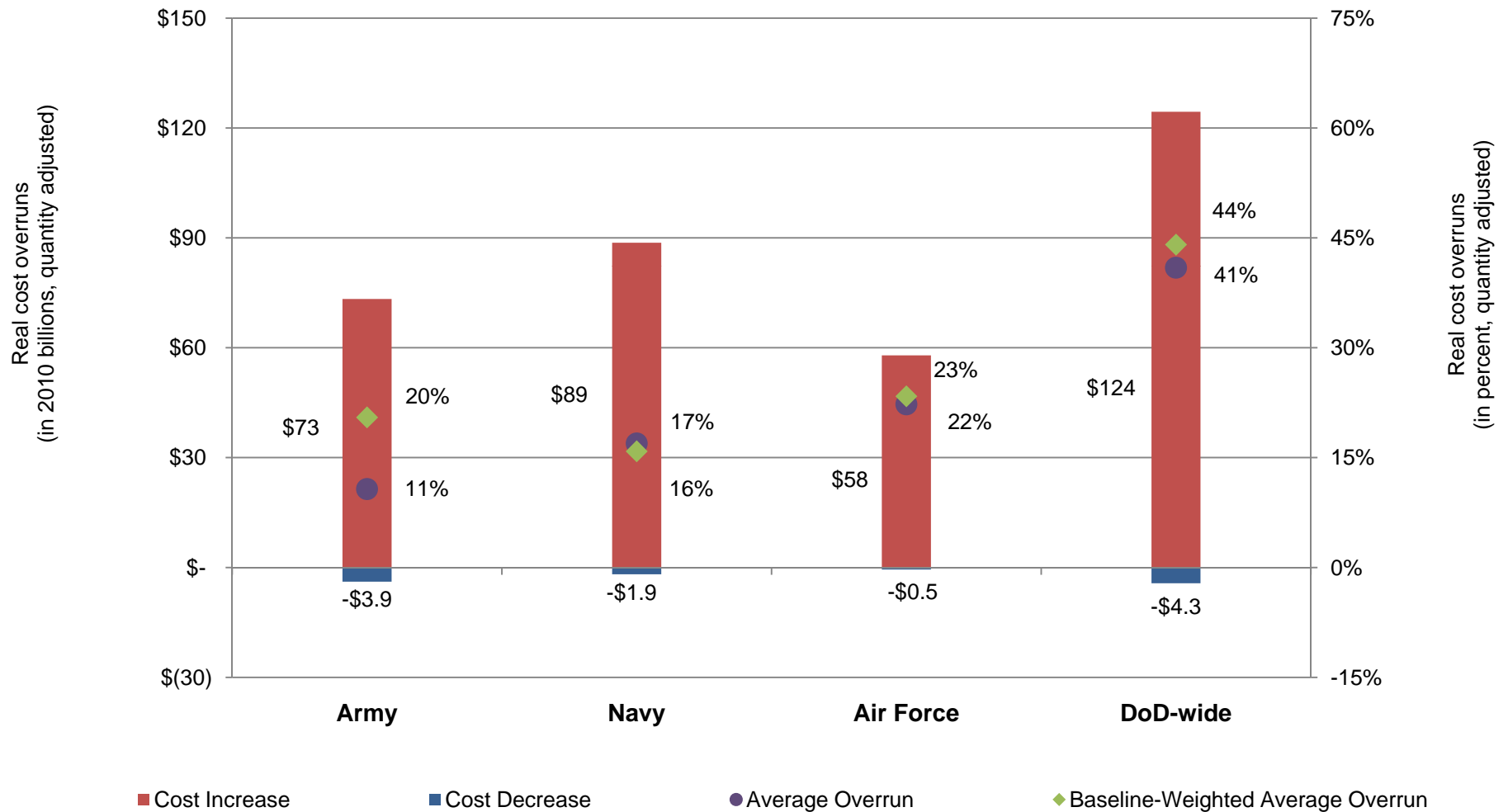
Source: Selected Acquisition Reports; analysis by CSIS Defense-Industrial Initiatives Group

Cost overruns by lead service (I)



