

**TRANSPORTATION AND HOUSING AND URBAN  
DEVELOPMENT, AND RELATED AGENCIES  
APPROPRIATIONS FOR FISCAL YEAR 2008**

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**THURSDAY, MAY 10, 2007**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 9:30 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Patty Murray (chairman) presiding.  
Present: Senators Murray, Lautenberg, Bond, Specter, Stevens, and Allard.

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

**STATEMENT OF HON. MARION C. BLAKEY, ADMINISTRATOR  
ACCOMPANIED BY HON. CALVIN L. SCOVEL III, INSPECTOR GENERAL**

OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. The subcommittee will come to order. I want to welcome my witnesses this morning, FAA Administrator Marion Blakey and DOT Inspector General Calvin Scovel.

Over the next 8 years, it is estimated that the number of air passengers will grow by 40 percent. That's pretty good news for our country, but it's also good news for my region, because we build the best airplanes in the world, and we are a gateway to our biggest trading partner in Asia.

But all those new aircraft will do little to expand our economy if we don't have a modern air traffic control system to move those planes safely and with maximum efficiency. If we fail to modernize that system and soon, it will not just be a drag on the economy of my region, it's going to be a drag on the entire global economy.

Unfortunately, we are years behind in this effort. We are years behind because just 3 years ago, the Bush administration and Administrator Blakey successfully advocated a cut to our annual investment in their traffic modernization funding by more than \$400 million, and the program has been funded roughly at that reduced level every year since.

That represents a loss of more than \$1.2 billion from the baseline that we established back in 2004. We are years behind because well over a decade ago, the FAA's modernization effort got seriously derailed as the agency wasted billions of dollars in a failed effort known as the Advanced Automation System.

That debacle was characterized by the FAA constantly changing its requirements and throwing good money after bad through undefined, open-ended contracts.

Today, in 2007, we are still paying to replace systems that were slated to be fixed in the 1980s and 1990s as part of that failed effort. Back then, the FAA was not up to the task of rapidly and efficiently modernizing the system. I'm worried that the FAA may still not be up to the task today.

Just last month, Administrator Blakey gave a speech that included the following passage. And I quote: "It stings when I listen to criticisms about the FAA that are based on something that happened 10 or 20 or 30 years ago. In the last few years, we have achieved enormous management efficiencies, and at the end of fiscal year 2006, 97 percent of our major capital projects were on time and on budget."

The Administrator has made similar statements before several House and Senate committees. I don't disagree with the Administrator that things have improved since the bad old days of the Advanced Automation System, but I do have to question whether it's appropriate or accurate to claim that the overwhelming majority of FAA's capital projects are progressing along just fine.

Part of my goal for this morning's hearing is to scratch under the surface of that claim. From my perspective, we still see too many examples where the FAA has signed contracts with under-defined requirements, and countered sizable cost overruns that get handed right back to taxpayers, purchased equipment that could not provide all the functions promised, and failed to produce all the operating savings that have been promised.

Now, I'm not talking today about examples from 10 or 20 or 30 years ago; I'm talking about examples in the last 5 years. I'm talking about programs that we are paying for right now, and I'm talking about programs for which the Administrator is seeking more money in 2008.

So how can we have all of those procurement delays and cost overruns, but have the FAA claiming that almost all of its programs were on time and on budget? Well, the answer lies in a process known as re-baselining.

This is a process required by OMB for major procurements throughout our government. When a program appears to be exceeding its targeted cost or failing to deliver its intended product, that agency is required to re-baseline the program.

That means the agency must re-estimate the cost, schedule, and benefits, and decide if it still makes sense to move forward. As we will hear today from the Inspector General, the FAA has been required to re-baseline a significant number of programs because of substantial cost overruns and schedule slips.

Let me be clear. I do not question that the FAA did the right thing in re-baselining these programs. What I do question is whether the agency is being honest with the system's users, Congress, and taxpayers when it establishes a new, higher cost estimate, a later delivery date, or a weaker performance goal, and then continues to proclaim that the program is on time and on budget.

As the IG says in his formal testimony today, "This re-baselining process explains why the Wide Area Augmentation System, accord-

ing to the FAA's logic, is still on budget, even though its costs have grown from \$892 million to over \$3 billion since 1998.

That's right, a program that has experienced cost growth of 233 percent is still considered to be on budget by the FAA, and this is yet another program that will not produce all of the benefits that were originally promised, but that is how the Administrator can claim that 97 percent of her major capital programs are doing just fine.

So it appears to me that things are not all on track at the FAA. I want to share a couple of examples of programs that FAA has re-baselined but that it still considers on time and on budget. The Integrated Terminal Weather System costs have grown by \$10 million, and the schedule has been extended by nearly 6 years, yet the FAA says they are on time and on budget. I think the taxpayers wouldn't agree.

Or look at the ASR-11 radars. Instead of installing 112, they slashed it down to 66 units, and the schedule has been extended by 4 years. That doesn't sound like on track to me.

Another worrisome case of this re-baselining process has been the so-called ASDE-X programs. This program is designed to address perhaps the greatest safety threat in our current commercial aviation system, which is runway incursions. It's designed to ensure that aircraft operating on the ground do not collide with other planes or vehicles on the airfield.

These are not hypothetical threats. This past summer, two aircraft at O'Hare missed each other by 35 feet. As the Administrator knows, improved measures to prevent runway incursions have been on the National Transportation Safety Board's Most Wanted List since 2001.

This program was re-baselined in September 2005 and as a part of that process, the FAA substantially changed its goals and reduced the number of airports to be served by 25 percent.

The FAA also admitted that the cost of the program had grown from roughly \$500 to \$550 million, and the completion date would slip from 2007 to 2011. Ever since that re-baselining took place, this program has been declared as being on time and on budget.

In Administrator Blakey's formal testimony, she points with pride that the FAA installed five of these systems in 2006, but she fails to mention that the agency schedule called for seven systems to be installed this year—that year.

Today, the IG will report to us that since that initial re-baselining, the program's costs have grown by another \$100 million, and the program has gotten further behind schedule.

Even more disturbing, the IG will testify that at present, the new systems are not delivering the safety benefits that were promised. Central to the FAA's decision to pursue this program was the plan to install new software upgrades that would greatly improve the equipment's ability to warn controllers of impending collisions between aircraft operating on converging runways.

From my region of the country, the upgrades are necessary for—so that equipment can perform in rainy and foggy conditions, but controllers at SeaTac Airport tell me that when it rains, they observe so many false targets and hear so many false alarms that

they have to turn the system down to its most limited setting, and use just 10 percent of its capability.

It is precisely when the weather is bad that this technology is needed the most, but instead of getting the service promised on foggy days, the controllers have to send out a vehicle to the end of the runway to see whether the target they see on the ASDE screen is real aircraft, or just another false target.

Every time they have a false target or a false alarm, the controllers have to fill out reports, and in the last 15 months, they filled out more than 480 reports, including 25 false alarms. That is more than 30 reports a month, roughly one false target alarm for every day of operation.

Many incidents are now going unreported, because controllers are getting tired of filling out the forms. You don't have to use that airport every week like I do to know that in the Pacific Northwest, we do get a lot of rain.

Madam Administrator, it shouldn't be a surprise to the FAA that safety technologies that don't work in the rain do not provide safety in my part of the country. Right now, the FAA is struggling to get those functions to work. Hopefully, they will succeed, but in the meantime, the rising costs are being passed along to taxpayers.

That is because once again, according to the IG, the FAA's contract with the vendor does not have all the necessary taxpayer safeguards in place. The contract has a number of undefined requirements that are allowing costs to pile up while the system struggles to perform as promised.

Now, I'm not talking about a contract from 20 years ago; I'm talking about a contract that is less than 2 years old. It is important to point out these problems persist at the FAA at the same time that Congress is considering a legislation to substantially alter how the FAA is funded.

I view my mission as part of this reauthorization process, to ensure that this subcommittee continues to exercise appropriate oversight and budgetary control. These ongoing procurement problems at the FAA must not escape notice. Elected officials must continue to have the opportunity to withhold or redirect funding when the agency is not performing.

Back during the failed Advanced Automation System, it was this subcommittee that began withholding funds, long before the FAA was prepared to recognize the extent of the failure. Continuing budgetary oversight is essential, whether we're talking about funds that are directly appropriated or funds that are borrowed under the administration's new proposed borrowing authority.

I want to be clear. The role of this subcommittee is not just to cut budgets once funds are being wasted. To the contrary, in many critical aviation areas, this subcommittee has taken the lead in funding initiatives well before the FAA has decided they are a priority.

I'll give you an example. For 3 of the last 6 years, this subcommittee has included funding well above the President's request to boost the number of FAA air safety inspectors.

As the IG will testify this morning, the FAA still has a long way to go to ensure that the FAA's safety inspection force is adequately

trained and deployed to deal with a growing amount of major aircraft maintenance that is being conducted overseas.

The FAA has been losing their safety inspectors to retirement at a very rapid rate. If this subcommittee had not provided funding above the administration's request for these inspectors, the situation would be even more dire today.

Similarly, the Administrator has requested funds in her 2008 budget for both the ADS-B program and the SWIM program. These are critically important technologies that are needed if we're really going to launch the next generation of air traffic modernization.

There are also two programs where this subcommittee has provided resources before the administration ever got around to asking for them. As a result, these programs are further along today because this subcommittee rejected the administration's request and funded them on our own.

So I look forward today to discussing with the Administrator not just how the subcommittee will have control to stop wasteful programs, but also how this subcommittee will have the ability under the new funding regime to have funds that the agency desperately needs.

The need to modernize our air traffic control system could not be more urgent. We have lost precious time and precious dollars, but given the daunting cost and urgency of this challenge, we must not throw dollars at programs without adequate oversight or fiscal control.

We have to make sure that the taxpayer is getting what it pays for, and we have to quit saying that all programs are performing well when they're not.

I look forward to working with the Administrator to make air traffic control modernization a near-term reality, and I know that Ranking Member Senator Bond does, as well. Senator Bond?

#### OPENING STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Thank you very much, Madam Chair, and good morning, and welcome, Marion Blakey, Administrator, and Mr. Scovel, Inspector General of the Department of Transportation. We look forward to receiving your testimony.

I must apologize in advance. If you know the Senate schedule, chaos, as always, is the rule for the day, and I am going to leave immediately to vote, and try to return so we can keep the hearing going. I'm sure you won't miss me, but I will look forward to reading your testimony.

Administrator Blakey, I know your term as an administrator expires in September, and I appreciate the opportunity to thank you for your hard work and dedication in ensuring the United States' continuing leadership in maintaining a world-class commercial aviation industry.

Before I discuss the budget, I acknowledge we're at a critical juncture in the future of the aviation industry. Not only is the current authorization for aviation programs and Vision 100, the Century of Aviation Reauthorization Act, set to expire, but the current tax authority that funds the Airport and Airway Trust Fund also expires at the end of the fiscal year.

At this point, we're looking at at least two different versions of FAA reauthorization, the administration-proposed bill, and a draft bill proposed by the Senate Commerce Committee, which is, I gather, expected to be marked up over the next several weeks. I expect the House Transportation and Infrastructure Committee to draft and pass its own version of legislation.

In any event, any FAA reauthorization must respect the existing role and jurisdiction of the Appropriations Committee, which has played, as the Chair has indicated, a critical role in the oversight of FAA programs, including the prevention of fraud and abuse, and ensuring that heartily needed, but under-requested funding, is provided.

I think the most significant controversial issue facing us will be the amount and sources of funding that will be made available to support FAA programs under the reauthorization.

In particular, the administration is proposing to establish new sources of income for financing aviation operations and capital improvements that moves away from relying primarily on ticket tax revenues and certain excise taxes, to a new system which includes revised user fees for commercial aviation and increased fuel taxes for general aviation, and reforms to the passenger facility charge program, and new bond financing through the Department of the Treasury.

While I've not had an opportunity to examine adequately the administration's proposal, a reauthorization must provide a balanced system of funding to ensure the FAA and the aviation industry has an adequate, stable, and reliable stream of funding that will support the current and future needs of the aviation industry.

It's especially important that we have adequate funds to support the NextGen Air Transportation System, which is intended to replace the 40- to 50-year-old system of radar and IT backbone with technology that will allow for some 3 times the current air traffic capacity.

Finally, much of the initial debate over the reauthorization legislation resulted from FAA's belief that the Trust Fund was going bankrupt. However, the drop in revenues in the Trust Fund was largely due to a steep drop-off in passenger volume after 9/11.

Increased confidence in aviation safety and the Nation's surging economy has resulted in increased passenger levels approaching the pre-9/11 levels, with continued growth likely. As a result, CBO projects the current system of taxation will be adequate to sustain the Trust Fund and associated funding needs for the foreseeable future.

So I support a more balanced approach to the funding needs of FAA and its programs. There does not appear to be an immediate crisis that demands rapid legislative action. As for the FAA budget for 2008, the administration proposes \$14.077 billion in new spending commitments, a \$404.5 million reduction from the 2007 level.

At the same time, the FAA is proposing a new account structure, consistent with the anticipated passage of the administration's proposed new legislation.

Let us leave aside a discussion of the desirability of the new account structure. The key funding issue in the budget request includes an increase of \$352 million, or 4.2 percent, in operations; an

increase of \$8.37 billion in 2007 to \$8.73 billion in 2008; and a reduction of some \$651 million, or 19 percent, in the AIP program, from \$3.4 billion to \$2.75 billion in 2008.

While I support the FAA operations increase necessary to fund additional air traffic controllers and air inspectors, I'm very concerned over the substantial cut to Federal investment in airport construction, most especially the funding reductions in the AIP.

As the administration knows, the AIP program is critical to the future of commercial aviation in the Nation, and any shortfall in funding could undermine the infrastructure needs of airports, and most importantly, the funding needs of NextGen.

In particular, the IG testimony indicates that the aviation industry serves some 700 million passengers per year, and projects this number to grow to over 1 billion passengers in 2015.

At the 35 busiest airports in the Nation, total operations are expected to grow by more than a third by 2020. Consequently, we cannot afford to nickel and dime our aviation needs, whether related to safety issues or infrastructure investments.

The FAA is facing many other important issues regarding its oversight and administration of a number of its contracts designed to modernize FAA equipment.

These issues include continued controversy over the NATCA contract, as well as issues related to cost, savings, and delays in programs, such as the Airport Surveillance Detection Equipment-X Program, the STARS program, FAA Telecommunications Infrastructure, or FTI program, and others.

Also, as I discussed last year, the IG, in 2005, reviewed some 16 major acquisitions and found that FAA projects experienced a cost growth of over \$5.6 billion, from \$8.9 billion to \$14.5 billion, as well as significant delays in many of these programs.

However, as the Chair has indicated, the FAA since has implemented a system of re-baselining its programs that have had delays or cost overruns. As a result, it's very difficult to examine adequately the programs as to projected cost savings and implementation dates.

Instead of shortfalls and delays, the programs, for the most part, now appear to be meeting all implementation and funding requirements, regardless of prior problems or other concerns.

Let's be clear. I'm concerned about this approach, since it has the feel of a three-card Monte game, where a sleight of hand guarantees the dealer wins. I'm sorry, but that is what it looks like to me.

I'm disturbed the FAA appears to be using re-baselining to meet time and cost requirements. We have to have a complete and true understanding of the real cost of FAA programs, the amount of savings, any delays, and what those delays mean to cost and on-time requirement of related programs.

This information is critical, since it will provide us with the necessary and real cost information that should be driving our appropriations decisions.

I thank you, Madam Chair, and our witnesses. I look forward to coming back and pursuing these in the question and answer session. Thank you.

Senator MURRAY. Senator Lautenberg.

## STATEMENT OF SENATOR FRANK R. LAUTENBERG

Senator LAUTENBERG. Thank you, Madam Chairman. Not only is the situation puzzling, because it never ceases to amaze me that despite the enormous growth in air travel, we're not matching it by acknowledgement that we need better planning and more resources to continue to meet these greatly expanding needs.

In order to maintain a level of safety, we've got to hear FAA plans to meet these obligations, and realistic financing requests to match it. The FAA's greatest assets are its loyal, capable people. Thank goodness we have them. But in many cases, we don't have enough of them.

Now, although we've experienced an excellent period of safety for aviation, I'm concerned that the Bush administration is reducing the safety levels because of structures in place that call for cuts in funding. Many of the air traffic control facilities are understaffed, and we need a surge of controllers, in my view.

