



COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY
Lamar Smith, Chairman

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Statement by Chairman Brian Babin (R-Texas)

NASA Cost and Schedule Overruns: Acquisition and Program Management Challenges

Chairman Babin: NASA is at a critical juncture as it lays out the details of its roadmap for human exploration missions, while determining the best business approach to success. However, human exploration doesn't encompass the breadth of NASA's work. They are also launching interplanetary spacecraft systems, advancing science and aeronautics research and developing critical technologies to enable U.S. leadership in space.

Strategic acquisition planning, utilization of new contracting mechanisms and improving management and oversight will be a crucial part of effective, affordable and sustainable mission success for NASA.

As the chairman of the Space Subcommittee and a proud representative of Johnson Space Center, I am a tireless advocate for NASA. However, as members of this committee, we have a responsibility to every tax-payer to ensure that NASA is being a good steward, managing the resources with which they are entrusted. Today's hearing will touch upon a number of important oversight topics, including acquisition mechanisms, cost-estimation methodologies and NASA program management.

Procurements represent over 90 percent of NASA's annual budget. In FY16, NASA procured over \$18.6 billion through nearly 41 thousand (40,914) active procurements—that's a tremendous amount of work.

Unfortunately, NASA has been plagued for years with contract management issues which have resulted in substantial cost overruns and schedule slips. Generally, it's the high-profile, major programs which get the most scrutiny because of the funding and time associated with these procurements. However, there are other well-documented issues many of which could constitute and possibly warrant a dedicated hearing.

In May of this year, the Government Accountability Office (GAO) released its annual Assessment of Major NASA Projects, those exceeding \$250 million in appropriations; this assessment covered 26 major projects.

I'd like to note the subcommittee will have a dedicated hearing about the James Webb Space Telescope next month, but this project's long history of cost and schedule overruns is relevant to today's discussion.

GAO reported an overall deterioration in the major program portfolio—primarily due to the fact that 9 of 17 projects in development are experiencing cost and schedule performance growth as a result of risky program management decisions, significant technical challenges and issues beyond the control of the projects.

Last year, GAO assessed that NASA projects were “continuing a generally positive trend of limiting cost and schedule growth, maturing technologies and stabilizing designs.” However, GAO also noted that many of the more expensive projects were “approaching the phase in their life cycles when cost and schedule growth is most likely.”

The subcommittee will also investigate specific NASA cost estimating methodologies such as the Joint Cost and Schedule Confidence Level (JCL) process and NASA management techniques related to project schedule determination and the use of headquarters reserve funding.

We are particularly interested in the NASA Inspector General's (IG) recommendations on improvements with NASA's cost estimating methodologies, especially if there is a need to continue using the JCL process or adopt another cost estimating technique.

Furthermore, the subcommittee will investigate these and other questions:

- What acquisition mechanisms (cost plus, fixed price, award fee, space act agreements, etc.) are most appropriate for various types of procurements?
- How do these acquisition tools incentivize the provider to perform safely and efficiently? What are the pros and cons?
- Are existing appropriation funding authorities sufficient for congressional oversight of major NASA projects?
- Do current agency approaches hold both the agency and provider accountable for overall performance?

This is a very timely hearing. In their report last month, GAO noted that NASA is planning to invest about \$61 billion over the life-cycle of its current portfolio of 26 major programs—and that doesn't even account for thousands of other procurements and a significant portion of NASA's spending authority. Whether large or small, all of NASA's business decisions matter. Decisions made now have long lasting implications on NASA's mission success and leadership.

I thank the witnesses for appearing and look forward to their testimony on the challenges NASA faces in controlling program cost and schedule.

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