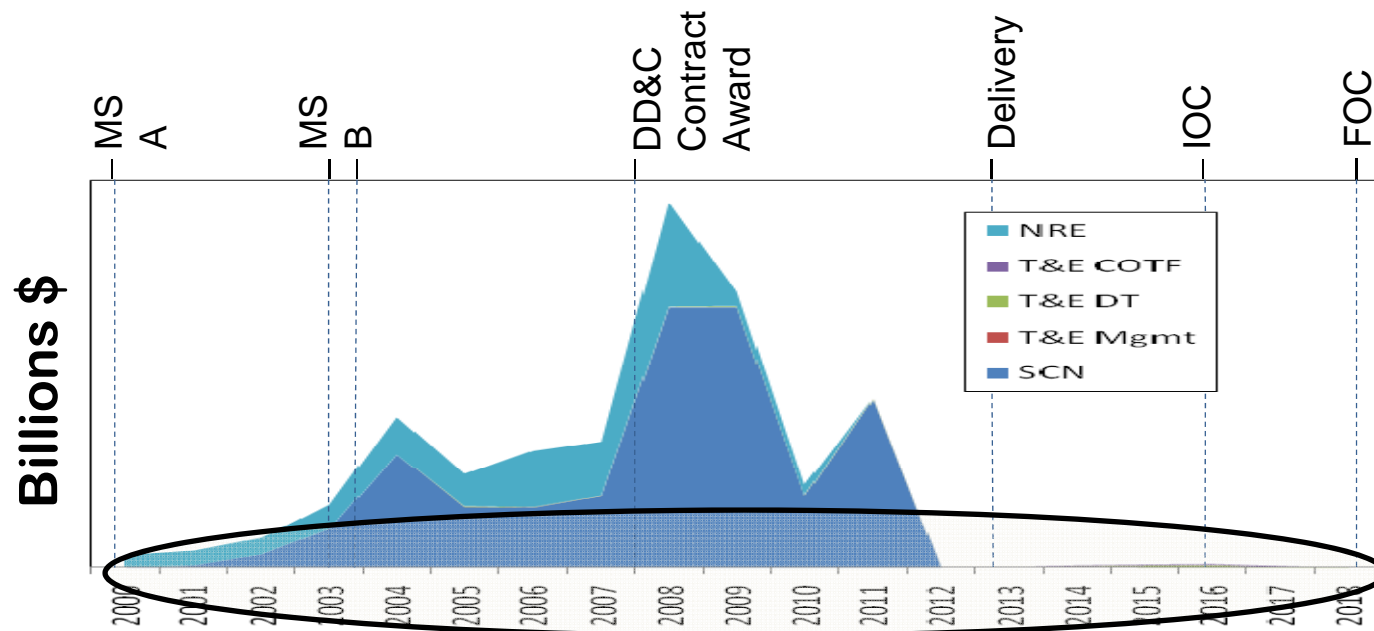


The Marginal Cost to Programs of Operational Test and Evaluation

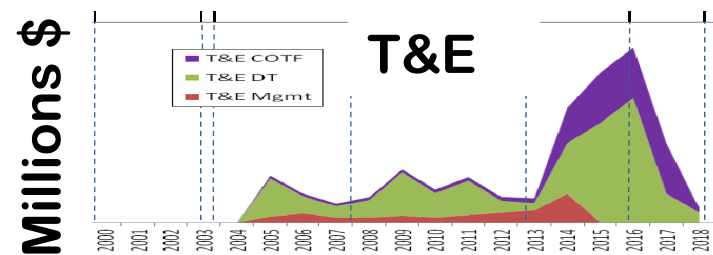