Safety inspectors are overextended, and cannot adequately oversee this industry properly, especially in non-certified repair stations. With one in four flights running late, the delays are overpowering the system, and it's time to upgrade the 1970s-era equipment.

Now, I come from the corporate world. I ran a large company, we continuously modernized our computer systems. That was our basic business. As a matter of fact, I was in shock when I came here just over 20 years ago to see that the equipment being used by the FAA was impossible to give away, because the maintenance costs were more than the value of the equipment itself.

So when I see what is being proposed—to divide the research and development functions of FAA—I don't think it's a smart move.

At the FAA Tech Center in Pomona, New Jersey, so much aviation research gets done, but it's funded through different stovepiped programs. The budget would further divide and potentially even duplicate research functions by combining the facilities and equipment budget with the operations budget.

Also, as President Bush continues to propose cuts to the Airport Improvement Program, he's got to know that, by now, this proposal will not fly in the Congress. The skies are ever more crowded, and even if you depart on time, in many instances, when you get to the destination, there are no gates. There's no opportunity to move air traffic expeditiously.

So, Madam Chairman, we've had a good safety period, and we commend FAA and those involved in the management of the system, but we cannot cut important safety projects that are funded through AIP, like runway safety area upgrades. The list goes on with controller shortages, and this Bush budget proposal doesn't match with the realism that we're looking at with the expansion of passenger traffic in the years ahead.

So I look forward to this appropriations examination. It's clear that Congress needs to maintain a strong oversight review of what is taking place in FAA, and Madam Chairman, I think we're doing exactly that, and I commend you for it.

Senator MURRAY. Senator Stevens.

## STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Thank you very much, Madam Chair. I think this bill shows the ludicrous problem of the battle of the earmarks. If I understand right, this bill started off in March 2006 with a request for planning for 2008. The President gave us a budget in February of this year. We're going to pass it in September of this year, and it's supposed to carry the monies for the period from September or October of this year until September of next year.

Now, the difficulty is, and particularly in the field of aviation, the scenery is changing, and it is changing very rapidly. The demands for modernization are there. The costs of planning for the next generation are just overwhelming.

I wish that the Administrator had your immunity, Mr. Inspector General, because you have the luxury of looking at the way things are done without the burden of deciding how the money is going to be spent and who's going to meet the emergencies, and whether or not you have to short one area in order to take care of the hurricanes, typhoons, earthquakes, fires, and really, this rapid demand for change.

As a matter of fact, several of the things that's been mentioned here this morning came about because of earmarks. During the process of the last few years: ADS-B, Capstone, a lot of the other things, even the money to start the modernization program came from earmarks.

So I hope the President will ask you to stay. We're in the middle of a modernization, in the middle of change. We're in the middle of reauthorization. I think it would be a travesty if we had to try to figure out how we can get your successor confirmed and through this period that we're in.

I do hope that we can act on the bill that is before our authorization committee. Many of us are on that one, too, but as a practical matter, there are some serious problems there, and I'm not sure we won't end up with just what we did before, which was a 2-year extension until we worked it out.

I hope we can avoid that, but that is what happened last time, and with a different administration and a different control of Congress. So it is not something that is political. It's something that's just a problem of the way we do oversight.

But I am here to thank you very much. No state has more impact from FAA than mine. Seventy percent of the people who go home in my state go home by air. You can't get there year-round any other way.

Without the FAA, without the safety that is involved, without the programming that you give us, and without really the willingness to modernize—ADS-B started in Alaska. Capstone started in Alaska. The whole concept of modernization started in Alaska, because there's a need for it, but there wasn't any money in the budget.

So I hope people keep that in mind as we go through this. This budget may be changed, but it's going to be awfully difficult to put other things in the bill, as I understand, the penchant of some people to impose earmarks. Without earmarks, the modernization of the FAA is going to be 4 or 5 years behind, because we cannot have

the President anticipating a year and a half in advance on what to put in a bill that takes us almost a year to pass.

Now, I think it's time for us to wake up and do the job right, and stop these people from screaming about earmarks, because this bill—this agency won't survive without earmarks. Thank you very much.

Senator MURRAY. Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Well, first of all, Madam Chairman, I want to thank you for holding this hearing. We've got a great record on aviation. We've got the most advanced aviation system in the world. We're recognized for that. We have the safest.

The challenge is to keep that record up, keep it economically feasible, flexible, and friendly, and still maintain that safety record. I would caution the Administrator, as well as the Inspector General, against getting so bogged down in procedure that we actually miss out on some new technology with the potential to enhance safety.

I'm very much aware of new technology that is being used in other places in the world, in France, in Germany, in Hong Kong, but we're not able to use it in our airports, which will help us make those airports safer. And I happen to feel that it's proving itself.

And, as you know, we obviously need to bring on new technology. We need to constantly be working to be aware of these new technologies and bring them on as soon as possible, because any unnecessary delay could lead to increased risk to passenger flight. On the other hand, if you move it in too fast, there's a risk there, too. So we have to reach a proper balance.

But when we have technology that's being used in other countries at very busy airports, and we haven't yet accepted into our system, I think we really ought to take a very, very serious look at it, because it's beginning to prove itself.

So again, we have challenges with upgrading, expanding, and maintaining what we have. We want to make sure that we have the concerns of the public in mind. You know, there's various interests in aviation.

You have the private interest, you have the public transportation interest, and a lot of local interest. But we need to make sure that we don't lose sight of new technology as it comes along, and hopefully, in this particular piece of legislation, we can recognize that.

Thank you very much for both of you for coming and testifying here, Administrator Blakey and Inspector General Scovel. I look forward to your testimony.

Senator MURRAY. Thank you very much. We obviously have a vote on. We're going to be transferring hats back and forth here as we try and balance getting to the floor.

So Administrator Blakey, I'll have you go ahead and begin your testimony. Hopefully, Senator Bond will be back. I'm going to go to vote as soon as he returns, and I will be delayed coming back. We will try and continue having questions, and may have to go into a short recess until I return, if we don't have any other members here. I ask all the witnesses to bear with us as we get through this, but I appreciate your patience.

Administrator Blakey, we'll start with you.

STATEMENT OF HON. MARION C. BLAKEY

Ms. BLAKEY. Good morning, and thank you, Chairman Murray, and I appreciate the opportunity to testify before you, and to address the FAA's 2008 budget request.

Our goal is, as always, to provide the world's safest air transportation system and to use the taxpayer's investment wisely. As always, we appreciate the wisdom, insight, and guidance that this committee provides, because this is a historic time for aviation. It is the golden age of safety.

Commercial aviation has never been more safe, and it continues to get safer still. But this period is historic, as well, because we have the opportunity to reshape the FAA's funding stream.

The bill before the Senate represents an opportunity for FAA's funding mechanism to switch from one that is patched together and instead become a dependable, consistent stream on which businesslike investments can be made.

In the mid-1990s, Congress made it clear that the FAA needed to drop the blank check mentality. We made sweeping changes in our hiring and acquisition practices. We've taken what was a mess of redtape, and transformed it into a bottom-line organization.

A hundred percent of our major capital programs are right now on time and on budget. The criticisms of the past are no longer the case. We're spending wisely, and the beneficiary is the taxpayer.

With delays setting records, and airlines, passengers, pilots, controllers, lining up to emphasize the need for modernization, there's little question that the solution is the Next Generation Air Transportation System.

THE NEXTGEN FINANCING REFORM ACT OF 2007

The NextGen Financing Reform Act of 2007 is the vehicle that will allow us to free up gridlock in our skies and on our runways. The act's linchpin is financing reform. Without this financing reform, NextGen simply will not happen on time, and the longer we take to put NextGen in place, America's economy will suffer.

As you know, the FAA's current revenue stream has no direct link to our costs. We also have major inequities between what users pay and the services that they receive.

The Financing Reform Act will tie cost directly to revenue, and give us the funding we need for the NextGen system, while maintaining the congressional oversight that the public and we expect. All revenues we collect will continue to be subject to appropriations.

There's a larger issue here, as well. U.S. leadership in aviation is in jeopardy. Europe is moving full steam ahead with its modernization plan. Japan, India, Mexico, Canada, are all moving forward aggressively with the latest in satellite technology.

Getting bogged down in a protracted debate over who pays for the NextGen system will prevent us from actually deploying one, ceding our place as the world leader in aviation.

We're already working to leverage FAA resources. As I said, 100 percent of our major capital programs are on schedule and on budget. We ended fiscal year 2007 at 97 percent. We've reduced

layers of management and consolidated facilities, focusing our resources on providing service to our customers.

Our safety metrics speak for themselves. Four errors per million air traffic activities, making the safest mode of travel even safer.

It's a track record I think we are very justifiably proud of together, and while we're confident that our fiscal year 2008 budget request hits the mark, we have changed the funding lines, so Operations and F&E have been replaced with a Safety and Operations account, and an Air Traffic Organization account, both of which will closely match our lines of business.

#### FISCAL YEAR 2008 REQUEST

Under our reformed proposal, these accounts would be funded by a combination of fees, taxes, and a significant general fund contribution. Our 2008 request provides almost \$2 billion for Safety and Operations. The bulk of that is directed to our aviation safety efforts and workforce, and would increase our inspector workforce by 177.

Our Air Traffic Organization budget provides \$7 billion for operating expenses. This will fund 1,420 new air traffic controllers. We have no shortage of recruits—far from it. This budget request makes sure that we'll have the right number of controllers working in the right place at the right time.

The budget request provides unprecedented levels of funding for the NextGen system. Capital funding would increase by over 40 percent, from \$2.5 billion in fiscal year 2008 to \$3.5 billion by 2012.

Our proposal would also grant the administration authority to borrow up to \$5 billion from the Treasury starting in 2013. The funds would be dedicated to making capital investment in NextGen related equipment and facilities.

This would leverage our limited resources to transition to the NextGen system. The proposal allows us to take on major new investments, while spreading the cost to our users over a 5-year period, making it easier to afford.

Satellites will be the linchpin for the next generation of aviation. Specifically, ADS-B. ADS-B and SWIM are very critical technologies, as all who have supported them already know.

Senator MURRAY. Administrator Blakey, if I could have you sum up real quick, I'm going to have to recess and get to the vote. Hopefully, Senator Bond will be back.

Ms. BLAKEY. I'll be happy to. Our proposal also provides \$2.75 billion for airports in grants and aid, and funds all of the high-priority safety and capacity projects. There's also \$140 million for research engineering, and we are working in advanced areas like synthetic jet fuel.

But with all of that said, the system is safer than ever. The capacity of our airports, our runways, and our skies is still stretched thin. So if we fail to take action, we believe that the record we set last year for delays will be eclipsed again and again.

#### PREPARED STATEMENT

Therefore, we're going to have to move to address these issues with the NextGen system. Thank you very much.

[The statement follows:]

## PREPARED STATEMENT OF HON. MARION C. BLAKEY

Good morning, Chairwoman Murray, Senator Bond and members of the subcommittee, I am delighted to be here today and am deeply appreciative for the opportunity to talk to you about the Federal Aviation Administration's (FAA) budget request. It is a pleasure to appear before you on behalf of the 44,000 men and women of the FAA to discuss our fiscal year 2008 budget request. As this is my first appearance before you in the 110th Congress, I would like to take this opportunity to acknowledge the new chairman and ranking member of the subcommittee and say that I look forward to working with you on what I'm sure will be a broad range of aviation issues. I also would like to thank you for your actions on our behalf during the full length continuing resolution which has allowed us to ensure continued safety and efficiency of our services on behalf of the flying public.

Before discussing next year's budget, I would like to briefly mention the administration's reauthorization proposal introduced as S. 1076—"Next Generation Air Transportation System Financing Reform Act of 2007." The simultaneous expirations at the end of September of the funding authorization for the FAA's current programs as well as the 10-year term for existing taxes that fund the Airport and Airway Trust Fund (Trust Fund) present us with a unique opportunity.

Let me just emphasize how important I believe it is to move toward a stable, cost-based funding structure to ensure that FAA's costs and revenues are better aligned and that our stakeholders are treated equitably and reap the benefits of their investments in the system. S. 1076 offers a simple, transparent, and repeatable methodology to equitably allocate and recover the FAA's costs among aviation users. It also contains other needed programmatic reforms that provide airports with greater financing flexibilities and addresses environmental and congestion challenges.

While S. 1076 has generated some debate already, I think we can all agree that we share two fundamental goals for reauthorization: first, that we continue to keep our air transportation as safe as we possibly can; and second, that we have the ability to grow the system to meet our Nation's future air transportation needs—both in the short and long term supported by a predictable funding system.

## FISCAL YEAR 2008 BUDGET

I will now turn to the issue at hand. The fiscal year 2008 budget requests a total of \$14.1 billion to improve safety, reduce congestion, and improve global connectivity. The request supports our financing and programmatic reforms and focuses on accountability and performance. For several years, we have pushed to manage more effectively, rein in costs, and better respond to our customers' needs.

As always, safety is FAA's primary concern. Our collaboration with industry speaks for itself: we are enjoying the safest period in aviation history. At the same time, the demand for FAA services has never been greater. We oversee about 50,000 flights per day. In 1995, the system supported about 545 million passengers. In 2005, it was 739 million. Forecasts estimate one billion passengers annually by 2015.

Given the anticipated growth—both in terms of passengers, and, critically, in the number of aircraft operations—we know that our services must adapt to meet the demand. We also know that the complexity of the future operating environment—with evolving fleet mixes, new aircraft technology, and environmental constraints—must be approached in partnership with our customers. This budget demonstrates a long-term commitment to the Next Generation Transportation System (NextGen), not as a pie-in-the-sky vision, but as embodied by tangible systems, processes, and capital projects that will lead us to the future.

For fiscal year 2008, FAA has prepared the budget in a new account structure that aligns with the financing reform proposal and the services that we provide. While the Grants-in-Aid for Airports (AIP) and Research, Engineering, and Development (R, E, & D) accounts remain, the Operations and Facilities and Equipment accounts have been replaced with two new accounts. There is a Safety and Operations account and an Air Traffic Organization (ATO) account that align with our lines of business. Under our reauthorization proposal, beginning in fiscal year 2009 these accounts would be funded by a combination of user fees, taxes and general fund contributions. The General Fund contributions for each account covers specific activities that benefit the public, such as safety oversight and public sector use of air traffic control services. We consider this structure to be more consistent with and supportive of our business-like approach by expanding our comprehensive pay-for-performance programs, consolidating operations, improving internal financial management, and delivering benefits to our customers.

## SAFETY AND OPERATIONS

The fiscal year 2008 budget requests \$2 billion for Safety and Operations. Most of the funds requested for Safety and Operations in fiscal year 2008 support maintaining and increasing aviation safety and efficiency, reflecting the President's commitment in this area. Of this request, \$1.1 billion is for the agency's Aviation Safety (AVS) office. This level supports increasing the AVS safety workforce by 87 inspectors and 79 other safety staff.

The fiscal year 2008 budget requests \$12.8 million for Commercial Space Transportation to continue its commitment to timely and responsive licensing and regulatory processes designed to enable a safe, secure, efficient, and internationally competitive U.S. space transportation industry. Commercial space transportation is an exciting area, and we are committed to supporting its continued growth.

The Budget also requests \$758 million for Staff Offices to fund administrative and managerial costs for FAA's international, engineering, and development programs, as well as policy oversight and management functions.

## AIR TRAFFIC ORGANIZATION

As a Performance Based Organization, the Air Traffic Organization (ATO) continues to provide safe, secure, and cost effective air traffic services. The budget requests \$7 billion for ATO operating expenses. In fiscal year 2008, this will fund 1,420 new air traffic controllers to both address the projected 1,276 controller losses next year, and to fund a net increase of 144 controllers to meet increased demand for air travel.

Recently, there has been a great deal of misinformation generated regarding controller staffing levels, and our recently updated controller staffing plan. Let me take this opportunity to assure you that our 10-year plan recognizes the dynamics of staffing to steady increases in overall traffic as well as accounting for workloads at individual facilities. We are planning for an average net increase of 148 controllers every year for the next 10 years, resulting in a total count of about 16,000 controllers by 2015. FAA's goal is to have the right number of people in the right facilities at the right time. This includes using overtime more strategically. The overtime levels for controllers are trending downward. The overtime rate in fiscal year 2007 to date is 0.9 percent, which is down from 1.1 percent in fiscal year 2006 and 1.6 percent in fiscal year 2005.