Note: The sample includes 92 FY2010 MDAPs with a baseline estimate beyond Milestone B in the June 2010 SAR as well as twelve additional cancelled programs, notably including the Future Combat System (FCS).
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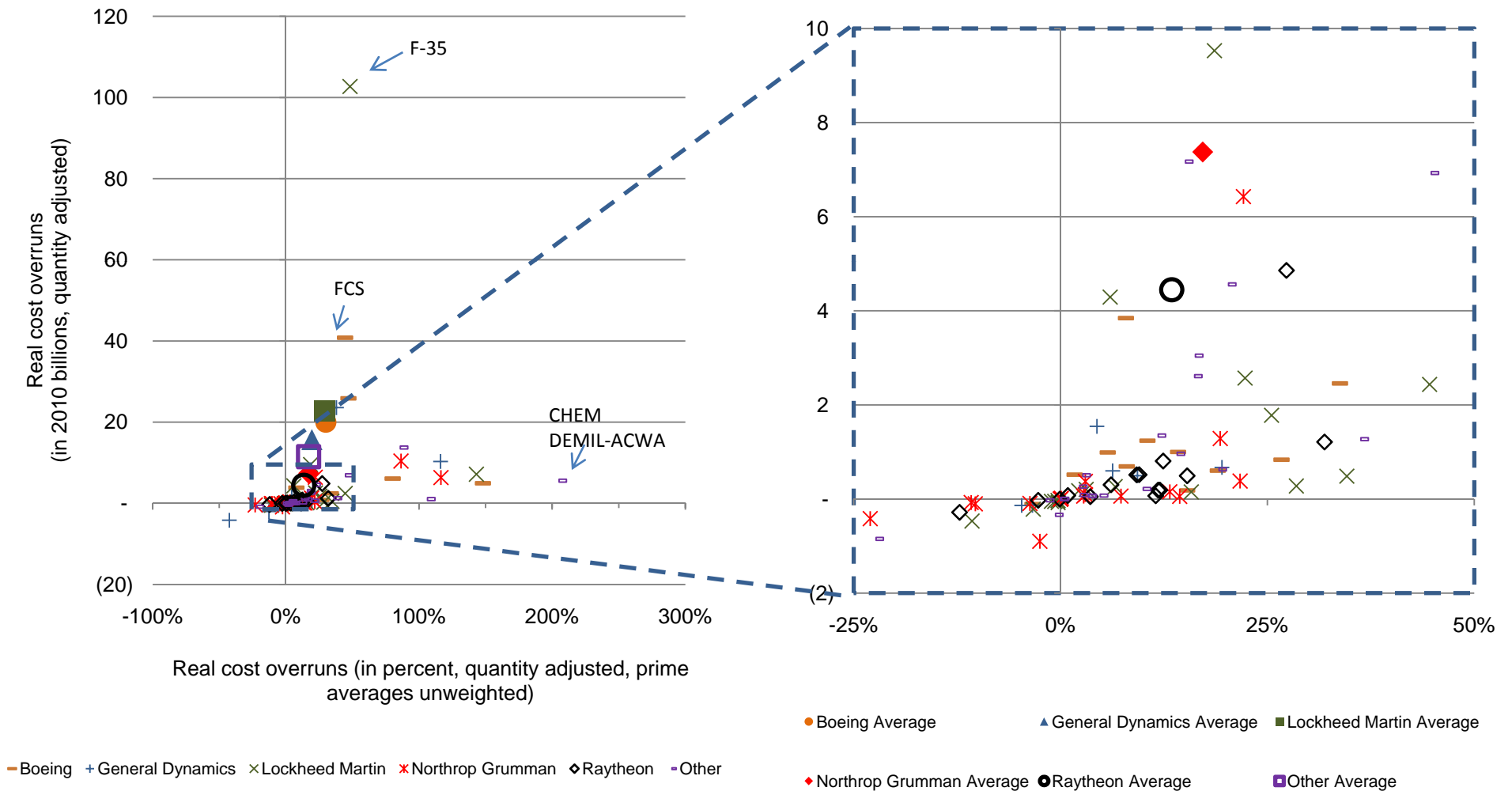
Cost overruns by lead service (II)



Note: The sample includes 92 FY2010 MDAPs with a baseline estimate beyond Milestone B in the June 2010 SAR as well as twelve additional cancelled programs, notably including the Future Combat System (FCS).

