

# [Budgeting and the death of a satellite program politics essay](https://assignbuster.com/budgeting-and-the-death-of-a-satellite-program-politics-essay/)

This week’s case discusses what led to the collapse of the spy satellite program. The case discuses how budgetary constrain, and how a new comer in the future imagery business helped bring to the demise of the spy satellite program. The case also discusses how the federal government ignored warning signals from an internals assessment team tasked to study the attainability of the program. The team had warned before the contract was awarded to Boeing, that the program had lofty technological goals, and these goals were unattainable given the budgetary amount earmarked and schedule set for the spy satellite program to be completed. The spy satellite program had failed due to a set of compounding issues. In 1998 during the Clinton administration, the federal government in an effort to control cost and downsize government decided to award big military project to private contractors. The thinking is that private contractors are better placed to manage cost and engineering work. The government was also concerned with the wasteful habit prevalent at the satellite agency. To curb what it described as free- spending habit, the government decided to impose stringent spending guidelines for all new satellite programs. Thus, the federal government imposed a $5 billion spending cap on the first five years of the Future Imagery Architecture.

Another major reason why the program failed was because the federal government was interested in new ideas in the satellite industry. In the past, only a few select companies had won the bid to work on government satellite programs. In the bid to diversify, the government was looking for a company that could design a better and technologically sound satellite program at a cheaper cost. In the past, Lockheed Martin had bided, won, and produced most of the government satellite programs. The government this time was looking for a company that could deliver a better technologically sound satellite system than Lockheed Martin at a cheaper cost. When Boeing submitted its $5 billion dollar proposal to build the Future Imagery Architecture, the federal government obliged. The government accepted Boeing’s bid because Boeing complied with all its requisite demands. It was a different company than Lockheed Martin. It had submitted a proposal that met the federal government’s budget plan. It had also submitted new technologically ideas. The ideas presented by Boeing showcased that it will build a new satellite system that will be able to capture sharper images from space. The images will be able to show large areas on the ground clearly, and also clearer pictures of small objects on the ground.

Facts and chronology

After the 1991 gulf war, the armed forces were seeking increased tactical surveillance to transmit battle field images to commanders around the world. The new FIA satellite were sought to monitor and transmit reconnaissance information to military personnel on the ground wherever they maybe in the world. Thus, in the bid to meet this challenge, the federal government selected the bid submitted by Boeing to undertake the project. When Boeing won the bid in 1999, it chose Ed Nowinski a former CIA employee. Mr. Nowinski had served in the CIA for many years as the head of the satellite development program. Nowinski was first chosen to help put Boeing’s proposal together, and later served as the head of the FIA program. He was said to have received numerous awards at the CIA for his achievements and hard work, but he was fired from the CIA for using official vehicle for personal business. Nowinski was also later fired by Boeing in the dying days of the FIA program. Nowinski argued that the FIA failed not because of the proposal submitted by Boeing. He argued that the proposal was meticulously put together, but had little wiggle room for error, which means that any error will attract additional funding. This invariably meant that the program had to be perfectly executed, so to comply with the $5 billion dollar budget cap placed on it by the federal government. Nowinski however, argued the program failed because of substandard parts and. Boeing had contracted a critical component of the satellite program to a subcontractor who had changed its manufacturing process for this crucial part. The problem of a faulty gyroscope was not discovered until three years later. There were also reports of other defective parts such as defective cables, which consistently stalled the program. As a result of these failures, failed parts had to be rebuilt from scratch, cost escalated and program was in jeopardy of meeting the set deadline.

Analysis

Rubin rightly pointed out when she discussed that politics plays an integral role in how government funds are budgeted. She further elucidates when she states that in order to forestall unnecessary waste of public funds, government can and have implemented strict budgetary cap on those programs it believes are reckless with public funds. According to Rubin government implementation of strict budget policies to curb waste of public funds is politically motivated. In imposing these strict measures, government is trying to let the public know that it is a good custodian of its money. The Clinton administration in 1998 implemented a strict budget cap on the FIA program for two reasons. First, it wanted to ensure that public funds were not wasted unnecessarily on the FIA satellite system as in past programs. Second, the federal government was looking to build the most efficient image reconnaissance satellite at a reasonable amount.

One cannot fault the federal government for trying to control waste and ensure that public funds are judiciously put to use. However, on this particular project they were warning signals from day one, even from the federal government’s assessment team. The team had questioned Boeing’s bid, given the fact that the company had presented lofty technological goals. The team had reasoned that given the lofty ideas presented by Boeing, the federal budget of $5 billion may not be enough funds to complete the FTA program. There were also concerns of time constraint as well from the team. Thus, they were warning signals, that the program was underfunded. But Boeing had presented an ambitious plan to counteract that claim. Nowinski who served in public life for over thirty years spearheaded the bid. He argued that he was over sympathetic with the federal government. He had not allowed objective minds to understudy the program and submit an appropriate bid for the satellite program. He blamed himself for not assembling the right team from the onset of the program. He finally admitted by stating that with the right amount of money and time, Boeing would have been able to accomplish the goals set in the FTA program.

One will not be arguing erroneously if one postulates that the federal government in part had to be blamed for the failures of the FTA program. There were warning signs from the onset of the program. The signs were recognized by a federal team that Boeing had some lofty goals that demanded greater funding. The federal government should have realized from the onset that Boeing was a novice in the satellite business, and they should have asked the tough questions before awarding the contract. They should have inquired how Boeing was going to accomplish the set goals given the strict and tight budget measures. They should have also sought to understand how Boeing will correct errors, in a trivial industry where mistakes are almost inevitable. Mistakes in tells that additional funding will be required to resolve the error. And above all, they should harken to the findings of the team, when it recommended that the schedule to deliver the FTA was almost unattainable. These questions should have been put forward to Boeing managers before the award.

It is easy to underscore why these questions were not asked. One can argue that the federal government was looking to build a state of the art reconnaissance satellite at a reduced prize. The government’s intent one will argue is admirable, but given what the government is looking to achieve and accomplish, it is unattainable.

Conclusion

The keys issues of consideration as a public official are the following:

The federal government erred when it awarded the contract to Boeing for the following reasons. If the federal government was looking to build satellite systems that could produce better images and more precise and accurate information, it should have gone back to those companies or organization that had a history of building satellites systems in the past. One will argue that a company like Lockheed Martin would have been able to improve on a technology it had worked on in the past. The government rather chose a novice in the satellite industry in Boeing to develop an improved version of a satellite system Boeing had never built before.

It is not improper to argue that in the bid to save public funds the federal government rather wasted more funds that it anticipated by awarding the FTA satellite system to Boeing without properly ensuring that it could deliver on the program. The federal government ended up expanded more funds in order to save the program. At the end of the day, it wasted over $18 billion dollars in public funds in a flawed program.

Review Question

Yes I agree. Public budgets are not merely technical managerial documents, they are also intrinsically political. Most budgets in the public sector are created to showcase to the public that the government is at work. In the case being discussed, although the FTA program was said to be flawed, they were some politicians who were in favor of the program and sought avenues to keep the program alive so as to continue to create jobs for members of their constituency. In this case, it did not matter if the program was viable or not, what mattered most to the politician in question, is that funding for the FTA program continues so that the said politician will remain viable politically among his constituents.

Lessons learned:

I was able to learn that without proper, objective and frank assessment of a public program, a governmental agency may end up spending more on a project than it anticipated. Therefore, a thorough vetting and price evaluation is appropriate so as to allow public officials fully understand how much will be spent on a program, and if such a program is worth spending on. The theory of “ penny wise pound foolish” should be avoided at all cost in the public domain