FAA is meeting its recruiting needs, with new people coming into the applicant pool on a daily basis. We have actually selected and filled all en route controller slots for fiscal year 2007 and tentatively selected the majority of terminal controllers for fiscal year 2007. Our plans are already progressing for filling specific controller slots in fiscal year 2008. We have targeted vacancy announcements in cities around the country to ensure we have sufficient applicants in areas where we expect to need controllers in the future.

Most importantly, the system is safe. In fiscal year 2006, we achieved our performance safety metric on operational errors which was down to 4.11 errors per million activities. In fiscal year 2007, the operational error rate is tracking even lower.

In October 2005, ATO completed the largest non-military A-76 competition in history. That action will save the agency \$51.7 million in fiscal year 2008, with a 10 year projected savings and cost avoidance totaling almost \$2.2 billion. The contract not only saves money, it also commits the vendor to modernize and improve the flight services we provide to general aviation pilots. In addition, the employees who left Federal service as a result of this transition were given offers to work for Lockheed Martin, the successful bidder of the contract.

In fiscal year 2006, ATO consolidated its administrative and staff support functions from 9 service areas to 3. This will allow us to provide better service to customers while saving an estimated \$360 to \$460 million over the next 10 years. In fiscal year 2008, we anticipate savings of \$29 million from Service Area Consolidation.

## NEXTGEN AND CAPITAL NEEDS

The fiscal year 2008 budget requests \$2.3 billion for ATO capital programs and more than \$100 million for Safety and Operations capital programs. Much of this request will support the ultimate NextGen vision—with \$173 million requested for the transformational NextGen activities detailed below, and over \$950 million for current programs that contribute to the NextGen effort. The request also supports the investments needed to keep the current National Airspace System (NAS) functioning. We know that it will take not only funding, but new management approaches, to transform today's aviation system to meet tomorrow's needs. We have

done much in recent years to break down stovepipes and plan in a more integrated manner, but NextGen requires us to go further. The new OEP—formerly the Operational Evolution Plan, and now the Operational Evolution Partnership—is a big step in the right direction. OEP has gone from a 10 year rolling plan to a more comprehensive roadmap for how we get to NextGen. The emphasis is on “partnership”—within and between major FAA organizations, with the Joint Planning and Development Office (JPDO) and its other partner agencies, the private sector, and, of course Congress.

One of our greatest challenges is our ability to define what the future system will look like. What technologies will the future system be comprised of? In the coming months, the JPDO will publish the first official NextGen Enterprise Architecture and Concept of Operations. The significance of these foundational documents should not be understated. They are essential to understanding the transformed operational environment, which will allow us to more precisely develop a plan for achieving it, and will provide the basis for architecture-based, quantitative resource planning. Our reauthorization proposal is designed to strengthen the key linkages needed to implement NextGen, and to deliver those resources when they are needed.

Given demand growth, we know it is essential to improve operations well in advance of 2025. To do so, we are requesting funding to stage demonstrations and develop critical infrastructure that will better define how we can move to trajectory-based operations and identify opportunities for early implementation of promising technologies and practices. The demonstrations will also help us to eliminate certain concepts and technologies from further consideration, thereby allowing us to focus our resources more effectively going forward. Ultimately, trajectory-based operations will allow pilots to select the most cost-effective, fuel-efficient routes, achieving substantial cost and time savings for our customers, while maintaining the highest levels of safety. In addition to these demonstration projects, our capital request funds a growing list of NextGen transformational technologies. Most significantly, these include Automatic Dependent Surveillance-Broadcast (ADS-B), the next generation of satellite-based surveillance technology; System-Wide Information Management (SWIM), which will provide a broad range of real-time information to users of the National Airspace System; and NextGen Network Enabled Weather, which will improve forecasting and information sharing and enhance safety.

We are again requesting research funds to continue supporting the JPDO. As the unit that spearheads NextGen for the federal government, JPDO will continue defining the future operating environment, identifying demonstration opportunities, and working with the relevant agencies to implement them. We are also requesting funds to support wake turbulence research, the results of which will help us increase capacity while maintaining safety. In addition, research funds would be directed to environmental research, especially noise and emission control, critical to the design of the future system. And finally, we would fund further research on unmanned aircraft systems, a likely addition to the future fleet mix.

#### GRANTS IN AID FOR AIRPORTS (AIP)

The FAA is committed to a healthy national air transportation system. Airports are a key part of the system, and that includes small airports that rely most on AIP funding to help meet their capital needs.

We have proposed changes to the Federal funding programs, which will stabilize and enhance these funding sources for airports. With our proposed programmatic changes, the \$2.75 billion requested in our budget will be sufficient to finance airports' capital needs and meet national system safety and capacity objectives. These changes will assure that the small airports continue to benefit from the funding formulas currently in place, and provide FAA and States with the level of discretionary AIP funds we need to finance our critical safety, capacity and security requirements. In addition, the proposed increase in the maximum passenger facility charge from \$4.50 to \$6.00 will provide commercial airports of all sizes with additional local revenues to meet their capital needs. This proposal would bring an additional \$1.5 billion annually to commercial airports, with \$1 billion going to large airports and \$500 million going to small airports.

#### RESEARCH, ENGINEERING, AND DEVELOPMENT (R, E, & D)

The fiscal year 2008 request for R, E, & D is \$140 million. The request includes \$91.3 million for continued research on aviation safety issues. The remaining research funding is for reduced congestion and environmental issues, including \$14.3 million for the JPDO to continue defining and facilitating the transition to NextGen. An additional \$3.5 million in support for JPDO is contained in the ATO capital request, related specifically to the work on the demonstration projects.

The Flight Plan is FAA's rolling 5-year strategic plan that we first undertook in 2004. As scheduled, we updated it last fall, with input from our internal and external stakeholders. The Flight Plan is organized around the agency's primary goals: increased safety, greater capacity, international leadership, and organizational excellence. The Flight Plan is our blueprint for managing the agency. It has made FAA more business-like, performance-based, and customer-focused.

As part of our Flight Plan, each FAA organization now has its own individual business plan. Each of these plans is linked to the Flight Plan, budgeted and tied to what the customers need. The agency's business plan goals have been built into a performance-based tracking system that is posted to the FAA website each quarter. It lists each of the agency's goals, performance targets, who is responsible, and the status of each. Using this data, the senior management team conducts a monthly review of our performance. When used with other cost and performance data, the Flight Plan information clearly and precisely identifies the effectiveness of a program across the entire agency. With this perspective, the agency is able to capitalize on successful strategies. Let me address our performance and requests under each of our goals.

#### INCREASED SAFETY

At FAA, safety is our top priority, and approximately 66 percent of our budget request, \$9.4 billion, supports this goal. Over the last three years, the accident trends in both commercial and general aviation have been at all-time lows. Commercial space transportation continues its remarkable safety record, without a fatality, injury, or any significant property damage to the public. The Flight Plan continues our commitment to reduce commercial and general aviation fatal accidents. We continue to strive toward a 3-year rolling average for our commercial airline fatal accident rate of 0.010 fatal accidents per 100,000 departures or below.

We have achieved the highest safety standards in the history of aviation. Even so, our goal is—as always—to continue to improve safety. We address our operational vulnerabilities to reduce risk. One major key to our successful safety efforts is cooperation among our stakeholders. We constantly work with our stakeholder groups to meet our safety goal. Each group helps us with technology, communications, and its own unique expertise. In our responsibility for safety oversight, we work with them to establish their own safety management systems to identify potential areas of risk. Then we work together to address these risk areas.

To help reduce runway incursions, we deployed the Airport Surface Detection Equipment-Model X (ASDE-X) warning system at 5 major airports in fiscal year 2006. We also strengthened the airfield paint markings standard for taxiway centerlines at 72 large airports to alert pilots when they are approaching hold short lines so they won't inadvertently enter a runway without a clearance.

Our efforts also are helping controllers do their jobs more safely, especially when it comes to tracking and eliminating operational errors. In response to a long-standing recommendation by the Department of Transportation Inspector General and the National Transportation Safety Board to improve reports of operational errors, we've added a new initiative to automate data collection. The Traffic Analysis and Review Program—known as "TARP"—is a state-of-the-art traffic analysis and playback system that will improve operational error identification and quality assurance. We're putting the software in place for use next year, with all installations complete by 2011. The high-fidelity, near-real time playback feature of TARP will also support more effective and efficient air traffic controller training.

At airports, over 48 percent of our AIP grants go to safety-related projects, such as upgrades to runway safety areas, runway safety action team recommendations, purchase of airport rescue and fire fighting vehicles, and airfield signing, marking and lighting. AIP also supports projects that reduce runway incursions. For example, end-around perimeter taxiways at Atlanta and Dallas-Fort Worth will not only increase capacity, but will also reduce the risk of runway incursions by substantially reducing the number of runway crossings.

The work of the Commercial Aviation Safety Team (CAST), which includes representatives from government, industry, and employee groups, has been instrumental in using data to drive decisions. The team's disciplined and focused approach to analyzing accidents and incidents, identifying precursors, and developing targeted implementation strategies helped to reduce the risk of an airline fatal accident rate by 60 percent in the last 10 years. We are also working with this team to develop new metrics and goals to more effectively measure performance in commercial aviation safety.

Finally, we continue our work to expand the growing field of commercial space transportation. In 2006, there were seven commercial launches. We are issuing experimental permits and are now ready to grant safety approvals of commercial space launch and reentry vehicles, safety systems, processes, services and personnel. We met our commercial space launch target and continued improvement of internal processes and partnerships with the Air Force, other government agencies, and the commercial space transportation industry.

#### INCREASING CAPACITY

While safety is always our primary concern, our mission includes expanding capacity throughout the aviation system—both in the air and on the ground. The fiscal year 2008 budget requests \$3.6 billion to support expansion of capacity on the ground, in the form of new runways, and the continued deployment of new technologies that allow more efficient use of the system. Given the anticipated growth—both in terms of passengers, and, critically, in the number of aircraft operations—we know that our services must adapt to meet the demand. We also know that the complexity of the future operating environment—with evolving fleet mixes, new aircraft, technology, and environmental constraints—must be approached in partnership with our customers.

Since fiscal year 2000, FAA has provided approximately \$1.7 billion in AIP funding to increase capacity and decrease delays at the most congested airports in the country. These 13 new runway projects have provided these airports with the potential to accommodate 1.6 million more annual operations. In addition, funding is being provided to two of the busiest airports in the United States (Atlanta and Dallas-Fort Worth) to construct end around taxiways which improves efficiency, but eliminates runway crossings that improve airfield safety.

Every day, our capacity accomplishments, such as Domestic Reduced Vertical Separation Minimum (DRVSM), help provide more economical and efficient aircraft operations. DRVSM created an additional six layers of cruise levels at higher altitudes enabling aircraft to operate at more fuel-efficient cruising altitudes while also increasing system capacity. Implemented in fiscal year 2005, DRVSM was estimated to yield over \$5.3 billion in savings from fiscal year 2005 through fiscal year 2016, but with the rise in jet fuel prices, the savings will exceed \$13.4 billion, a 152 percent increase.

Advanced Technologies and Oceanic Procedures (ATOPs) are now available in 24 million square miles of airspace. ATOPs set the stage for reducing aircraft separation from 100 nautical miles to 30. ATOP modernizes the systems and facilities we use to manage over 24 million square miles of airspace over the Atlantic and Pacific Oceans. Using ATOPs, the Atlantic routes will save airlines 6.5 million pounds of fuel and \$8 million per year.

Three operating capabilities are key to handling the traffic demand forecast for 2025 and beyond: Navigation, Communications, and Surveillance. We have already developed design criteria as well as aircraft and operator requirements for Required Navigation Performance (RNP) approaches—a critical element of NextGen's near term operational environment. We published 6 special RNP approaches in 2005, 28 in 2006, and set a goal of 25 each for fiscal year 2007 and fiscal year 2008. In addition to its safety benefits, we expect RNP to help keep runways accessible and that could mean fewer canceled or diverted flights, thereby saving time and money.

#### INTERNATIONAL LEADERSHIP

The United States established world leadership in aviation with a consistent commitment to make safety our most important export. Today, FAA has operational responsibility for about half of the world's air traffic, certifies more than two-thirds of the world's large jet aircraft, and provides technical assistance to more than 100 countries to improve their aviation systems. In fiscal year 2006 alone, FAA provided technical guidance and training to 66 countries and 5 international organizations. The fiscal year 2008 budget requests \$78 million for global connectivity activities so FAA can be even more globally focused, helping to ensure that U.S. citizens can travel as safely and efficiently around the world as they do at home, and strengthen America's aviation leadership role in both safety and air traffic control.

We cooperate with bilateral and multilateral partners in Europe and Asia to negotiate executive agreements and implementation procedures supporting the transfer of aviation products to help lower accident rates in areas that are experiencing substantial growth in operations. We have also developed initiatives to collaborate with key international partners to implement NextGen technologies globally as they become available to improve aviation safety and capacity. Last June, FAA entered into a cooperative agreement with European aviation organizations to participate in each

other's air traffic management modernization programs to harmonize operations. These efforts are essential to seamless operation of aircraft.

We are also leading the world in the development of both private human spaceflight and commercial spaceports.

#### ENVIRONMENTAL STEWARDSHIP

The FAA is committed to managing aviation's growth in an environmentally sound manner. Indeed, NextGen recognizes the need to develop and insert technology to reduce levels of aviation noise and emissions, thereby reducing environment as a constraint on capacity. The fiscal year 2008 budget requests \$354 million to support environmental stewardship for noise mitigation, air and water quality, fuel efficiency, environmental streamlining, and facility remediation. We are on track to reduce the impacts of airport noise on more than 100,000 people over the next 5 years through AIP grants in our fiscal year 2008 budget.

In April 2006, the Office of Airports issued its revised environmental guidance handbook. This handbook is the most recent product in our continuing efforts to meet the streamlining goals of Vision 100 and the President's Executive Order (13274) on environmental stewardship and streamlining of transportation infrastructure projects. Recent environmental review for capacity enhancing projects at O'Hare, Dulles, and Philadelphia Airports demonstrated that this integration process produces meaningful results.

We are also working with our Center of Excellence for Aircraft Noise and Aviation Emissions Mitigation to foster breakthrough scientific, operations, and program advances. We call the Center "PARTNER", and it truly is an excellent partnership of government, academic, and industry participants—led by MIT. Our work this year includes Continuous Descent Approaches to airports that can reduce noise, emissions, and fuel use; the feasibility of alternative fuels for aircraft; and assessing fuel burn reduction through en route optimization. In fiscal year 2008, with our reauthorization and budget request, we plan to expand PARTNER's work to develop and certify lower energy, emissions, and noise engine and airframe technology over the next 10 years.

#### SECURITY

While the U.S. Department of Homeland Security's Transportation Security Administration (TSA) has primary responsibility for transportation security, FAA also works closely with TSA and other federal agencies to support aviation security, transportation security, and other national security matters. FAA also has responsibility for the security of its personnel, facilities, equipment and data. FAA ensures the operability of the national airspace, which is essential to the rapid recovery of transportation services in the event of a national crisis. The budget request includes \$246 million to continue upgrading and accrediting facilities, procure and implement additional security systems, enhance IT security, and upgrade Command and Control Communications equipment to meet the increased national security demands that have resulted since the September 11 attacks.

#### ORGANIZATIONAL EXCELLENCE

The budget requests \$384 million to support our organizational excellence initiatives. FAA's progress over the past four years has been steady, as we've embraced the vision of the President's Management Agenda (PMA) and its strategy to improve management throughout the Federal Government. Through the Flight Plan and PMA, we've made significant management gains relating to human capital, competitive sourcing and consolidations, financial performance—including controlling costs; and, in terms of accountability to Congress, the taxpayers, and our customers.

#### CONTROLLING LABOR COSTS/PAY-FOR-PERFORMANCE—HUMAN CAPITAL REFORM

We know that labor costs drive a significant share of our budget, and we have been working to slow the rate of growth of these costs, as was evidenced by our efforts in the recent controller negotiations. We're also increasing workforce productivity in several ways and we are on track to achieve cost efficiencies of 10 percent by fiscal year 2010 in controller staff costs. We achieved the first 5 percent of this goal in fiscal years 2005–2006 by staffing our facilities based on traffic levels and controller workload, and through imposing greater scrutiny of controller duties that take them away from controlling traffic. Our budget request assumes we will achieve controller productivity improvements of 2 percent in both fiscal years 2007 and 2008.

Our improved oversight and proactive management of our worker's compensation caseload resulted in a cost avoidance of \$5.5 million in fiscal year 2005 and \$7 million in fiscal year 2006. The estimated cost avoidance for fiscal year 2007 is \$7 million.

