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Highlights

Highlights of [GAO-06-154](#), a report to congressional requesters

Why GAO Did This Study

The National Airspace System (NAS) is a complex network of airports, aircraft, air traffic control (ATC) facilities, employees, and pilots. The aviation industry, which depends on the NAS, contributes about 9 percent to the gross domestic product. The Federal Aviation Administration (FAA), funded through a tax-financed trust fund and General Fund appropriations, is pursuing a multibillion-dollar modernization program. Persistent cost, schedule, and/or performance shortfalls have kept this program on GAO's list of high-risk programs since 1995. GAO was asked to review the status of NAS modernization. This report addresses NAS status by identifying the challenges that FAA faces in managing (1) infrastructure, (2) human capital, and (3) financial resources.

What GAO Recommends

To facilitate NAS modernization, GAO recommends that FAA (1) estimate controller hiring and training costs, (2) establish a long-term focus on developing a more results-oriented culture, (3) balance immediate and long-term investment needs, and (4) pursue options for improved system management and development.

In commenting on a draft of this report, agency officials described ongoing actions consistent with the third and fourth recommendations, but did not comment on the others. GAO believes that all four recommendations are needed.

www.gao.gov/cgi-bin/getrpt?GAO-06-154.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gerald L. Dillingham, Ph.D. (202) 512-2834, dillinghamg@gao.gov.

NATIONAL AIRSPACE SYSTEM

Transformation will Require Cultural Change, Balanced Funding Priorities, and Use of All Available Management Tools

What GAO Found

GAO's recent reports indicate that FAA has made progress in managing its infrastructure—the systems, facilities, airports, and navigation aids that comprise the NAS—but acquisition, security, and capacity challenges remain. FAA met its fiscal year 2004 acquisitions performance goal. This goal was consistent with the President's Management Agenda and represents a positive step. However, FAA needs to continue addressing four key factors that, as GAO has reported, have historically contributed to acquisitions' missing their original cost, schedule, and performance targets: (1) actual funding less than planned, (2) increases in projects' scope, (3) underestimates of software complexity, and (4) insufficient stakeholder involvement. To address these factors, FAA has begun to prioritize its investments by considering their potential to reduce operational costs and by developing a blueprint for information technology investment; but FAA still needs to secure information technology systems and expand the NAS's capacity for an expected 25 percent increase in air travel by 2015.

Human capital management challenges include hiring and training thousands of air traffic controllers to replace those expected to retire over the next decade and creating a results-oriented culture. FAA has developed a controller staffing plan, but has not estimated its cost, and therefore, cannot determine its impact on future budgets. Efforts to transform FAA's workforce culture address an impediment to ATC modernization that GAO has identified, but will require a sustained, multiyear commitment.

Rising costs and shrinking revenues pose financial management challenges. To manage costs, FAA is using a new cost accounting system and emphasizing accountability. However, in view of current and anticipated funding reductions, FAA has eliminated initial research and development funding for new technologies that could support the next-generation air transportation system. Some stakeholders and FAA officials are discussing potential changes to FAA's funding mechanism. Some experts, and GAO's work, suggest that FAA pursue near-term options, such as contracting out more services. After establishing a sound financial management record, FAA could pursue options for greater financial management flexibility.



Source: Photodisc, Getty Images.