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NASA Designation of Their Ames Facility to Be Lead Center for Helicopter Research and Development. LCD-77-300; LCD-77-301; B-133380. November 30, 1976. 3 pp.

Report to Rep. Thomas N. Downing; Sen. William L. Scott; Sen. Harry F. Byrd, Jr.; by Elmer B. Staats, Comptroller General.

Issue Area: Facilities and Material Management (700).
Contact: Logistics and Communications Div.
Budget Function: Commerce and Transportation: Air Transportation (405).
Organization Concerned: National Aeronautics and Space Administration.
Congressional Relevance: Rep. Thomas N. Downing; Sen. William L. Scott; Sen. Harry F. Byrd, Jr.

The National Aeronautics and Space Administration's (NASA) decision to designate the Ames Research Center in Mountain View, California, as the lead center for helicopter research and development was examined. The basis for NASA's decision was a report by a group headed by the Director of NASA's Lewis Research Center which recommended that a single management focus for all helicopter research and technology be established. Three options were considered: (1) making Ames the lead center; (2) making the Langley Research Center in Virginia the lead center; or (3) centralizing the headquarters role. Findings/Conclusions: Review of the Lewis report indicated several major flaws. The study group did not examine possible cost effects on the Army. Under all three alternatives, a reduction of five staff-years ($200,000) was improperly included as a saving. Under the Ames alternative, estimates do not include one-time termination costs for the reduction in force, termination costs for those unwilling to transfer from Langley to Ames, or one-time recruiting costs for new positions. The study group did not recognize the residual value of certain aircraft now at Langley under the Ames option. Projections were made for other cost elements with little or no supporting documentation. (RRS)

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

RELEASED 12/28/76

B-13 340

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The Honorable William L. Scott
United States Senate

Dear Senator Scott:

In your letter of June 29, 1976, you requested that we examine the National Aeronautics and Space Administration's (NASA's) decision to designate the Ames Research Center, Mountain View, California, lead center for helicopter research and development. On September 17, 1976, we discussed with your office the results of our review. This is to confirm that discussion.

On June 9, 1976, NASA's Administrator designated the Ames Research Center lead center for helicopter research and development. The primary basis for the decision was a May 28, 1976, report prepared by a group headed by the Director of NASA's Lewis Research Center, Cleveland, Ohio. The study group considered three options: (1) making Ames the lead center, (2) making the NASA Langley Research Center, Virginia, the lead center, or (3) centralizing and strengthening headquarters role in helicopter research and development. The study group noted that "* * * a key recommendation of the Advisory Board is that a single management focus for all helicopter-related research and technology development be established at NASA Headquarters."

The Administrator noted in his decision paper that although he had the benefit of the study group's cost estimates, the range of estimates was such that costs were not a major factor in his decision. Rather, the decision was based primarily on mission suitability considerations. Following is a summary of the net cost effect as projected by the study group for each option:

	One-time cost (millions)	Recurring annual savings (millions)
Making Ames the center	$5	$1
Making Langley the center	-	1.1
Strengthening headquarters	3.3	.2

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Our review was focused on the validity and completeness of the study group's alternative cost estimates. We visited the Lewis Research Center in Cleveland and discussed the cost estimates with the official who was responsible for preparing them. We reviewed and discussed the identification, measurement, applicability, and documentation of the estimated costs.

Our review indicated major flaws in the cost study, some of which were:

--The study group did not examine the possible cost effect on the Army. For example, under the Ames option the Army would have to transfer 24 direct staff-years from Langley to Ames for its research and development participation in joint NASA/Army programs.

--Under all three alternatives, a reduction of 5 staff-years ($200,000) was improperly included as a savings. This reduction results from the completion of a program component at Langley and would occur regardless of any future reorganization.

--Under the Ames option, the study group's recurring annual savings included about $1 million for a reduction of 36 positions. Relative to this, Langley would lose 115 positions and Ames would gain 79 positions. The study group estimated that only five persons would transfer to California. However, the estimates do not include one-time termination costs for the reduction-in-force, termination costs for those persons unwilling to transfer from Langley to Ames, or the one-time recruiting costs for the new positions to be established at Ames.

--Under the Ames option, the study group felt that certain aircraft now at Langley would not be needed for future helicopter research and development activities. However, the study group did not recognize in its estimate the residual value of these assets.

--The study group also used projections for other cost elements with little or no documentary support (e.g., relocation cost for transporting equipment, training, nonrecurring cost for additional support capability at Ames).

The objective of our review was to give you an independent evaluation of the validity of all costs and savings to the Government in connection with NASA's designation of Ames

as lead center. For us to validate costs within an acceptable time and manpower usage, we must have a reasonably complete and documentable agency-developed cost study. The study group's cost estimates were significantly deficient in this regard. The NASA cost study was not of sufficient depth and scope to determine the total costs which may result from the decision. However, as discussed above, the Administrator stated that costs were not a major factor in his decision. Therefore, we cannot say whether a more complete and accurate cost study would influence his decision.

As requested by your office, we did not obtain agency comment

Sincerely yours,

Elmer B. Staats

Comptroller General
of the United States