I have mentioned in the past of ATO's efforts to streamline its organization. Over the last several years, ATO reduced its overhead expenses by cutting multiple levels of senior management, reducing its executive ranks by 20 percent. In addition to the Service Area Consolidation noted above, ATO has used Activity Value Analysis to help streamline its operations, and eliminate and consolidate administrative staffs and support functions. Since fiscal year 2003, ATO non-safety workforce was reduced by 16 percent.

Many of the efficiencies I've noted are the result of the personnel reform that was granted to the agency in 1996. It has enabled FAA to transition from the traditional General-Schedule pay system to pay-for-performance. Accountability for results is systemic throughout our organization, with 80 percent of our employees on a pay-for-performance system, including our executives. Flight Plan performance targets must be achieved before annual pay raises are calculated. The system provides discretion to reward high-performing employees, and incentives are available to ensure that quality work and innovation are rewarded.

In December 2003, we strengthened the approval process for negotiated agreements by requiring, among other things, an analysis of the budget impact of all proposed agreements.

#### SMARTER CAPITAL INVESTMENT CHOICES AND IMPROVED PERFORMANCE

A capital investment team was created in 2004 to review financial and performance data. The team completes an evaluation of baseline performance and includes associated variances, obligations, schedule milestones and earned value management (EVM) data. EVM will provide an early warning for potential and actual variances as well as help the program manager develop corrective actions. The members of this team apply a business case approach to each project as the program is assessed. Since April 2004, over 100 projects have been reviewed. Seven major projects (a total of \$60 million) have been significantly restructured and segmented. Three projects were terminated. These changes alone resulted in \$460 million in lifecycle savings to FAA. In the fiscal year 2006 Flight Plan, all of our major capital programs were on schedule and we missed only a single program milestone. As we move to the NextGen environment, it will be critical to maintain rigorous oversight of our capital investments.

#### SAVES

The Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) initiative is an ambitious effort begun in fiscal year 2006 to implement best practices from the private sector in the procurement of administrative supplies, equipment, and IT hardware. It is expected to achieve \$5 million in savings in fiscal year 2007 and annualized savings of \$6 million thereafter.

#### IMPROVED FINANCIAL MANAGEMENT PERFORMANCE

We're making significant strides in improving our financial management. The Government Accountability Office (GAO) removed us from its high-risk list in 2006, a particular accomplishment since FAA Financial Management had been a high-risk item since 1999. We also received, for the third year in a row, the Association of Government Accountants' prestigious Certificate of Excellence in Accountability Reporting (CEAR) for our 2005 Performance and Accountability Report.

#### CLOSING

I'll end where I began. At FAA, our top priority is safety. Because of the growth forecasted in air traffic, however, we must also focus significant energy on training and transitioning to a NextGen air transportation system. Even with new efficiencies, the current system cannot meet future demand. America's ability to launch NextGen depends on the enactment of FAA's reauthorization proposal and our fiscal year 2008 budget request which supports it. I thank you for your time and look forward to discussing this legislation and our budget request in greater detail today and in the coming weeks.

Senator MURRAY. Thank you very much. Inspector General Scovel, I'm going to take a short recess. I believe Senator Bond should be here in just a minute, and we will take your testimony,

and then we'll move to questions. We'll go into a recess for a few minutes.

Senator BOND [presiding]. The hearing will resume. Senator Murray has passed the baton to me, and I apologize. I'm slowing down as I get older. It takes me longer to run and get back.

All right. We are now ready to hear the testimony from the Inspector General. Mr. Scovel?

STATEMENT OF HON. CALVIN L. SCOVEL III

Mr. SCOVEL. Madam Chairman, Ranking Member Bond, members of the subcommittee, we appreciate the opportunity to testify today regarding the Federal Aviation Administration's fiscal year 2008 budget request. FAA is presenting its \$14.1 billion budget request in a new format and structure that mirror its plans to reform how the agency is financed.

FAA has proposed changing the existing revenue stream to one that is based primarily on user fees, and Congress is currently deliberating on that proposal.

However, regardless of the funding mechanism ultimately decided upon by Congress, there are a number of front and center issues that demand attention and will shape FAA's requirements over the next several years.

We see three key areas. First, keeping existing modernization efforts on track and reducing risks with NextGen. Currently, we are reviewing the progress of 18 projects with a combined cost of \$17 billion. Overall, we have not seen the massive cost growth and schedule slips that we did in the past with FAA's major acquisitions. This is due to FAA's efforts to re-baseline major efforts and segment investment decisions.

However, there are projects, such as FAA's Telecommunications Infrastructure Program, that are at risk of not achieving expected cost savings and benefits because of schedule slips.

ASDE-X, we're also concerned about further cost increases and schedule slips with the Airport Surface Detection Equipment Model-X, an important program to reduce the risk of accidents on runways. ASDE-X was initially designed to provide a low-cost alternative to FAA's ASDE-3 radar systems, but has now evolved into essentially a replacement system for ASDE-3.

In September 2005, FAA increased ASDE-X costs from \$505 million to \$550 million, and extended the completion date from 2007 to 2011. As of March 2007, FAA had commissioned only 8 of the 35 ASDE-X sites. Further, it's uncertain when key safety features will be delivered.

For example, FAA has yet to commission an ASDE-X system that can alert controllers of potential collisions on intersecting runways or converging taxiways. Because of these issues, we believe the program is at risk of not meeting its current cost and schedule plans to deliver all 35 ASDE-X systems by 2011. We are reviewing ASDE-X and will issue a report later this year.

NextGen. A central question in the debate about financing FAA is what it will cost to develop and implement NextGen. The most current estimates suggest the agency will require \$15.4 billion for capital projects between 2008 and 2012, which includes \$4.6 billion for NextGen initiatives.

However, there are still unknowns with respect to requirements for new software, intensive automation systems, and data communications. Considerable development will be required to refine these concepts.

We've recently made a number of recommendations to FAA aimed at reducing the risks associated with NextGen. Those included providing Congress with costs along three vectors: the research and development, adjustments to existing projects, and funds for new initiatives.

Second, addressing attrition in FAA's critical workforces. FAA is facing significant attrition issues within two of its most critical workforces, air traffic controllers and aviation safety inspectors. Through 2016, FAA must hire and train over 15,000 new controllers, as controllers hired after the 1981 strike begin to retire.

In December 2004, FAA developed a comprehensive workforce plan to address this challenge. This past February, we completed our review of FAA's progress to implement its controller workforce plan.

Overall, we found that FAA continues to make good progress to implement key aspects of the plan. However, further progress is still needed in several areas, including completing actions to validate its facility level staffing standards, and continuing efforts to reduce the time and costs associated with controller on-the-job training.

FAA concurred with our recommendations. This issue will remain a high priority for FAA and Congress over the next 10 years, and we will continue to monitor and report on FAA's efforts.

Inspectors. Like its controller workforce, FAA is facing significant attrition among its aviation safety inspectors. As of May 7, FAA currently had 3,821 inspectors to oversee foreign and domestic aspects of the NAS.

Clearly, FAA will never have an inspection workforce that is large enough to oversee all aspects of aviation operations, so it's important that inspectors are located where they're most needed.

The National Research Council recently completed its study of FAA's methods of allocating inspector resources, and concluded that the agency's current model is ineffective.

Ranking Member Bond, with your permission, if I may have another minute or two to wrap up?

Senator BOND. Under the circumstances, you can have two, if you wish.

Mr. SCOVEL. Thank you. Thank you very much. FAA must develop a reliable staffing model to ensure that it has the right number of inspectors at the right locations. However, completion of the model is likely years away, and we will continue to monitor and report on FAA's efforts here, as well.

Finally, determining the appropriate amount of airport funding. Over the last 2 years, FAA's budget requests for the AIP have been significantly less than authorized levels. However, Congress has provided FAA with close to the authorized amounts each year. For fiscal 2008, FAA has requested nearly \$1 billion less than 2007 levels.

## PREPARED STATEMENT

With growing demands for airport improvement projects and potentially less AIP funding available, AIP funds must be directed to the Nation's highest priority projects, while meeting the unique needs of small airports.

That concludes my statement. I'll be happy to answer any questions you and other members of the subcommittee may have.

[The statement follows:]

## PREPARED STATEMENT OF HON. CALVIN L. SCOVEL III

Chairman Murray, Ranking Member Bond, and members of the subcommittee: We appreciate the opportunity to testify today regarding the Federal Aviation Administration's (FAA) fiscal year 2008 budget request. Our testimony will focus on the key issues that will frame FAA's financial requirements over the next several years.

A significant challenge facing FAA today is how to move forward with the next generation air transportation system. The current system handles over 700 million passengers per year, a number that will grow to over 1 billion travelers by 2015. This system must also be poised for the introduction of thousands of very light jets<sup>1</sup> during the same timeframe. This influx of new aircraft will strain the Agency's air traffic control systems and its inspection and certification workforces.

FAA oversees the busiest and most complex aviation system in the world. In 2006, FAA enroute centers—facilities that manage high-altitude traffic—handled 46 million operations, which approximated the activity levels in 2000. However, with respect to delays, operational performance of the National Airspace System (NAS) slipped slightly in 2006 with one in four flights arriving late, the worst level since 2000.

It is against this backdrop that we would like to discuss FAA's fiscal year 2008 budget request. FAA is presenting its \$14.1 billion budget request in a new format and structure that mirror its plans to reform how the Agency is financed. Currently, FAA is financed by two mechanisms: excise taxes (primarily those from ticket taxes on airfare) and a contribution from the General Fund. FAA has proposed changing that revenue stream to one that is based primarily on user fees; Congress is currently deliberating that proposal.

The focus of our testimony today, Madam Chairman, is that regardless of the funding mechanism ultimately decided upon by Congress, a number of "front-and-center" issues demand attention and will shape FAA's requirements over the next several years. These include the following:

*Keeping Existing Modernization Efforts on Track and Reducing Risks With the Next Generation Air Transportation System (NextGen).*—FAA is requesting \$2.46 billion for its capital programs in fiscal year 2008, the majority of which is for the Air Traffic Organization's capital efforts. The fiscal year 2008 request also includes funding for key NextGen initiatives, such as the Automatic Dependent Surveillance-Broadcast Program (ADS-B) and the System Wide Information Management Program (SWIM), and for demonstration projects.

Currently, we are reviewing the progress of 18 projects with a combined cost of \$17 billion. We do not see the massive cost growth and schedule slips that we have in the past with FAA's major acquisitions. This is due to FAA's efforts to re-baseline major efforts and segment investment decisions. However, there are projects, such as FAA's Telecommunications Infrastructure program, that are at risk of not achieving expected cost savings and benefits because of schedule slips.

We are also concerned about further cost increases and schedule slips with the Airport Surface Detection Equipment Model-X (ASDE-X), which is an important program to reduce the risks of accidents on runways. It is planned to improve airport safety by operating in all-weather and low-visibility conditions (e.g., fog, rain, and snow) when controllers cannot see activity on ramps, runways, and taxiways. ASDE-X was initially designed to provide a low-cost alternative to FAA's ASDE-3 radar systems but has evolved into a different program. In September 2005, FAA increased ASDE-X costs from \$505.2 million to \$549.8 million and extended the

<sup>1</sup>These are small, "affordable" aircraft that will carry up to six passengers. Priced as low as \$1 million per aircraft, very light jet manufacturers anticipate that these aircraft will find a niche among corporate and private owners and as on-demand air taxi services. According to FAA, up to 5,000 very light jets will vie for airspace by 2017.

completion date from 2007 to 2011. In addition, the cost to acquire and install some key ASDE-X activities has increased by \$94 million since the 2005 re-baseline. To stay within the revised baseline, FAA offset this cost by decreasing funds for seven program activities, such as construction for later deployment sites.

As of March 2007, FAA had commissioned only 8 of the 35 ASDE-X sites. Of the seven sites planned for fiscal year 2006, FAA only commissioned four. Further, it is uncertain when key safety features will be delivered. For example, FAA has yet to commission an ASDE-X system that can alert controllers of potential collisions on intersecting runways or converging taxiways. Because of these issues, the program is at risk of not meeting its current cost and schedule plans to deliver all 35 ASDE-X systems by 2011. We are reviewing ASDE-X and will issue a report later this year.

A central question in the debate about financing FAA is what it will cost to develop and implement NextGen. The most current estimates suggest that the Agency will require \$15.4 billion for capital projects from fiscal year 2008 to fiscal year 2012. This includes \$4.6 billion for NextGen initiatives (\$4.3 billion from the capital account and \$300 million from the Research Engineering and Development account). However, we caution that there are still unknowns with respect to requirements for new software, intensive automation systems, and data communications. Further, considerable development will be required to refine these concepts and determine how systems can be certified as safe.

We recently made a number of recommendations<sup>2</sup> aimed at reducing risk with NextGen, a multibillion-dollar effort that will dominate FAA's capital account. We recommended that FAA provide Congress with costs along three vectors—research and development, adjustments to existing projects, and funds for new initiatives. This will help decision makers understand the magnitude of the effort and how additional funds will be used. Given the high-risk nature of NextGen, we also recommended that FAA articulate a strategy for how this extraordinarily complex effort will be managed (beyond conducting demonstration projects) and what expertise will be required to prevent past problems and successfully deliver new capabilities. FAA concurred with our recommendations.

*Addressing Attrition in FAA's Critical Workforces.*—FAA is facing significant attrition issues within two of its most critical workforces—air traffic controllers and aviation safety inspectors. Ensuring that there are enough adequately trained and certified professionals in these two fields is critical to the safety and efficiency of the NAS and will remain a high priority for FAA and Congress over the next 10 years.

Through 2016, FAA must hire and train over 15,000 new controllers as controllers hired after the 1981 strike begin retiring. In December 2004, FAA developed a comprehensive workforce plan to address this challenge and issued the first in a series of annual reports to Congress. FAA issued its first update to the plan in June 2006 and its second update in March 2007.

In February, we issued the results of our review of FAA's progress in implementing its controller workforce plan.<sup>3</sup> Overall, we found that FAA continues to make progress in implementing a comprehensive staffing plan to address the surge in retirements. For example, we found that FAA has significantly improved its hiring process and has made progress in reducing the time and costs to train new controllers. However, further progress is still needed in key areas. Those include:

- Completing validation of accurate facility-level staffing standards (a critical component because FAA has over 300 air traffic facilities with significant differences in air traffic levels and complexity);
- Continuing efforts to reduce the time and costs associated with on-the-job training (the longest and most expensive portion of new controllers' training);
- Establishing baseline metrics to measure the effectiveness of controller productivity initiatives (FAA must ensure that reductions in staffing are a result of increased productivity and not simply fewer controllers controlling more traffic); and
- Identifying the estimated total costs of the plan (which will significantly impact FAA's operating cost requirements over the next 10 years).

We recommended that FAA include the progress made in validating facility staffing standards in the next update of the plan along with the plan's total estimated

<sup>2</sup> OIG Report Number AV-2007-031, "Joint Planning and Development Office: Actions Needed To Reduce Risks With the Next Generation Air Transportation System," February 12, 2007. OIG reports and testimonies can be found on our website: [www.oig.dot.gov](http://www.oig.dot.gov).

<sup>3</sup> OIG Report Number AV-2007-032, "FAA Continues To Make Progress in Implementing Its Controller Workforce Plan, but Further Efforts Are Needed in Several Key Areas," February 9, 2007.

costs. FAA concurred with our recommendations and included interim staffing ranges for all facilities in its March 2007 update to the plan as well as the expected additional personnel and compensation costs that it will incur for new controllers in training each year through 2016. However, the actions needed to address this issue are ongoing and, in some cases, it may be years before they are fully implemented. We will continue to monitor and report on FAA's efforts in addressing this challenge.

Like its controller workforce, FAA is facing significant attrition among its aviation safety inspectors. FAA currently has 3,865 inspectors to oversee domestic and foreign aspects of the largest, most complex aviation system in the world. Over one-third of these inspectors (44 percent) will be eligible to retire by 2010.

FAA will never have an inspection workforce that is large enough to oversee all aspects of aviation operations, but it is important for the agency to ensure that its inspectors are located where they are most needed. The National Research Council recently completed its study<sup>4</sup> of FAA's current methods of allocating inspector resources and concluded that the Agency's current model is not effective. FAA must develop a reliable staffing model to ensure that it has the right number of inspectors at the right locations. FAA advised us that it intends to implement the Council's recommendations and has procured the services of an independent contractor to obtain the most effective staffing mechanism. However, completion of this process is likely years away.