Senior Integration Group

CVN78 Showed OT&E Costs at **0.4%** of Program Acquisition Costs

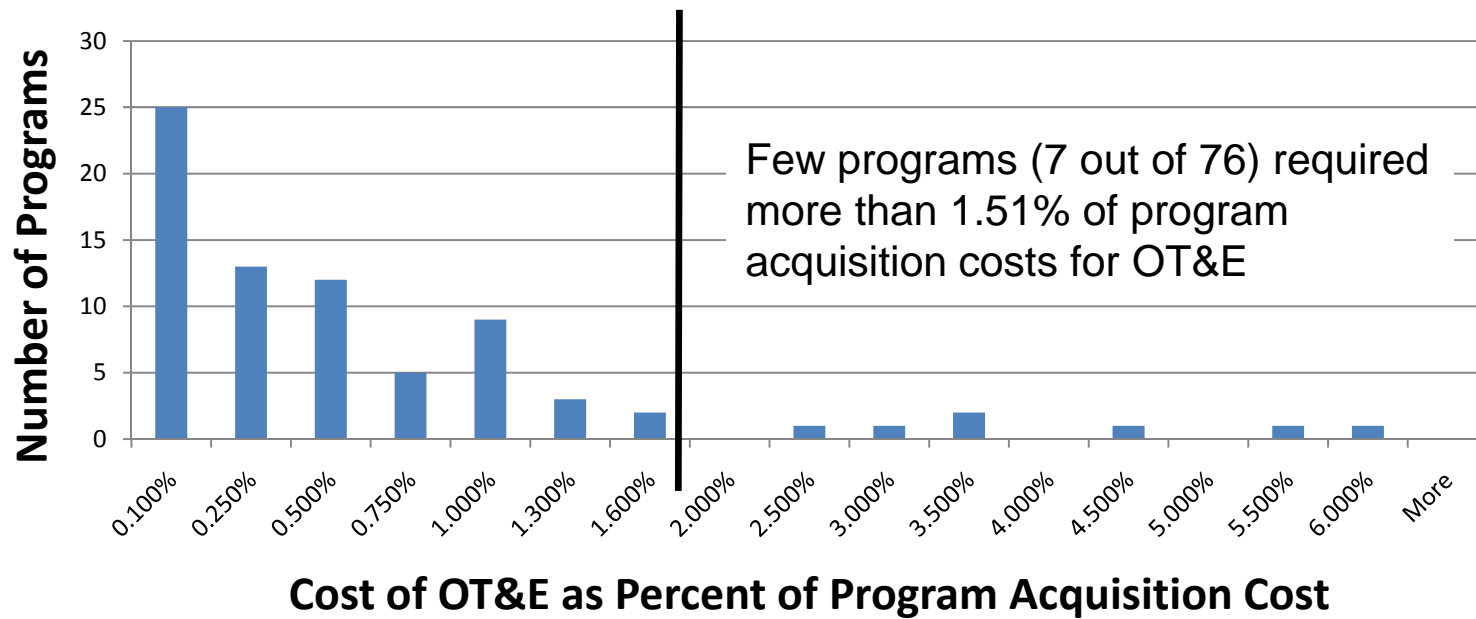


Is this 1000-fold difference anomalous?