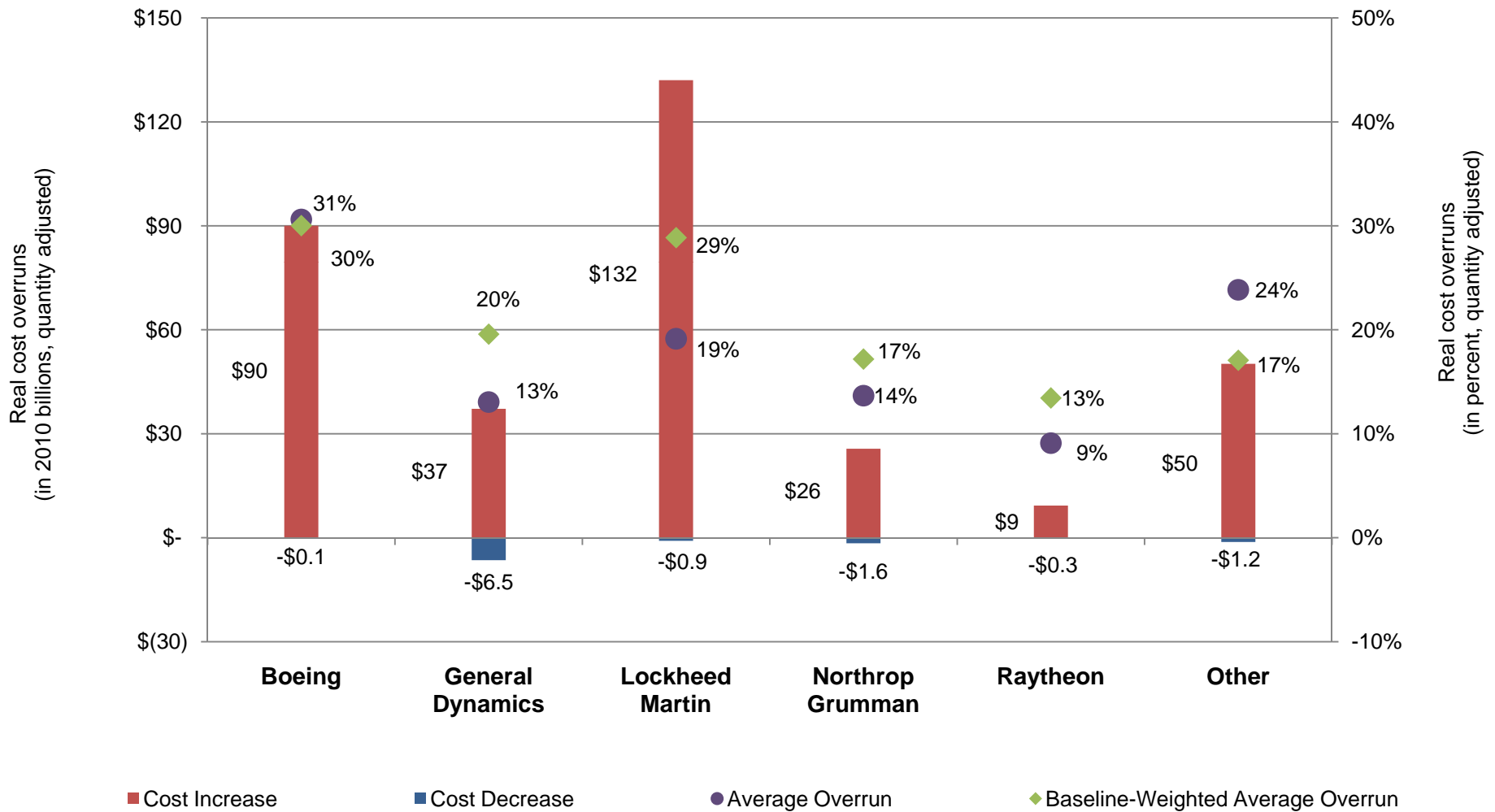
Source: Selected Acquisition Reports; analysis by CSIS Defense-Industrial Initiatives Group

Cost overruns by prime contractor (I)