*Determining the Appropriate Amount of Airport Funding.*—The Airport Improvement Fund (AIP) supports the airport system by providing funds to primarily enhance safety and security, maintain the infrastructure, increase capacity, and mitigate airport noise in surrounding communities. Over the last 2 years, FAA's budget requests for the AIP have been significantly less than authorized levels. However, Congress has provided FAA with close to the Vision 100<sup>5</sup> authorized amounts in fiscal year 2005 and fiscal year 2006.

In fiscal year 2007, the AIP is funded at the 2006 level of \$3.5 billion, which is a \$200 million reduction from the fiscal year 2007 authorized level. For fiscal year 2008, FAA has requested \$2.75 billion for the AIP—\$950 million less than the fiscal year 2007 Vision 100 authorized level.

With growing demands for airport improvement projects and potentially less AIP funding available, AIP funds must be directed to the Nation's highest priority projects while meeting the unique needs of small airports. Given the growth in projected passenger traffic and the Department's commitment to accelerate major airport infrastructure projects by giving priority treatment and resources to capacity projects, it may be time to re-examine AIP funding levels and the type of projects funded.

For example, we found that under current AIP Military Airport Program set-aside requirements, low-priority projects could be funded at an airport that meets set-aside requirements while higher-priority projects at other airports could go unfunded. We will report on FAA's prioritization of AIP funds later this year.

Another important funding mechanism for airports are passenger facility charges (PFC). PFCs have become an important funding mechanism for airports—between 1992 and 2006, FAA approved the collection of \$57.3 billion in PFCs. Of this amount, airports have collected approximately \$22 billion, with another \$2.6 billion anticipated for 2007. Currently, PFCs are capped at \$4.50 per segment of flight (a maximum of \$18.00 on a round trip). Over 75 percent (248 of 328 airports) of the airports collecting a PFC charge the maximum amount. The current cap on PFCs has significant implications for major airports' capital expenditure plans because over 75 percent of the airports collecting PFCs are already charging the maximum amount, and some airports are anticipating an increased PFC as part of major capital improvement financing plans.

I would now like to discuss FAA's fiscal year 2008 budget request and these three areas in greater detail. I will also provide our observations on FAA acquisition and contracting issues.

#### FAA'S FISCAL YEAR 2008 BUDGET

FAA is requesting \$14.1 billion for fiscal year 2008, a reduction of nearly \$460 million from the fiscal year 2007 enacted levels, and \$233 million from the fiscal year 2006 actual levels. FAA is presenting its budget request in a new format and structure that mirror its plans to shift from the current excise taxes to a structure

<sup>4</sup>Study completed by the National Research Council of the National Academies, "Staffing Standards for Aviation Safety Inspectors," September 20, 2006.

<sup>5</sup>Vision 100—Century of Aviation Reauthorization Act, Pub. L. No. 108–176 (2003).

that relies on, among other things, cost-based user fees. FAA anticipates that the new financing system will be implemented in fiscal year 2009.

For fiscal year 2008, FAA has realigned its four accounts to better reflect its lines of business and proposed financing system. The budget request shows the Operations and Facilities & Equipment (F&E) accounts realigned into two new accounts. The first account combines the Agency's safety oversight, Commercial Space Transportation, and staff offices into a single account called Safety and Operations. The second account combines most of the Facilities and Equipment account with the Air Traffic maintenance and other Operations account functions into the Air Traffic Organization (ATO) account. The Airport Improvement Program and the Research, Engineering, and Development (RE&D) accounts remain the same. FAA's budget funds these four accounts as follows:

- For the Safety and Operations account, FAA is requesting \$1.88 billion (13 percent of FAA's total budget), an increase of \$102 million over last year's enacted amount for comparable functions. For safety-related functions, such as safety inspectors and certification activities, FAA is requesting \$1.11 billion, an increase of \$105 million from last year's enacted amount.
- For the ATO account, FAA is requesting \$9.3 billion (66 percent of FAA's total budget), an increase of \$184 million over comparable functions in the fiscal year 2007 enacted budget. For the operation and maintenance of the air traffic control system, the Agency is requesting \$6.96 billion, an increase of \$225 million over last year's amount. FAA is also requesting \$2.34 billion in capital program funds for the ATO, a decrease of \$41 million from last year's enacted amount. Capital projects associated with other functions, such as safety, are now included in the Safety and Operations account.
- For the AIP account, FAA is requesting \$2.75 billion (20 percent of FAA's total budget). This represents a \$765 million decrease from the amounts provided in fiscal year 2007. To put this figure into context, since fiscal year 2001, the AIP account has been authorized at \$3.2 billion or higher each year.
- Finally, FAA is requesting \$140 million for the RE&D account (1 percent of FAA's total budget), an increase of \$10 million from the fiscal year 2007 enacted level.

To demonstrate in terms of the old and new budget presentation, table 1 summarizes the fiscal year 2008 budget request in last year's four-account format.

TABLE 1.—FAA BUDGETS FISCAL YEAR 2006 THROUGH FISCAL YEAR 2008

(In millions of dollars)

Account	Fiscal Year 2006 Actual	Fiscal Year 2007 Enacted	Fiscal Year 2008 <sup>1</sup> Request
Operations .....	8,104	8,374	8,726
Facilities & Equipment .....	2,555	2,518	2,462
Airport Improvement Program .....	3,515	3,515	2,750
Research, Engineering, and Development .....	137	130	140
Total .....	14,310	14,537	14,077

<sup>1</sup> We summarized FAA's fiscal year 2008 budget request using the previous format for comparative purposes.

Note: Figures may not add up exactly due to rounding.  
Source: FAA's fiscal year 2008 budget request and FAA's Office of the Budget.

The fiscal year 2008 budget would be financed by the two mechanisms currently used to fund FAA: excise taxes deposited into the Airport and Airway Trust Fund and a General Fund contribution. The Trust Fund, which was created in 1970, provides FAA with a dedicated revenue source for funding aviation programs.

Initially envisioned as a means to fund the infrastructure and modernization needs of the NAS, the Trust Fund also pays for large portions of FAA's operating budget, the Essential Air Service Program, and one-time items (e.g., security funding after the September 11, 2001, attacks). The General Fund is used to make up the difference between Trust Fund revenues and the unfunded portion of FAA's budget.

For fiscal year 2008, FAA expects the Trust Fund to contribute \$11.5 billion, or 81 percent, toward its total budget and the General Fund to contribute \$2.6 billion, or 19 percent. These amounts are similar to what has been budgeted in the previous 4 years. Table 2 shows the contribution from each of the funding sources toward FAA's proposed new accounts.

TABLE 2.—FUNDING SOURCE CONTRIBUTIONS

(Dollars in millions)

Account	Airport and Airway Trust Fund		General Fund		Total
	Amount	Percent	Amount	Percent	
Air Traffic Organization .....	\$7,915	85	\$1,393	15	\$9,308
Safety and Operations .....	672	36	1,208	64	1,879
Airport Improvement Program .....	2,750	100	.....	0	2,750
Research, Engineering, and Development	123	88	17	12	140
<b>Total .....</b>	<b>11,459</b>	<b>81</b>	<b>2,618</b>	<b>19</b>	<b>14,077</b>

Note: Percentages in table are toward the total budget.  
Note: Figures may not add up exactly due to rounding.  
Source: FAA's fiscal year 2008 budget submission to Congress.

KEEPING EXISTING MODERNIZATION EFFORTS ON TRACK AND REDUCING RISKS WITH NEXTGEN

FAA faces challenges in maintaining existing systems while developing and implementing new capabilities to meet the anticipated demand for air travel. For fiscal year 2008, FAA is requesting \$2.46 billion in capital funds, the majority of which (\$2.3 billion) is for Air Traffic Organization (ATO) efforts to modernize the NAS. Over the last several years, increasing operating costs have crowded out funds for the capital account. Since fiscal year 2005, capital funding requests have leveled off, falling within the range of \$2.4 billion to \$2.5 billion, well below the levels authorized in the Vision 100 Act. Another trend has been FAA's decision to cancel, defer, and segment acquisitions while the capital budget stayed essentially flat. Further, only about 50 percent of FAA's capital budget goes to air traffic systems; the remainder goes to personnel, mission support, and facilities (i.e., sustainment). Although a large portion of FAA's capital funds will go toward sustainment, FAA is requesting additional funds for key technologies for NextGen. These include the following:

—Automatic Dependent Surveillance-Broadcast (ADS-B)<sup>6</sup> is a satellite-based technology that allows aircraft to broadcast their position to others. FAA requested \$80 million in fiscal year 2007 for this satellite-based technology. For fiscal year 2008, it is requesting \$85.7 million. FAA expects to award a contract for the installation and maintenance of the ADS-B ground infrastructure in 2007. However, a number of challenges must be addressed. These include conducting human factors work and determining how air and ground elements will be certified as safe. FAA may have to rely on a rulemaking initiative to help speed ADS-B airspace user equipage. The current cost estimate for ADS-B is approximately \$1.2 billion, and FAA is planning to re-baseline the ADS-B costs this summer.

—System Wide Information Management (SWIM) is a new information architecture that will allow airspace users to securely and seamlessly access a wide range of information on the status of the NAS and weather conditions. It is analogous to an internet system for all airspace users. FAA requested \$24 million for this program in fiscal year 2007. For fiscal year 2008, it is requesting \$21.3 million. The cost to fully implement SWIM is unknown, and we note that SWIM is scheduled to be reviewed by FAA's Joint Resources Council this June.

In its fiscal year 2008 budget submission, FAA is requesting funds for new NextGen initiatives, such as NextGen Data Communication (\$7.4 million), NextGen Network Enabled Weather (\$7 million), and a new National Airspace System Voice Switch (\$3 million). FAA is also requesting \$50 million for demonstration and infrastructure projects.

We are tracking 18 programs with a combined acquisition cost of \$17 billion. Today, we will highlight (1) FAA's progress and problems with key modernization efforts and (2) FAA actions needed to reduce risk with NextGen.

<sup>6</sup>The first phase of ADS-B implementation, known as ADS-B out, is expected to replace many ground radars that currently provide aircraft surveillance with less costly ground-based transceivers. Aircraft would be equipped with ADS-B out, which broadcasts a signal to these transceivers. However, implementing ADS-B out is just the first step to achieving the larger benefits of ADS-B, which would be provided by ADS-B in. ADS-B in would allow aircraft to receive signals from ground-based transceivers or directly from other aircraft equipped with ADS-B. This could allow pilots to "see" nearby traffic and, consequently, transition some responsibility for maintaining safe separation from the air traffic controllers to the cockpit.

*FAA's Progress and Problems With Ongoing Modernization Projects*

We do not see the massive cost growth that we have in the past with FAA acquisitions. This is due to FAA's efforts to re-baseline programs and segment investment decisions. However, we found that several projects (totaling of \$6 billion in capital investment costs) will require significant attention and oversight because of their size, diminishing benefits, potential cost and schedule problems, or importance to the NextGen transition. These are discussed below.

*En Route Automation Modernization (ERAM).*—This program is intended to replace the “Host” computer network—the central nervous system for facilities that manage high-altitude traffic. FAA requested \$375.7 million for ERAM in fiscal year 2007. For fiscal year 2008, it is requesting \$368.8 million. The first ERAM system is scheduled to be fielded by December 2009. While providing some enhancements, ERAM is essentially a one-for-one replacement for the existing “Host” computer system. As currently structured, ERAM will have two follow-on software releases (releases 2 and 3) valued at \$83 million; these are still undefined. ERAM is expected to provide the basic platform for NextGen's automated capabilities.

With an acquisition cost of \$2.1 billion and a monthly expenditure or “burn rate” of \$31 million, this program continues to be one of the most expensive and complex acquisitions in FAA's modernization portfolio. While currently on track, considerable testing and integration work lies ahead. The next major milestone is completion of Factory Acceptance Testing,<sup>7</sup> which is planned for June 2007. Any ERAM cost increase or schedule slip will have an impact on other capital programs and could directly affect the pace of the overall transition to NextGen.

*Federal Aviation Administration Telecommunications Infrastructure (FTI).*—The FTI program is to replace seven FAA-owned and -leased telecommunications networks with a single network that will provide FAA with telecommunications services through 2017. FAA expects that FTI will significantly reduce its operating costs after the new network is completed. In fiscal year 2007, FAA requested \$28 million for the FTI program. For fiscal year 2008, it is requesting \$8.5 million. The vast majority of FTI, however, is funded out of the Operations Account as opposed to the Facilities and Equipment account, which funds most acquisitions. For fiscal year 2008, FAA estimates that it will need \$210 million to support FTI operations. Additionally, FAA is planning to request another \$91 million to maintain legacy network operations until the FTI transition is complete.

In April 2006, we reported<sup>8</sup> that FTI was a high-risk and schedule-driven effort that was unlikely to meet its December 2007 completion date. We found that FAA needed to improve management controls over FTI by developing a realistic master schedule and an effective transition plan. Since our report, the Agency has extended the FTI completion date to December 2008; this represents a 1-year schedule delay. In May 2006, we began a follow-up review of FTI. To its credit, FAA is making significant progress in delivering FTI services. As of March 31, 2007, 10,973 of about 21,820 services were operating on FTI.

As a result of the delay, FAA's Joint Resources Council approved a new cost baseline for FTI in August 2006. FAA increased its acquisition costs to develop the FTI network by an additional \$8.6 million (from \$310.2 to \$318.8 million) and increased its overall operations costs to support FTI network and legacy networks by about \$100 million (from \$3.0 to \$3.1 billion).

We also continue to see an erosion of expected FTI cost savings. For example, in October 2005, the Program Office reported a reduction in the benefit estimate from \$820 million to \$672 million. By the end of fiscal year 2006, we estimate that FTI cost savings decreased from \$672 million to \$442 million, including sunk costs. Moreover, since FAA has not yet validated the FTI cost and benefits estimates that were approved in August 2006—an action that we recommended and that FAA agreed to take—the true FTI costs and benefits remain unknown.

FAA continues to face challenges in making the transition to FTI. For instance, FAA currently has a large backlog of FTI services (averaging about 1,800 services over the last 3 months) that need to be addressed. The backlog includes failed transitions, on-hold services, misconfigured [sic] equipment, and obsolete services. Additionally, the transition of digital services, such as critical radar and flight data, to FTI continues to be problematic. Some digital services were placed on “national hold” while engineering solutions could be developed.

<sup>7</sup> Factory Acceptance Testing is defined by FAA as formal testing conducted by the contractor to verify that the production item conforms to all contract specifications, is free from manufacturing defects, and meets all system requirements.

<sup>8</sup> OIG Report Number AV-2006-047, “FAA Telecommunications Infrastructure Program: FAA Needs To Take Steps To Improve Management Controls and Reduce Schedule Risks,” April 27, 2006.

In addition, FAA needs to ensure that it has an effective strategy to address FTI reliability and customer service problems. For example, many FTI services are not meeting reliability standards and are not being restored to service within contractual timeframes after outages. These problems led to unscheduled outages of both primary and back-up services, which led to flight delays. For example, on January 9, 2007, the Salt Lake City en route center experienced a 3-hour outage that caused 90 departure delays due to an FTI maintenance contractor trying to upgrade operational FTI equipment.

Overall, key watch items for FTI include addressing the backlog of services, improving FTI reliability and customer service, stopping the erosion of expected cost benefits, and validating costs. Recently, FAA completed negotiations with Verizon Business to extend LINC<sup>9</sup> (FAA's largest and costliest existing network to be replaced by FTI), which expired in April 2007. FAA has agreed to a \$92 million ceiling price to extend LINC until April 2008. We will be reporting on the FTI program later in the year.

*Airport Surface Detection Equipment-Model X (ASDE-X).*—ASDE-X is an important safety initiative planned to reduce the risks of accidents on runways. In fiscal year 2007, FAA requested \$63.6 million for the ASDE-X program. For fiscal year 2008, it is requesting \$37.9 million.

ASDE-X is FAA's latest effort designed to provide controllers with positive identification of aircraft and vehicle positions on the airport surface. It is planned to improve airport safety by operating in all-weather and low-visibility conditions (e.g., fog, rain, and snow) when controllers cannot see surface movement on ramps, runways, and taxiways.