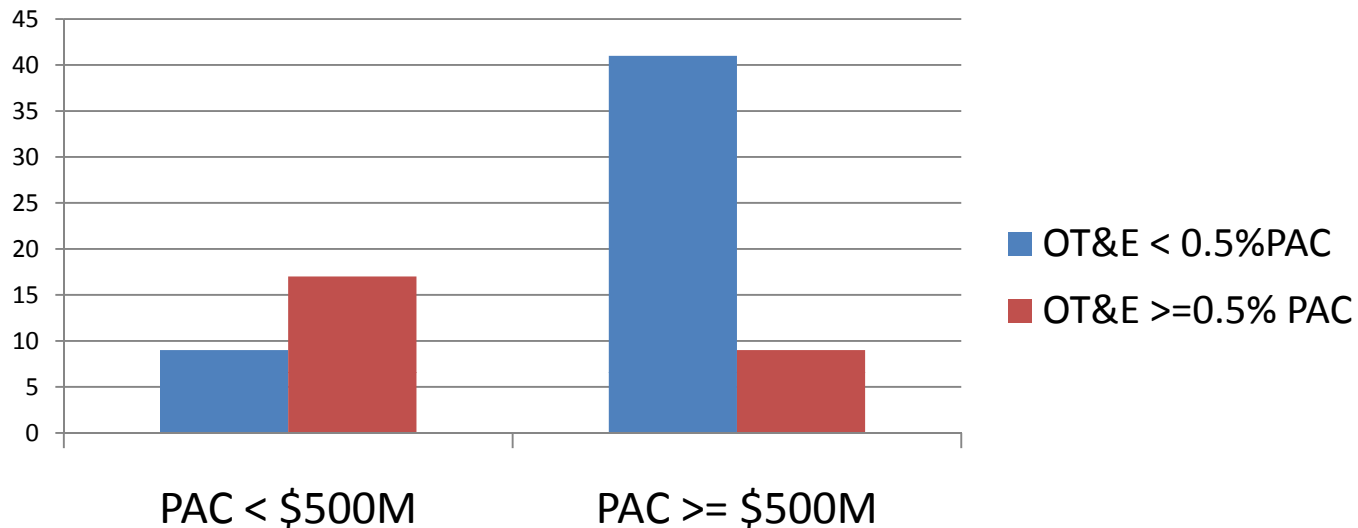
Review of 76 Programs

- Service Operational Test Agencies (OTAs) and IDA reviewed OT&E costs of 76 programs
- Average marginal OT&E cost was 0.654%.



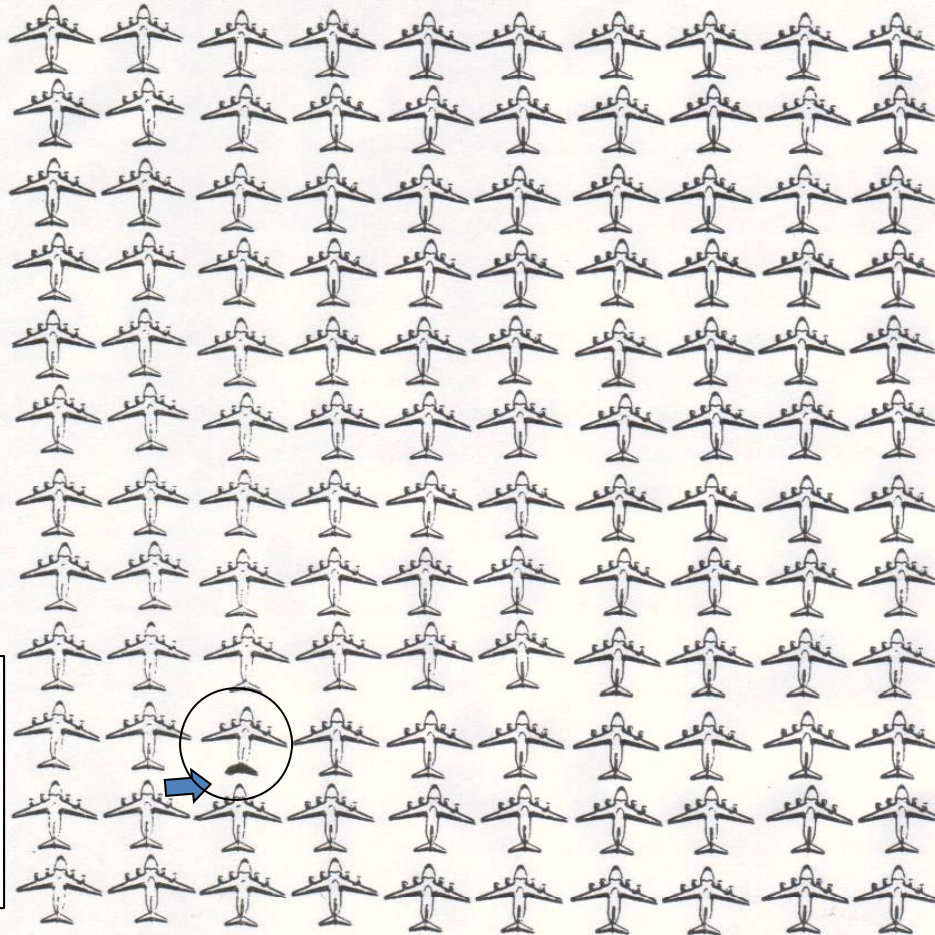
OT&E is usually 1% ± 0.5% of Program Acquisition Cost

