

FAA's NextGen Remains a Winner in Fiscal 2015 Budget Request

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The Federal Aviation Administration, a perennial "winner" when it comes to appropriations, is slated to once again receive nearly \$1 billion in funding for work related to the Next Generation Air Transportation System (NextGen). The president's budget request for the FAA actually works out to \$836 million, plus an additional \$186 million if Congress also chooses to fund the so-called "Opportunity, Growth, and Security Initiative" for the Department of Transportation. One billion dollars per fiscal year is a lot of money under good circumstances. In the context of the United States' currently dire fiscal condition, it is an eye-popping amount.

What has the DOT/FAA been doing with this annual budgetary largesse, generally untouched even in the face of sequestration? Falling behind schedule and making bad business decisions, according to a recent audit by the DOT's Office of the Inspector General. To quote from the report "While FAA is making progress with elements of NextGen, [its] work continues to find longstanding problems with cost increases, schedule slips, and performance shortfalls." Some specific problems cited in the report include:

- Failing to make "key Enterprise Architecture decisions ... such as investments needed for a NextGen weather-related system that was scheduled for 2010."
- Failing "to develop an executable implementation plan that addresses costs and technology development and integration."
- Allowing the production schedules of "key modernization projects ... needed to implement NextGen capabilities" to slip.

The result of these "challenges" is that members of the aerospace industry are becoming increasingly skeptical of spending money on the installation of NextGen electronic components in their aircraft given the lack of clear benefits to do so. This is a remarkable observation considering NextGen has been touted for years as the future of air travel in the United States.

The picture that emerges from the OIG audit is not uniformly bleak. In fact, for IT providers there is considerable opportunity in the FAA's chaos. NextGen schedule slips suggest the potential for more contractor work in the future and if the government is going to continue throwing close to \$1 billion at the problem, who are industry partners to complain?

For example, the longer NextGen systems remain under development, the longer legacy National Airspace System components will require sustainment. The DOT proposes to fund the FAA's NAS Sustainment Strategy to the tune of \$370 million in FY 2015 "to reduce some of FAA's multi-billion dollar maintenance backlog." Therefore, what we are really talking about in FY 2015 is a total of \$1.37 billion for NextGen/NAS sustainment funding.

Finally, if all this screams legacy contract competition to you, then we're on the same page as the DOT OIG. To again quote from the report, the "FAA will need a sufficient workforce to manage FAA's increasing acquisition workload." By my count there are at least 7 NextGen/NAS related contracts expiring by the end of FY 2015.

NG/NAS Component	Contract #	Incumbent	Exp. Date	Requirement
VSCS	DTFAWA07C00014	Harris Corporation	12/31/2014	Voice Switching and Control System (VSCS)
ASDE X	DTFWA0101C00011	Sensis Corporation	1/22/2015	Airport Surface Detection Equipment-Model X (ASDE-X)
SWIM	DTFAWA10C00032	North Star Group	3/21/2015	SWIM System Engineering and Business Support Services
ASTI	DTFAWA10D00036	ASRC	7/27/2015	Technical Support Services
ERAM	DTFAWA11D00011	Price Waterhouse	8/14/2015	Real Property Inventory Management Support Services
CATM	DTFAWA03C00015	Lockheed Martin	9/30/2015	En Route Automation Modernization (ERAM)
DataComm	DTFAWA03C00015	Lockheed Martin	9/30/2015	En Route Automation Modernization (ERAM)
ERAM	DTFAWA03C00015	Lockheed Martin	9/30/2015	En Route Automation Modernization (ERAM)
ERAM-D	DTFAWA03C00015	Lockheed Martin	9/30/2015	En Route Automation Modernization (ERAM)
ADS-B	DTFAWA10C00119	Evans Incorporated	9/30/2015	Program Management Support for NextGen and Operations Planning

Of these contracts, two stand out – the ERAM support contract held by Lockheed Martin and the System Wide Information Management (SWIM) System Engineering and Business Support Services contract held by the North Star Group. The ERAM contract deserves attention because it is by far and away the largest of the contracts listed and because the implementation of ERAM has experienced repeated delays over the years. The SWIM support contract is worth knowing because the SWIM system is the SOA-based information sharing interface that sits at the center of NextGen. Obviously, the others are worth having on the radar as well. It's just that these efforts stand out to me more than the others.