ASDE-X was initially designed to provide a low-cost alternative to FAA's ASDE-3 radar systems for small- to medium-sized airports but has evolved into a different program. FAA made a significant change to the scope of the program in September 2005 and now intends to upgrade ASDE-3 systems with ASDE-X capabilities at 25 large airports and install the system at 10 other airports that currently lack surface surveillance technology. In September 2005, FAA increased ASDE-X costs from \$505.2 million to \$549.8 million and extended the completion date from 2007 to 2011.

We are concerned about further cost increases and schedule delays with this program since the cost to acquire and install some ASDE-X activities has increased by \$94 million since the 2005 re-baseline. To stay within the revised baseline, FAA offset this cost by decreasing planned expenditures funds for seven other program activities, such as construction for later deployment sites.

We are also concerned that the ASDE-X schedule is not realistic. As of March 2007, FAA had commissioned only 8 of the 35 ASDE-X sites. Of the seven sites planned for fiscal year 2006, FAA only commissioned four. Further, it is uncertain when key safety features will be delivered. For example, FAA has yet to commission an ASDE-X system that can alert controllers of potential collisions on intersecting runways or converging taxiways. Because of these issues, the program is at risk of not meeting its current cost and schedule plans to deliver all 35 ASDE-X systems by 2011. We are reviewing ASDE-X and will issue a report later this year.

*Air Traffic Management (ATM).*—ATM includes the Traffic Flow Management-Modernization (TFM-M) program and the Collaborative Air Traffic Management Technologies (CATMT) program. TFM-M modernizes the TFM system, which is the Nation's single source for capturing and disseminating air traffic information to reduce delays and make maximum use of system capacity. CATMT provides new decision support tools to deliver additional user benefits and increase effective NAS capacity. At a cost of \$450 million, these are two key efforts for coordinating air traffic across the NAS and managing the adverse impacts of bad weather. In fiscal year 2007, FAA requested \$79 million for ATM programs. For fiscal year 2008, it is requesting \$91 million.

Although the TFM-M effort has not experienced cost increases or schedule delays, we are concerned about risks and what will ultimately be delivered. Our concerns are based on the fact that FAA and the contractor significantly underestimated the size and complexity of TFM-M software development. FAA was pursuing TFM-M through a cost-reimbursable agreement, meaning that all risk for cost growth rested with the Government. FAA has modified the contract and adjusted the scope of work. The current risks for TFM-M focus on developing complex software, integrating TFM-M with other NAS systems, and stabilizing requirements.

*Terminal Modernization and Replacement of Aging Controller Displays.*—FAA's fiscal year 2008 budget request calls for \$40 million for efforts aimed at modernizing controller displays and related automation systems at terminal facilities. FAA's

<sup>9</sup>In March 2007, about 43 percent of LINC A-nodes had been decommissioned.

budget states that three-fourths of the fiscal year 2008 funds will be used for the Standard Terminal Automation Replacement System (STARS) “technology refresh” (i.e., replacing obsolete components) and software enhancements.

FAA’s past modernization efforts have focused exclusively on STARS. In 2004, faced with cost growth in excess of \$2 billion for STARS, FAA rethought its terminal modernization approach and shifted to a phased process. FAA committed STARS to just 50 sites at an estimated cost of \$1.46 billion as opposed to the original plan to deploy STARS at 172 sites at a cost of \$940 million.<sup>10</sup>

In 2005, FAA renamed this modernization effort the Terminal Automation Modernization-Replacement (TAMR) initiative and approved modernizing five additional small sites with STARS and replacing the aging displays at four large, complex facilities at a cost of \$57 million. This leaves over 100 sites that still need to be modernized. Although FAA has not decided on how it will modernize these 100 sites, its budget submission indicates that this effort could cost over \$1 billion.

There is no current defined “end state” for terminal modernization, and past problems with developing and deploying STARS leave FAA in a difficult position to begin transitioning to NextGen capabilities. Future costs will be shaped by (1) NextGen requirements, (2) the extent of FAA’s terminal facilities consolidation, and (3) the need to replace or sustain existing (or legacy) systems that have not yet been modernized.

Without question, the most urgent concern facing terminal modernization is how quickly FAA can replace aging displays at the four large sites that are particularly critical to the NAS—Chicago, Illinois; Denver, Colorado; St. Louis, Missouri; and Minneapolis, Minnesota. FAA chose not to compete this work based on a joint proposal from two contractors and instead decided to modify the current STARS contract to include the work. This was expected to expedite replacement of the aging displays, but the time spent revising the contract to establish cost, schedule, and design parameters caused FAA to lose the time advantage from foregoing competition. As a result, the aging displays will not be replaced until 2008. We recommended action on this matter over 2 years ago in November 2004.

*Advanced Technology and Oceanic Procedures (ATOP).*—FAA requested \$31.4 million in fiscal year 2007. For fiscal year 2008, it is requesting \$53.1 million. ATOP is FAA’s \$548 million effort to modernize how controllers manage oceanic flights. FAA now has ATOP in use at Oakland, California; New York, New York; and Anchorage, Alaska.

Since September 2005, FAA controllers have experienced recurring failures (loss of data-link communication with aircraft and aircraft position jumps) with the new ATOP system at the Oakland site. These problems directly limit the potential capacity and productivity benefits from the new automation system. This could impact FAA’s plans for using ATOP to demonstrate NextGen capabilities.

According to controllers, these incidents represent potentially hazardous safety conditions that need to be resolved. The larger separation distances required between aircraft over the oceans than for those in domestic airspace have allowed controllers to manage these problems. However, benefits from the new automation system, such as reduced separation, have not been fully realized. Problems persist in ATOP, as evidenced by two operations bulletins (on aircraft altitude changes and detecting conflicts between aircraft) issued by the Oakland facility in April. FAA needs to resolve the problems that it has identified with communication service providers and aircraft avionics and adjust ATOP software as needed to realize expected benefits.

#### *Perspectives on FAA’s Metrics for Measuring Progress With Major Acquisitions*

FAA reports in its fiscal year 2007 Flight Plan and the most recent Performance and Accountability Report that 100 percent of its critical acquisitions were within 10 percent of budget estimates and 97 percent were on schedule for 2006. FAA is currently tracking about 29 acquisitions, such as the acquisition of new radars. FAA’s cost and schedule metrics are worthwhile tools for Agency management and oversight of major acquisitions—a step we called for a number of years ago. However, these metrics have limitations that need to be understood by decision makers in order to properly assess the overall status of FAA’s acquisition portfolio.

First, FAA’s cost and schedule metrics are snapshots in time. They are not designed to address changes in requirements, reductions in procured units, or shortfalls in performance that occur over time. Second, FAA’s budget metrics involve comparisons of cost estimates taken during the fiscal year. These estimates involve the updated, “re-baselined” cost figures—not estimates from the original baseline.

<sup>10</sup>OIG Report Number AV-2005-016, “Terminal Modernization: FAA Needs To Address Its Small, Medium, and Large Sites Based on Cost, Time, and Capability,” November 23, 2004.

This explains why the Wide Area Augmentation System (a satellite-based navigation system) is considered “on budget” even though costs have grown from \$892 million to over \$3 billion since 1998. “Re-baselining” a project is important to get realistic cost and schedule parameters and is consistent with Office of Management and Budget (OMB) guidance and the Agency’s own Acquisition Management System. The revised baselines are used for justifying budgets and making investment decisions, i.e., ensuring that major acquisitions are still cost beneficial. We note that OMB allows FAA to measure deviations from the new baselines once they have been approved. Nevertheless, such comparisons of revised program baselines—absent additional information—fail to provide an accurate picture of a program’s true cost parameters.

Finally, FAA’s schedule metrics used for assessing progress with several programs in 2006 were generally reasonable, but focused on interim steps or the completion of tasks instead of whether systems met operational performance goals. For example, ASDE–X metrics focused on delivery of two systems. This metric does not relate to whether systems entered service or met operational performance expectations. We note that there are no written criteria for selecting or reporting the milestones. Table 3 provides information on some of the metrics used for measuring progress in acquisitions in fiscal year 2006.

TABLE 3.—METRICS USED TO MEASURE PROGRAMS IN 2006

Program	Metric	Planned Date	Actual Date
Airport Surface Detection Equipment Model-X.	Deliver two systems .....	February 2006 .....	February 2006
Standard Terminal Automation Replacement System.	Deliver to one site .....	February 2006 .....	January 2006
Air Traffic Management .....	Conduct Detailed Design Review .....	August 2006 .....	March 2006
Precision Runway Monitor .....	Complete Factory Acceptance Testing for Atlanta.	April 2006 .....	April 2006
Wide Area Augmentation System .....	Complete initial installation of two reference stations.	September 2006 ....	May 2006

Source: FAA ATO–F Capital Expenditures Program Office.

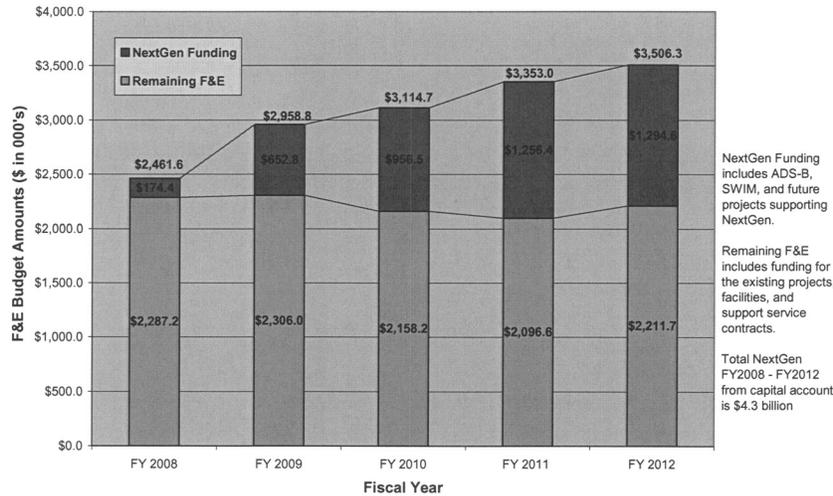
As FAA’s former chief operating officer stated, simply measuring cost and schedule may not be sufficient in evaluating NextGen initiatives. We agree and believe it will be important to focus on the promised capability and benefits of new initiatives, particularly those associated with the goals of enhancing capacity, boosting productivity, and reducing Agency operating costs. Therefore, FAA should explore a wider range of metrics to measure—and report on—progress with NextGen efforts.

*FAA Actions Needed To Reduce Risks With the Next Generation Air Traffic Management System*

The transition to NextGen is an extraordinarily complex, high-risk effort involving billion-dollar investments by the Government and airspace users. We have made a series of recommendations specifically aimed at reducing risk and facilitating the shift from planning to implementation.

*FAA needs to develop realistic NextGen cost estimates, quantify expected benefits, and establish a road map for industry to follow.*—A central question in the current debate on financing FAA is what the costs associated with developing and implementing NextGen will be. Figure 1 illustrates FAA’s most recent cost estimates.

**Figure 1. FAA Capital Funding Projections  
for FY 2008 to FY 2012**



Source: FAA National Airspace System Capital Investment Plan FY 2008 – FY 2012

FAA estimates suggest that the agency will require \$15.4 billion for capital projects from fiscal year 2008 to fiscal year 2012. This includes \$4.6 billion for NextGen initiatives (\$4.3 billion from the capital account and \$300 million from the R&D account).

We note that the bulk of NextGen funds will be allocated to developmental efforts, including demonstration projects. There are unknowns with respect to performance requirements for new automation systems and data-link communications. The development of new automation systems is a particular concern given their complexity and the fact that almost flawless performance will be required. FAA will not have a firm grasp on costs until it has a mature enterprise architecture and a NextGen R&D plan that clearly indicates the contributions of other agencies.

The costs for airspace users to equip with new avionics will be significant. The Joint Planning and Development Office's (JPDO) most recent progress report estimates the cost for airspace users to be between \$14 billion and \$20 billion for the long term. This underscores the need for FAA to have a clear understanding of complex transition issues and what will be required to get expected benefits. Another cost driver focuses on the extent to which FAA intends to consolidate facilities based on modern technology. We recommended that when FAA reports NextGen costs to Congress, it should do so along three vectors—research and development needed, adjustments to existing projects, and costs for new initiatives. FAA agreed and stated that it will build a comprehensive cost estimate this year.

More work remains to set expectations, requirements, and milestones—or “transition benchmarks”—for developing when new procedures, new ground systems, and aircraft need to be equipped to realize benefits. During an April 2006 workshop, industry participants asked FAA for a “service roadmap” that (1) specifies required aircraft equipment in specific time increments, (2) bundles capabilities with clearly defined benefits and needed investments, and (3) uses a 4- to 5-year equipment cycle that is coordinated with aircraft maintenance schedules. Once concepts and plans have matured, it will be important for FAA to provide this information to industry.

*FAA and the JPDO need to develop approaches for risk mitigation and systems integration.*—FAA and the JPDO must articulate how they will do things differently to avoid problems that affected modernization efforts in the past (such as cost growth, schedule slips, and performance shortfalls). Developing and implementing NextGen will be an enormously complex undertaking. As the JPDO notes in its De-

ember 2004 Integrated Plan,<sup>11</sup> “there has never been a transformation effort similar to this one with as many stakeholders and as broad in scope.” The central issue is determining what will be done differently from past modernization efforts with NextGen initiatives (other than conducting demonstration projects) to ensure success and deliver much needed benefits to FAA and airspace users.

FAA’s decision to use the Operational Evolution Plan (the Agency’s blueprint for capacity) to help implement NextGen is a good first step. Nevertheless, the transition to NextGen will pose complex software development and integration problems and will require synchronized investments between FAA and airspace users over a number of years.

To maintain support for NextGen initiatives, we recommended that the JPDO and FAA articulate how problems that affected past modernization efforts will be mitigated and what specific skill sets with respect to software development and system integration will be required. This will help reduce cost and schedule problems with NextGen initiatives. FAA concurred with our recommendations and stated that it will form a panel of experts to examine the issues we raised.

FAA is requesting \$50 million in its fiscal year 2008 budget for demonstration projects, which are important opportunities to reduce risk. In the past, FAA has experienced problems with certifying systems as safe, which led to cost growth and schedule slips. Therefore, we recommended, and FAA agreed, that planned NextGen demonstration projects should develop sufficient data to establish a path for certifying new systems and identify the full range of adjustments to policies and procedures needed for success.

*FAA needs to review ongoing modernization projects and make necessary cost, schedule, and performance adjustments.*—As FAA’s budget request points out, 29 existing capital programs serve as “platforms” for NextGen. We recommended that FAA review ongoing modernization programs to determine what adjustments in cost, schedule, and performance will be required. This is critical because NextGen planning documents suggest that billions of dollars will be needed to adjust ongoing programs, like ERAM and TFM–M.

During fiscal year 2007 through fiscal year 2008, over 25 critical decisions must be made about ongoing programs. These decisions will directly impact how quickly new capabilities can be deployed and will involve establishing requirements for future ERAM software releases, making investments to support existing radars, and incorporating weather information into SWIM.

#### ADDRESSING ATTRITION IN FAA’S CRITICAL WORKFORCES

Controlling operating cost growth will remain a significant challenge for FAA as it faces several workforce challenges in the coming year. Our office has an extensive body of work regarding cost control and financial issues within FAA. For example, in 1999, we reported<sup>12</sup> that persistent cost growth in the agency’s operating account (primarily salary-driven) was “crowding out” critical capital investments in the agency’s modernization account. This is still a challenge today. As FAA focuses on increasing workforce productivity and decreasing costs, it must also continue to address the expected increase in air traffic controller and safety inspector retirements and ensure that it has the right number of controllers and inspectors at the right locations.

#### *FAA Continues To Make Progress in Implementing Its Controller Workforce Plan, but Further Efforts Are Needed in Several Key Areas*

In December 2004, FAA issued the first in a planned series of congressionally directed annual reports that outline the agency’s plans for hiring new controllers to replace those expected to leave over the next 10 years. The 2004 plan also outlined various initiatives for increasing controller productivity and for decreasing on-the-job training (OJT) time and costs. FAA updated the 2004 plan in June 2006 and again in March 2007.

In February 2007, we reported on the results of our review of FAA’s progress in implementing key initiatives of its controller workforce plan. Overall, we found that FAA continues to make progress in implementing a comprehensive and complex staffing plan. For example, we found that FAA made significant improvements by centralizing many aspects of its hiring process. We also found that FAA made progress in reducing the time and costs to train new controllers, primarily through greater use of simulator training at the FAA Training Academy, and implemented

<sup>11</sup> JPDO “Next Generation Air Transportation System—Integrated Plan,” December 2004.

