



Highlights of [GAO-03-343](#), a report to the Honorable Ellen O. Tauscher, House of Representatives

Why GAO Did This Study

To enhance the capacity and safety of the national airspace system, the Federal Aviation Administration (FAA), within the Department of Transportation, is acquiring 74 Standard Terminal Automation Replacement Systems (STARS). STARS will replace some outdated air traffic control equipment. Since 1996, when FAA initiated this major computer hardware and software acquisition, the scope and estimated costs of STARS have changed many times. FAA now estimates that STARS's remaining costs will total about \$2.54 billion. GAO was asked to assess the reliability of FAA's life-cycle cost estimate for STARS, determine the impact of STARS's estimated costs on future FAA budgets, and identify any alternatives to STARS that FAA is considering. GAO based its analysis on published FAA cost data and the guidance FAA uses for managing major acquisitions.

What GAO Recommends

To improve FAA's management of STARS and of subsequent terminal modernization programs and to provide the Congress with more reliable information for oversight, GAO recommends that the Secretary of Transportation direct the FAA Administrator to maintain accurate, current baseline data; review baseline data within 6 months of any major modification to ensure that the data reflect the current status of the contract; and prepare a rigorous life-cycle cost estimate that identifies the level of uncertainty.

www.gao.gov/cgi-bin/getrpt?GAO-03-343.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Gerald L. Dillingham at (202) 512-5555 or Keith A. Rhodes at (202) 512-6412.

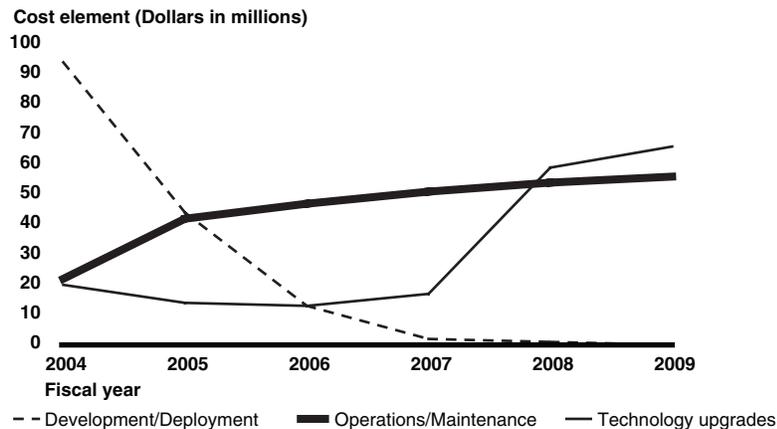
NATIONAL AIRSPACE SYSTEM

Better Cost Data Could Improve FAA's Management of the Standard Terminal Automation Replacement System

What GAO Found

The reliability of FAA's life-cycle cost estimate for STARS is uncertain. This estimate includes estimates of the program's development, operation, and technology upgrade costs, shown for the next 6 fiscal years in the figure below. The development cost estimate is based on the contractor's projections, which FAA has not yet independently analyzed as its guidance directs. Furthermore, baseline data in cost performance reports that FAA obtains from the contractor are not accurate because the data do not reflect the current status of the contract. As a result, FAA is limited in its ability to manage the contract effectively. FAA plans to address these problems. In addition, the program's operation and technology upgrade cost estimates are based on limited experience with STARS and extend many years into the future. However, the estimates do not reflect these uncertainties.

Estimated STARS Funding, Fiscal Years 2004-2009



For fiscal years 2004 through 2007, the years for which FAA provided budget information, STARS's estimated costs should have a declining impact on FAA's budgets because the program's development is nearly over and its operations are still limited. For fiscal years 2008 through 2030, the impact of STARS's estimated costs on FAA's budgets is unknown because it is still too soon in the budget cycle for FAA to have developed detailed budgets for these years.

After deploying STARS at the 74 terminal and support facilities included in the program, FAA could use STARS, another contractor's technology, or a combination of the two technologies for the nearly 100 remaining facilities. FAA is exploring the feasibility of combining the technologies and expects to announce its plans in April 2003.