## PERFORMANCE AND ACCOUNTABILITY SERIES

# National Aeronautics and Space Administration

## Why GAO Did This Report

In its 2001 performance and accountability report on NASA, GAO identified important management, oversight, and workforce issues facing the agency. The information GAO presents in this report is intended to help sustain congressional attention and an agency focus on continuing to make progress in addressing these challenges—and others that have arisen since 2001—and ultimately overcoming them. This report is part of a special series of reports on governmentwide and agency-specific issues.

## What Remains to Be Done

To make its improvement initiatives fully successful, GAO believes that NASA will need to

- move to a results-oriented culture and provide the sustained attention needed to make sure human capital reforms stay on track;
- overcome barriers facing implementation of its financial management system and transform its financial management organization so that it better supports NASA's core mission; and
- successfully follow through on planned oversight improvements so that costs and scheduling risks can be mitigated.

## What GAO Found

The National Aeronautics and Space Administration (NASA) continues to face challenges that threaten its ability to effectively run its largest programs. NASA is taking steps to address these challenges. But because they are rooted in NASA's culture and long-standing ways of doing business, NASA will need to make a major transformation.

- **Strengthening strategic human capital management.** NASA is facing shortages in its workforce, which could likely worsen as the workforce continues to age and the pipeline of talent shrinks. This dilemma is more pronounced among areas crucial to NASA's ability to perform its mission, such as engineering, science, and information technology. NASA is addressing this challenge through strategic planning, a new workforce planning and analysis system, and requesting additional personnel flexibilities, among other initiatives.
- **Controlling International Space Station costs.** Development costs for this premier project have soared to the point where NASA has had to cutback the program substantially, including reducing construction, the number of crew members, and scientific research. This has raised concern among NASA's international partners, who have a large stake in the scientific research to be performed on the station. NASA is instituting management and cost-estimating reforms. But it must still reach agreement with its partners on its planned cutbacks.
- **Reducing space launch costs.** NASA recognizes the need to reduce the costs of space launches and replace its aging space shuttle. The administration recently submitted an amendment to NASA's fiscal year 2003 budget request, which (1) extends the life of the space shuttle and enhances its reliability, (2) funds the development of a new vehicle for ferrying crew to and from the space station, and (3) alters the time frame for a shuttle replacement. Accomplishing these and other goals related to space launches will be difficult and risky in light of the technology advances NASA would like to pursue and the high degree of communication and coordination required among industry and government partners.
- **Improving contract management.** NASA spends most of its funds on acquisitions. Yet, for many years, it has been unable to oversee contracts effectively, principally because it lacked accurate and reliable information on contract spending and it placed little emphasis on end results, product performance, and cost control. NASA has addressed many acquisition-related weaknesses and is beginning to tackle one of its most formidable barriers to sound contract management—the lack of a modern, integrated financial management system. Considerable work remains to be done since NASA is only in the early stages of designing and implementing this new system, and NASA reported that it is already facing challenges in terms of cost, interoperability, and security.