<sup>12</sup> OIG Report Number AV-1999-066, “Federal Aviation Administration’s Financing and Cost Control,” March 22, 1999.

a new national database to track on-the-job training statistics. Further progress is needed, however, in several key areas.

First, FAA is still in the process of validating facility-level staffing standards, which are a foremost necessity in effectively placing newly hired controllers where they are most needed. Planning by location is critical because FAA has over 300 terminal and en route air traffic control facilities with significant differences in the types of users served, the complexity of airspace managed, and the levels of air traffic handled. Without accurate facility-level planning, FAA runs the risk of placing too many or too few controllers at these locations.

FAA is aware of this concern and is validating its facility staffing standards down to the sector and position level for each location in order to develop accurate staffing ranges for all of its facilities. FAA expects to complete this assessment for its 21 en route centers (its largest facilities) by the end of this year. However, FAA does not expect to complete the entire project, including terminal facilities, until late 2008. In the interim, FAA established staffing ranges by facility, which take into account the existing staffing standard models but also include facility manager input and expected productivity improvements. Although these ranges are a step toward more accurate controller levels, they are not a replacement for a facility-level staffing range based on validated staffing standard models.

We recommended that FAA report the progress made in validating facility staffing standards in its next annual update to the workforce plan, including the number of facilities completed, the staffing ranges established for each location, and the estimated completion date for all remaining facilities. FAA concurred with our recommendation and included the interim staffing ranges for all facilities in its March 2007 update.

Second, FAA reached its goal of reducing controller staffing by 3 percent relative to its national staffing standard for fiscal year 2005, but it is unknown whether the initiatives established in the 2004 plan were effective in helping achieve that reduction. FAA introduced several initiatives in the 2004 plan intended to improve workforce efficiency and controller productivity. Those initiatives include efficiencies such as reducing the use of sick leave by 8 percent, ensuring appropriate use of workers' compensation benefits, and increasing scheduling efficiencies.

FAA achieved a 3-percent productivity gain in fiscal year 2005 by decreasing total controller staffing by 3 percent relative to its national staffing standard, a goal established in the 2004 plan. However, it is unclear what, if any, additional impact FAA's productivity initiatives had on controller productivity because FAA did not establish baseline metrics for measuring their effectiveness. We recommended that FAA establish baseline metrics for the initiatives and update the plan annually to reflect actual progress in achieving each initiative and, ultimately, in accomplishing its goal to reduce controller staffing by 10 percent. FAA agreed to continue providing status updates for the initiatives but stated that estimating the contribution of each initiative would be labor intensive and costly and would divert resources.

We believe that FAA should reconsider its position. FAA runs the risk of simply having fewer controllers controlling more traffic without the benefit of metrics to determine if the productivity initiatives are driving the reductions in staffing. This is important given that the agency is still validating its staffing needs at the facility level. FAA's 2007 update did not include an update on its productivity goals.

We also recommended that FAA identify the annual and total costs for hiring, training, and certifying new controllers to meet future requirements. The cost of hiring and training over 15,000 new controllers will be substantial, particularly since it currently takes 2 to 5 years for new controllers to become fully certified. During that time, FAA incurs the cost of the trainee's salary and benefits as well as the cost of the salaries and benefits of the certified controllers who instruct trainees individually. FAA concurred with our recommendation and included estimates for the salary and benefit costs of newly hired controllers each year through 2016 in its March 2007 update to the plan.

*An Evolving Aviation System Requires That FAA Maintain a Sufficient Number of Safety Inspectors Positioned in the Right Locations*

Safety is and must remain FAA's highest priority. Although accidents have occurred in recent years, the United States continues to maintain the safest aviation system in the world. While much credit is due to safety systems that air carriers have built into their operations, FAA regulations and inspectors play an important role in providing an added layer of safety oversight. As shown in table 4, this oversight covers a vast network of operators and functions, which make up the largest, most complex aviation system in the world.

TABLE 4.—FAA INSPECTORS' WORKLOAD

Commercial Air Carriers .....	123
Flight Instructors .....	90,555
Repair Stations .....	4,927
FAA Designee Representatives .....	11,000
Active Pilots .....	744,803
Aircraft .....	347,326
Approved Manufacturers .....	1,738
FAA-Licensed Mechanics .....	320,293

Source: FAA.

FAA's 3,865 inspectors must oversee both domestic and foreign aspects of these operations—a task made more difficult by the rapidly changing aviation environment. To ensure that the system remains safe, FAA must maintain a sufficient number of inspectors.

*FAA needs effective oversight systems to maximize inspector resources.*—FAA will never have an inspection workforce that is large enough to oversee every aspect of aviation operations. As a result, FAA is working toward using risk-based safety oversight systems—that is, systems that target inspection resources to areas of greatest risk.

Without question, risk-based oversight is the best approach; however, our past reports have identified a wide range of areas in which FAA should strengthen its inspector oversight. For example, air carriers continue to increase their use of external maintenance facilities, but FAA still needs to implement better processes to determine where air carriers send their critical maintenance. In December 2005, we reported<sup>13</sup> that FAA must understand the full extent and type of work that is being performed by non-certificated repair facilities. These facilities are not licensed or routinely visited by FAA inspectors but perform critical maintenance, such as engine replacements. FAA has yet to develop a process to determine which non-certificated repair facilities perform this type of maintenance for air carriers. Until FAA knows where critical maintenance is performed, it cannot ensure that it has focused its inspection resources to areas of greatest risk.

FAA developed a risk-based oversight system for FAA-certified repair stations; however, it only recently completed full implementation of the system. If used effectively, the new repair station oversight system should significantly improve FAA's ability to target resources to areas of higher risk in this growing segment of the aviation industry.

*A changing aviation environment requires strategic inspector placement.*—The pace at which changes are occurring in today's aviation environment makes it imperative that FAA place sufficient resources in areas where they are most needed. FAA has made at least two attempts to develop a staffing model to determine the number of inspectors needed and the best locations for placement. Neither model, however, provided FAA with an effective approach to allocate inspector resources. In September 2006, the National Research Council completed a study of FAA's current methods for allocating inspector resources. This study validated a concern that we have also reported—that FAA's current method of allocating inspectors is antiquated and must be redesigned to effectively target inspectors to those areas of higher risk.

In particular, the Council reported that the changing U.S. and global aviation environments have important implications that will be key drivers of future inspector staffing needs. For example, airlines' outsourcing of aircraft maintenance, FAA's shift to a system safety oversight approach, and safety inspectors' attrition and retirement are all important changes that must be considered in determining staffing needs. This year, 28 percent (1,085 of the 3,865) of the current inspector workforce will be eligible to retire. By 2010, 44 percent of the workforce will be eligible to retire.

Unless FAA develops an effective staffing model, however, it will not be able to make effective use of the resources that it obtains. Further, the Council stressed that FAA must ensure that its safety inspectors are sophisticated database users, with knowledge of system safety principles and an analytical approach to their work. In addition, inspectors must maintain their capabilities to conduct thorough on-site inspections of air carrier, aircraft maintenance, and aircraft manufacturer operations.

<sup>13</sup> OIG Report Number AV-2006-031, "Review of Air Carriers' Use of Non-Certificated Repair Facilities," December 15, 2005.

At the same time, FAA must prepare for emerging safety issues, such as very light jets and unmanned aerial vehicles. For example, by 2017, approximately 5,000 new aircraft known as very light jets will be an integral part of the U.S. aviation system. These aircraft will be flown by a new class of pilots with mixed levels of expertise and will vie for airspace with commercial jets. Three models of very light jets were certified in 2006 for operation. As these become operational, FAA inspectors will face new oversight challenges in every aspect of FAA's operations, including inspector oversight of pilot training and aircraft maintenance and air traffic control.

#### DETERMINING THE APPROPRIATE AMOUNT OF AIRPORT FUNDING

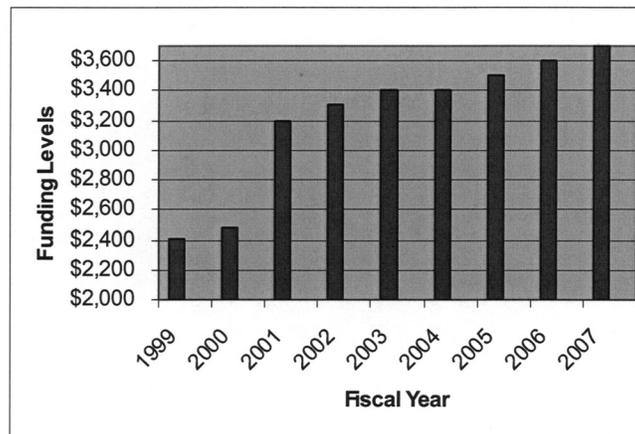
In the months following the release of FAA's reauthorization proposal, Congress, FAA, and aviation stakeholders have been discussing important questions about how to fund airport improvement projects. Key issues for the reauthorization debate will be the fiscal year 2008 AIP and PFC funding levels, project priorities, and project eligibility.

#### *Airport Improvement Program*

FAA is requesting \$2.75 billion for the AIP in fiscal year 2008. Since the current authorization, Vision 100, expires in fiscal year 2007, no AIP authorization target exists for fiscal year 2008. However, the fiscal year 2008 request is a substantial reduction over the fiscal year 2007 authorized level in Vision 100.

The AIP supports the airport system by providing funds to primarily enhance safety and security, maintain the infrastructure, increase capacity, and mitigate airport noise in surrounding communities. AIP authorized funding has steadily increased over the last 9 years. As shown in figure 2, authorized funding increased by approximately 54 percent from 1999 to 2007. Since 2001, the AIP has been authorized at \$3.2 billion or higher in funding each year.

**Figure 2. AIP Authorized Funding Levels, 1999 to 2007**  
(\$ in Millions)



Sources: 1999-2003 Wendell H. Ford Aviation Investment and Reform Act for the 21st Century and the 2004-2007 Vision 100-Century of Aviation Reauthorization Act

As shown in table 5 below, 2 of the last 3 years' budget requests have been significantly less than authorized levels. The fiscal year 2007 budget request for AIP funding of \$2.75 billion was nearly \$1 billion less than authorized under Vision 100 for fiscal year 2007.

TABLE 5.—AIP AUTHORIZED AND BUDGET REQUEST FUNDING LEVELS 2005 TO 2007

(In millions of dollars)

Fiscal Year	Authorized	Budget Request	Funding Level
2005 (Vision 100) .....	3,500	3,500	3,500
2006 (Vision 100) .....	3,600	3,000	3,500
2007 (Vision 100) .....	3,700	2,750	3,500

Source: FAA budget submissions from fiscal year 2005 through fiscal year 2007.

However, Congress has provided FAA with close to the Vision 100 authorized amounts in fiscal year 2005 and fiscal year 2006. For fiscal year 2007, the AIP is funded at \$3.5 billion, which is only a \$200 million reduction from the fiscal year 2007 authorized level, not the nearly \$1 billion reduction requested in FAA's fiscal year 2007 budget.

With the potential decrease in available AIP funds, FAA must take a more proactive role in managing and overseeing airport grants. Since the early 1990s, we have identified hundreds of millions of dollars in airport revenue diversions—revenues that should have been used for the capital or operating cost of an airport but were instead used for non-airport purposes. In the last 4 years, we reported on revenue diversions of more than \$50 million at seven large airports, including one airport whose sponsor—a local government agency—diverted about \$40 million to other projects not related to the airport.

FAA is now taking a more active role to identify airport revenue diversions, but airports must do their part to ensure that airport revenues are not used for non-airport purposes. Similarly, as we testified last year,<sup>14</sup> ensuring that airports dispose of land acquired for noise mitigation purposes when the land is no longer needed for noise compatibility purposes or airport development would also provide additional funds for airport projects. Our review<sup>15</sup> in 2005 of 11 airports identified approximately \$242 million that could be used for other noise mitigation projects at the respective airports or returned to the Trust Fund.

With growing demands for airport improvement projects and potentially less AIP funding available, AIP funds must be directed to the Nation's highest priority projects while meeting the unique needs of small airports. During our current review of the AIP, we found that FAA policies and procedures, for the most part, ensure that these high-priority projects are funded with AIP funds. We also found, however, that the AIP Military Airport Program set-aside<sup>16</sup> (MAP) can result in low-priority projects being funded at an airport that meets set-aside program requirements while higher-priority projects at other airports could go unfunded.

In order to meet the required level of MAP set-aside funding of approximately \$34 million per year, the majority of projects being funded are comprised of lower-priority projects as rated under FAA's numerical rating system. FAA ranks projects on a scale of 0 to 100. Projects rated at 40 or above are generally funded by FAA. However, in fiscal year 2006, 17 of 25 (68 percent) MAP projects with ratings ranging from 17 to 36 were funded at an estimated cost of \$31 million, as a result of the MAP set-aside funding requirements. For example, one project with a rating of 19 was funded at a cost of more than \$2.2 million to rehabilitate a parking lot.

Given the growth in projected passenger traffic and the Department's commitment to accelerate major airport infrastructure projects by giving priority treatment and resources to capacity projects, it may be time to re-examine AIP set-aside funding levels and the type of projects funded. We will report on FAA's prioritization of AIP funds later this year.

#### *Passenger Facility Charges*

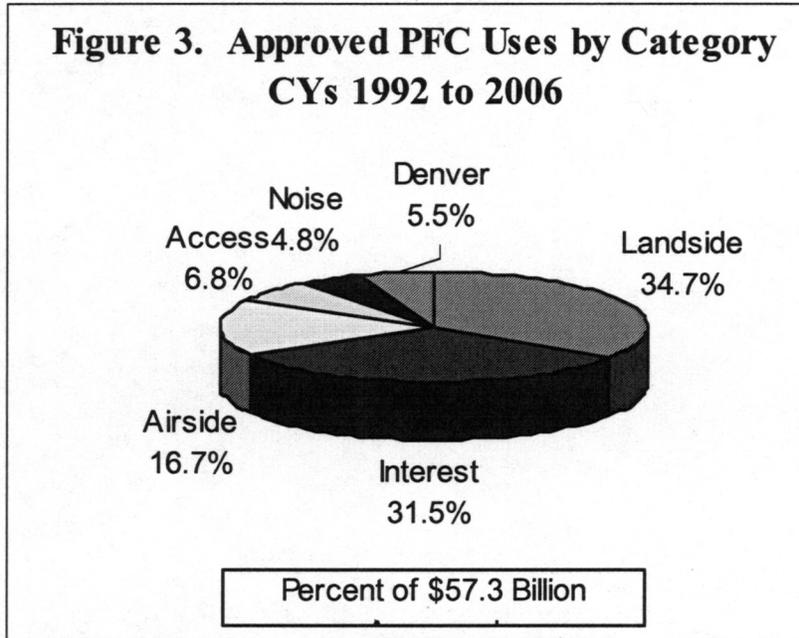
In addition to AIP funds, PFCs have become an important funding mechanism for airports. For instance, between 1992 and 2006, FAA approved the collection of \$57.3 billion in PFCs. Of this amount, airports have collected approximately \$22 billion, with another \$2.6 billion anticipated for 2007. In comparison, airports received about \$35.2 billion in AIP grants between 1992 and 2006, with FAA requesting an-

<sup>14</sup> OIG Report Number CC-2006-027, "Perspectives on FAA's fiscal year 2007 Budget Request and the Aviation Trust Fund," March 28, 2006.

<sup>15</sup> OIG Report Number AV-2005-078, "Audit of the Management of Land Acquired Under the Noise Compatibility Program," September 30, 2005.

<sup>16</sup> Under Vision 100, the AIP discretionary fund is subject to three statutory set-aside programs that benefit (1) noise compatibility planning to mitigate airport noise in surrounding communities, (2) the Military Airport Program to convert former military fields to civilian airfields, and (3) certain reliever airports.

other \$2.75 billion for 2007. Overall, airports anticipate using 34.7 percent of PFC collections to finance landside projects (e.g., terminals, security, and land), another 31.5 percent for bond interest payments, 16.7 percent for airside projects (e.g., runways, taxiways, and equipment), 6.8 percent for access roadways, 4.8 percent for noise abatement, and 5.5 percent for the Denver International Airport (see figure 3).<sup>17</sup>



Source: OIG analysis of FAA data

Currently, PFCs are capped at \$4.50 per segment of flight (a maximum of \$18.00 on a round trip). The current cap on PFCs is an important matter for this Committee and has significant implications for major airports' capital expenditure plans. Over 75 percent (248 of 328 airports) of the airports collecting a PFC charge the maximum amount. The current cap has led some airports to collect PFCs for extremely long periods of time in order to cover the cost of their projects, including: Clarksburg, West Virginia (50 years); Miami, Florida (34 years); Detroit, Michigan (25 years); and Denver, Colorado (25 years). Overall, 45 percent of airports collecting a PFC have set collection periods longer than 10 years. Other airports such as Chicago O'Hare International, are anticipating future increases in the cap as part of their financing plans. The funding of future airports projects and the level of AIP funding and PFC charges will be important issues as Congress decides how best to finance FAA.