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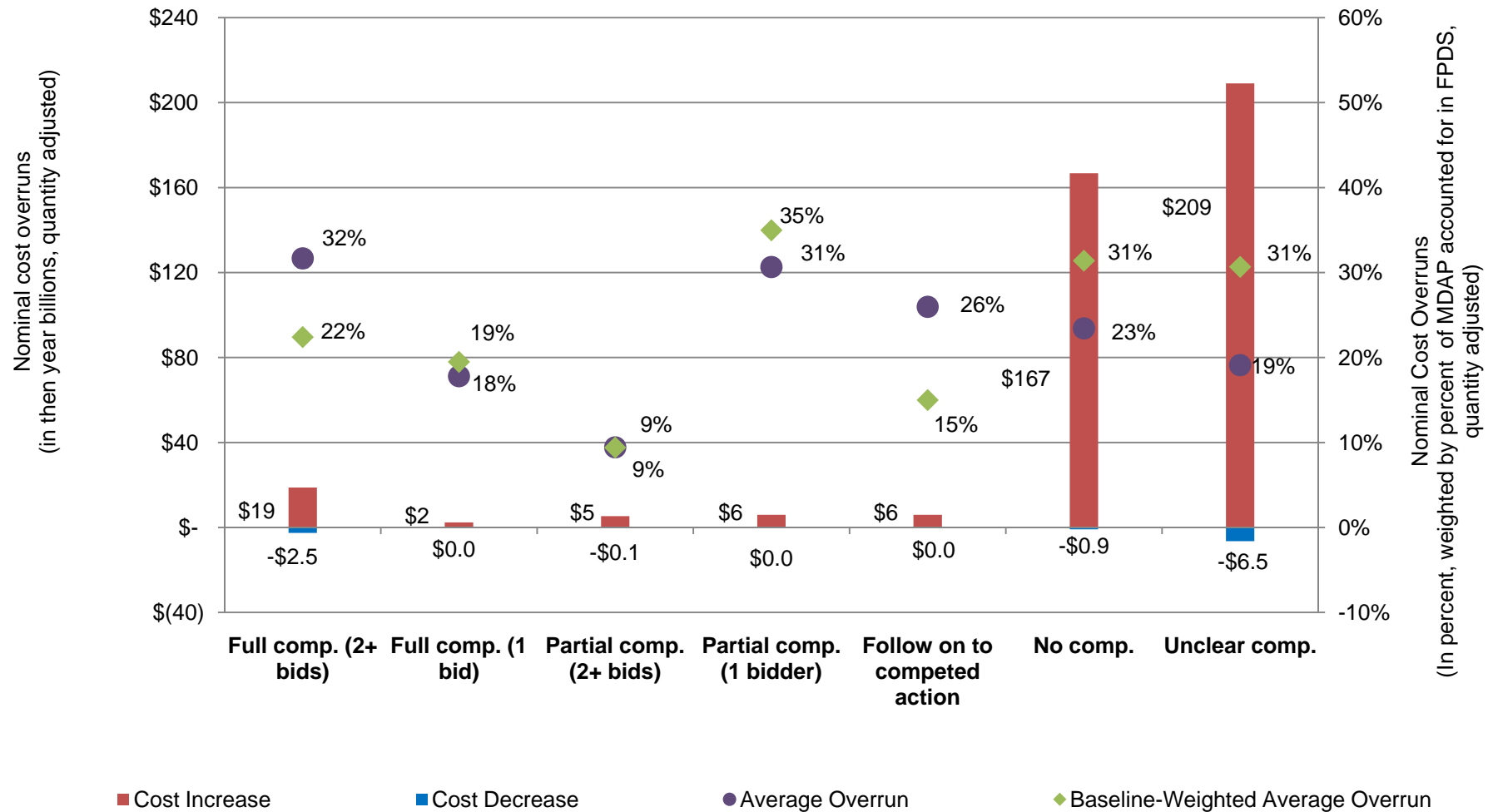
Cost overruns by prime contractor (II)



Note: The sample includes 92 FY2010 MDAPs with a baseline estimate beyond Milestone B in the June 2010 SAR as well as twelve additional cancelled programs, notably including the Future Combat System (FCS).

Source: Selected Acquisition Reports; analysis by CSIS Defense-Industrial Initiatives Group