Sources of Variability



- Low Program Acquisition Cost (PAC) is dominant source of high relative OT&E cost
- Program type is important. Generally, OT&E costs for development > modification > follow-on test
- Expense of expendable test articles and range costs are third major driver

An Old “Tail” of *De Minimis* T&E Costs

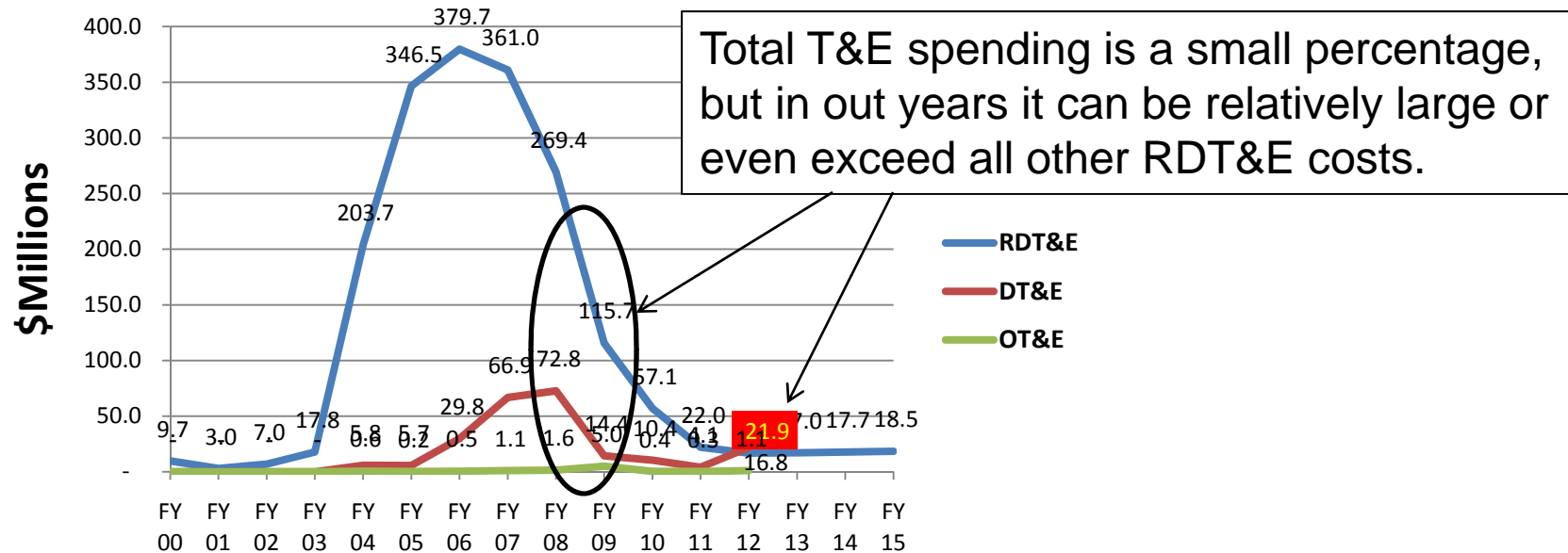


LFT&E cost
equaled cost of
procurement of
one plane's tail

This slide was used
in early 90s to put
the cost of LFT&E
testing on the C-17
into the context of
fleet procurement.

Test and Evaluation Costs over Time

EA-18G "Growler" RDT&E Spending Profile



- T&E Costs are proportionally heavy at the end of program life
- There are multiple T&E budget lines
 - Contractor testing, Government DT, OT, LF
 - VV&A, Certifications, Interoperability

Questions?