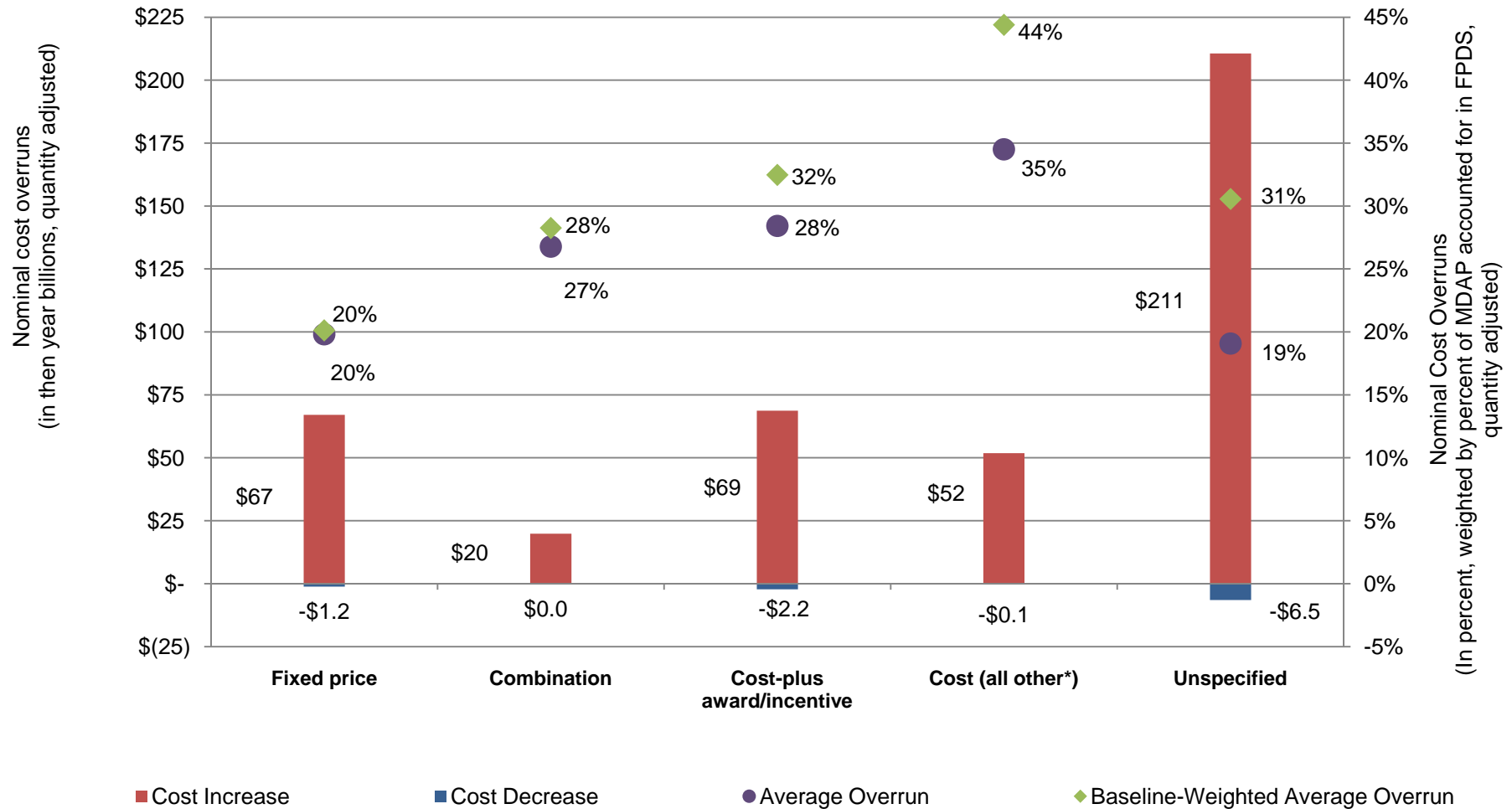
Cost overruns by type of competition



Note: The sample includes 92 FY2010 MDAPs with a baseline estimate beyond Milestone B in the June 2010 SAR as well as twelve additional cancelled programs, notably including the Future Combat System (FCS).

Source: Selected Acquisition Reports; 2004-2009 FPDS data; analysis by CSIS Defense-Industrial Initiatives Group.

Cost overruns by contract type



• Cost (all other) includes time and materials contracts as well as labor hours contracts.

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Source: Selected Acquisition Reports; 2004-2009 FPDS data; analysis by CSIS Defense-Industrial Initiatives Group.

Findings

- **Changes in cost estimates are responsible for around 40 percent of the accumulated cost overruns.**
- **Newer programs appear not to perform better than older programs when judged based on compound annual growth rate.**
- **Fixed price contracts appear to have relatively smaller overruns.**
- **Data will be posted at the Defense-Industrial Initiatives Group website (<http://www.csis.org/diig>).**

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