An important issue regarding PFCs is FAA's reliance on airport sponsors for PFC oversight. Unlike AIP grants, DOT and FAA officials have concluded that the agency lacks clear authority to prevent airports from contracting with suspended or debarred companies for projects funded by PFCs. This is significant because, of the 838 projects that FAA approved in fiscal year 2006 to receive PFC funding, 194 are to be funded solely by PFCs. Ninety-three others will be funded via PFCs and other non-AIP funding sources. Moreover, of the associated \$2.7 billion in approved PFC collections, an estimated \$1.8 billion (67 percent) will go for projects funded solely by PFCs or a combination of PFC and other non-AIP funding sources. According to FAA, however, companies suspended or debarred for committing fraud on other Gov-

<sup>17</sup> FAA tracks Denver's PFC separately due to its large size and because it was used to fund the new airport, not specific projects.

ernment contracts cannot be excluded from projects funded solely with PFCs. Congress should consider legislation to address this risk area.

#### ACQUISITION AND CONTRACTING ISSUES

Providing increased attention to ensure that procurement and acquisition activities are conducted in an efficient and effective manner and that taxpayer dollars are protected from fraud and abuse is a Government-wide priority, and we have focused significantly more audit and investigative resources on procurement and acquisition issues. In our testimony today, we would like to highlight two specific watch areas for FAA: support services contracts and the transition of flight services to contract operations.

##### *Support Services Contracts*

FAA faces challenges for each phase of the acquisition cycle, including planning, awarding, and administering support services contracts. In fiscal year 2006, FAA obligated about \$930 million for support services using numerous contracts and three multiple-award “umbrella” procurement programs.

In September 2006, we issued a report<sup>18</sup> on our review of the RESULTS program (one of the three multiple-award programs), for which FAA has awarded about \$543 million since program inception. We found that the program was not properly established or managed. Continued use of this program would cost FAA tens of millions of dollars in higher costs. FAA terminated this procurement program in 2006 and started strengthening oversight of all support service contracts. FAA needs to pay special attention to the following.

*Verification of Labor Qualification and Rates.*—Labor costs generally account for the largest portion of support service contract costs. Our RESULTS audit and FAA’s own review identified incidents when contractor staff did not meet the expected qualifications for positions billed. For example, we found that an employee on a contract was originally billed as an administrative assistant at an hourly rate of \$35. Four months later, the same employee was billed as an analyst at an hourly rate of \$71 without any proof of additional qualifications. Verifying contract labor qualification for the rates billed could potentially save FAA millions of dollars for support services.

Based on our RESULTS audit, and as part of an agency-wide initiative announced by the FAA Administrator to strengthen internal controls over procurements, FAA reviewed one of its other multiple-award programs, BITS II, and found similar problems. For example, FAA found evidence that multiple contractors had extensively billed FAA for employees at labor rates that were higher than their actual education and experience warranted, as specified by terms of the contract.

FAA referred this matter to us for investigation. In one case, we found that a contractor invoiced FAA for the services of an employee in the labor category of “Senior Management Analyst” at a rate of \$100 per hour, instead of the proper rate of \$40 per hour based on the employee’s qualifications. Specifically, the “Senior Management Analyst” category required an individual with 12 years of direct experience, yet the employee in question had only 2 years of experience. As a result of our investigation to date, 12 of 13 contractors have agreed to repay a total of \$7.9 million in inflated billings under administrative settlements with FAA.

*Review of Contractor-Proposed Prices.*—Our audit found that FAA awarded contracts without sufficient competition and price analyses. FAA now requires that the Deputy Administrator approve all new contracts valued over \$1 million that are awarded on a sole-source basis. While this is a step in the right direction, FAA still needs to strengthen its review of contractor-proposed prices. When facing inadequate competition from bidding contractors, FAA’s contracting officers are required to perform a price analysis to assess the fairness of contractor-proposed prices. We found that this control was not working in many incidents. For example, we found a case where the Independent Government Cost Estimate was prepared by the contractor to whom the contract was awarded. We plan to follow up on FAA’s use of price and cost analysis techniques to ensure the reasonableness of prices in contract proposals.

##### *Controls Over the Conversion of Flight Service Stations to Contract Operations*

On February 1, 2005, FAA awarded a 5-year, fixed-price incentive contract (with 5 additional option years) to Lockheed Martin to operate the Agency’s 58 flight service stations in the continental United States, Puerto Rico, and Hawaii. The contract,

<sup>18</sup>OIG Report Number FI-2006-072, “Audit of the Federal Aviation Administration’s RESULTS National Contracting Service,” September 21, 2006.

worth about \$1.8 billion, represents one of the largest non-defense outsourcing of services in the Federal Government.

FAA anticipates that by contracting out flight service facilities, it will save \$2.2 billion over the 10-year life of the agreement. On October 4, 2005, Lockheed Martin took over operations at the 58 flight service stations. We are currently conducting a review of FAA's controls over the conversion of flight service stations to contract operations. We plan on issuing our interim report later this month.

Overall, we found that FAA has implemented effective controls over the initial transition of flight service stations to contract operations. These controls include contractual performance measures that require the contractor to achieve acceptable levels of operational performance and service and internal mechanisms that oversee the operational and financial aspects of the program.

We also found that the agency uses these controls to monitor contract flight service stations and, in some cases, penalizes the contractor for poor performance. To date, FAA has imposed approximately \$9 million in financial penalties against the contractor for failing several contractual performance measures. FAA is requiring the contractor to submit corrective action plans to resolve the deficient performance measures. In addition, FAA and the contractor are now entering the next and most critical phase of the transition.

In February, the contractor began efforts to complete, test, and implement a new software operating system for flight service stations and consolidate the existing 58 sites into 3 hub and 16 refurbished locations—all by the end of July.<sup>19</sup> Any slips in that schedule could have significant implications to the costs and anticipated savings of the transition.

In addition, FAA could be facing further reductions to savings as Lockheed Martin is requesting nearly \$177 million in equitable adjustments to the contract. Most of that adjustment (\$147 million) is based on the contractor's claim that it was not provided the correct labor rates when it submitted its bid.

In April, FAA provided us with the first of its planned annual variance reports comparing estimated and actual first-year costs. This is an important tool in that it will allow FAA to identify cost overruns, determine the reasons for the overruns, and allow for adjustments to ensure that savings are realized. We are currently reviewing the completed variance report and assessing the contractor's progress in executing the next phase of the transition.

That concludes my statement, Madam Chairman. I would be happy to address any questions you or other members of the subcommittee may have.

#### RE-BASELINING CAPITAL PROJECTS

Senator BOND. Thank you very much, Mr. Scovel. First, to both of you, it appears the FAA has implemented a system of re-baselining, as we've discussed, and it's very difficult to examine adequately programs as to projected cost savings and implementation dates.

But now, it shows everything's on schedule, on time, on performance. Please let me know how these programs have changed, and how do we determine the true savings of a program, the true cost, and whether a program is on time per the initial implementation, if the goal post changed when the team loses 10 yards instead of gains 10 yards. Madam Administrator?

Ms. BLAKEY. I'd be happy to, because there seems to be some real energy around something we believe is a good practice. In fact, I've worked closely with Congress, and have been instructed to do so by both the Department of Transportation and OMB.

We are trying to be more accountable and transparent, for when circumstances do change on these major capital programs, which they do. As you can appreciate, that happens in business, that happens anywhere where you're making major technology investments over a long period of time.

<sup>19</sup>One facility, which was originally planned to be refurbished, will now remain open until the end of the year; it will then be consolidated into the Leesburg hub.

Now, I think it's important to understand, when we say that we have our major capital programs on schedule and on budget, we track them very carefully. There are 37 programs that we're tracking in the Flight Plan, and 27 of those are what we consider to be major, and that has to do with size and scope.

At this point, this year, 100 percent are on schedule when we have re-baselined, and there were seven that I can count that are major programs since 2004, so there's not very many we're talking about here that we have in fact re-baselined.

We do have reasons in each case for that. One that I would particularly point out is the WAAS program. The WAAS program is turning out to be a tremendous success. I'm not talking about just in this country. I'm talking about worldwide, that it is being adopted all around the globe as a GPS basis for navigation, that it is getting close to Cat 1, in terms of ILS capability, in terms of its performance.

What has happened with the WAAS program is that we re-baselined because several years ago—and I believe this probably was 2004—we had a shortage of funds in our operations account, because of the lease of the satellites and the lease of some of the connectivity were all coming out of operations.

In consultation with both Congress and OMB, we moved those costs into our capital investment line. Absolutely, that caused a bump in the F&E account.

But I think that was sound business. It was the right thing to do, because we were having severe constraints in the cost of our operations at that point. So that is one example.

Senator BOND. Let me just ask you about that. In other words, you included operational cost, not in the cost of the program, not in the capital cost of the program, but in operations, and when you had a shortfall in operations, then it was an accounting move, just to charge those operating costs to the program, whereas you had not done so before. Is that what I understand?

Ms. BLAKEY. Essentially, that is correct. In other words, where should you count the lease of the satellites? We felt that this was an appropriate way to deal with budget shortfalls.

There has been some cost growth in the WAAS program over time, but it was determined to be a capital lease by OMB, not by FAA.

Again, I think everyone was comfortable with that at the time, in terms of that shift. So yes, the taxpayer would've paid for it one way or the other.

Senator BOND. Mr. Scovel? Do you have a comment on that?

Mr. SCOVEL. Yes. Thank you, Senator Bond. Many members of the subcommittee this morning have mentioned their reservations about FAA's use of budget and schedule metrics.

We share the committee's reservations, but we commend FAA and other agencies in government for following OMB's directions and using cost and schedule metrics as worthwhile tools for management.

We think that there's always the rest of the story to be told. We believe that, first of all, a statement such as 100 percent of projects are on time or on budget simply represents a snapshot in time, rather than a videotape.

That is important, because, as Administrator Blakey just described, the evolution of the WAAS program, program events, in terms of capabilities and performance requirements, will change over time.

A simple statement that it is on time and on budget doesn't capture that evolution, and certainly, the taxpayer and the Congress will be interested in that entire story, rather than just the sound bite.

The budget metrics should be—I wish to emphasize represent a snapshot largely of the current fiscal year picture. In other words, it represents a variation from the most recent baseline figure, which has been reset essentially to zero. So it doesn't capture cost events that occurred before the re-baselining event. Again, that is part of the rest of the story.

This is done in response to OMB's directions. We fully acknowledge that, what happened with the WAAS program. We commended Administrator Blakey this morning for explaining very cogently what happened with that program, but if we look simply at a statement, on time, on budget, it doesn't convey what the true parameters of that particular program's events were.

Finally, when it comes to schedule metrics, sir, we would ask that there be greater specificity on the part of FAA in choosing which metrics it wishes to highlight in its reports to the public and to Congress.

Here, we would draw a distinction between a simple task completion, such as delivery of units to a site for installation, and a metric that would capture movement toward full operational capability.

Some of the metrics that FAA has chosen highlight the latter, much to their credit. Others, for example, simply, as I mentioned, delivery to a site for installation, it doesn't give you or the public a good idea of how far along a program may truly be to becoming full mission capable.

#### AIR TRAFFIC CONTROLLER STAFFING

Senator BOND. Thank you, Mr. Scovel. Senator Lautenberg?

Senator LAUTENBERG [presiding]. Thanks, Senator Bond. Administrator Blakey, it's become abundantly clear to me that FAA doesn't really know how many air traffic controllers are needed at the Newark Tower. Last year, you said that 35 were needed. This year, if I understand your statement correctly, you say between 30 and 36.

Well, as we discussed before, there are only 29 certified controllers there, and that, despite an increase in movements at the airport, it is my understanding that in the last 3 years, staffing levels at Newark have dropped 20 percent, and operational errors have increased 700 percent.

Now, for one of the most complex jobs in the country, when will we have fully-trained, certified controllers at Newark to assure public safety? It's understood that more are needed, and more will be placed there.

Ms. BLAKEY. All right. The numbers currently—and as you know, these are always fluid, depending upon some other time on a given day, or some change occurring; someone gets promoted into super-

visory ranks. But currently, at Newark Tower, we have 27 fully certified controllers on board.

We also have three who have been fully certified controllers, veteran controllers from other facilities who are learning the specific sectors there, and are partially certified. Again, we consider them, since they are veterans and have been working in other towers in complex airspace, that they are fairly new for Newark. We also have what we call developmentals, and those are true trainees, and there are two.

Right now, that therefore brings us to 32. The authorized staffing for the Newark Tower is between 30 and 36. As you know, we work with a range. And at this point, we have brought in those two new developmentals.

We are scheduled before the end of the fiscal year to have an additional seven coming in. So that will be planned to increase, and when you add seven more, you're up there close to 39, unless we have additional retirements.

Senator LAUTENBERG. What you're saying is that we really haven't met the schedule thus far. Mr. Scovel, in your opinion, is FAA fully aware of how many controllers are needed in each of these facilities to run this system in a safe and efficient manner?

Mr. SCOVEL. Thank you, Senator Lautenberg. I'm not prepared at this point to comment specifically on the New York TRACON. I know that is a specific concern of yours. If you'd like, I can get back to you with perhaps a more detailed analysis.

Our effort, my staff's effort, has concentrated rather truly systemwide. FAA's 2004 Controller Workforce Plan indicated to us that it didn't have a good grasp of how many controllers would be needed at that time in order to replace what we expected to be a sizable number of retirements of controllers hired immediately after the 1981 strike.

We recommended a workforce study in order to validate at a facility level what would be needed, and, to its credit, FAA has undertaken that, and the Mitre Corporation currently has that underway this year, with respect to en route centers, and they expect to complete their study of en route center staffing in 2007.

It's our understanding that it won't be until later in 2008 that other facilities, to include TRACONs and the New York TRACON, might be completed.

FAA's most recent update to its workforce plan, which was just issued in March of this year, has facility-level targets or numbers, and those are updates of their own internal numbers, with management input and some analysis over productivity achievements and so forth. My understanding is that is the most recent number that the agency is working from.

Senator LAUTENBERG. So let's be sure, Madam Administrator. Even using your controller staffing range estimates, how many facilities would you say are below the minimum range needed?

Ms. BLAKEY. Very, very few. I can get you a number. That's actually not really an issue in the system. We have a handful of facilities where at this point, we are below the authorized staffing range, and we're working very quickly to bring controllers into them.

AIR TRAFFIC CONTROLLER STAFFING

For the most part, there was a period where we had several centers that we were particularly concerned about. We've done a great deal of center hiring, and right now, we have a few smaller facilities. But let me be clear, Senator Lautenberg. The Newark Tower is within the staffing range. We are not below the staffing range.

Senator LAUTENBERG. Well, if you want to add these new people, the transfers who aren't really qualified under the usual definition, and you talked about two trainees. That is not what we discussed in last year, Madam Administrator.

I think that we ought not to try to bypass what was the standard established by your own statement, and now talk about how we're going to be doing by the end of the year.

We're late on these things, no matter how you slice it. As a consequence, we see the increase in operational errors there. According to the information I have, there are 164 facilities that are below the minimum range, and even if you count the trainees, we're 61 down.

Do you dispute those figures?

Ms. BLAKEY. They don't sound correct, but I'm looking back there. I'm hoping staff can give me the specifics. I think we have them for you. I'll certainly submit them for the record.

[The information follows:]

CONTROLLER STAFFING

The following table shows the number of facilities below their corresponding authorized staffing range minimums as of April 28 and August 18 (i.e., based on end of pay period data).

NUMBER OF FACILITIES BELOW STAFFING RANGE

	All controllers <sup>1</sup>	All Controllers excluding developmentals
April 28, 2007 .....	17	81
August 28, 2007 .....	17	107

<sup>1</sup> All controllers include CPC, CPC-IT, and developmentals.

CPC-IT is a certified professional controller at one facility but in training for certification at a new facility.

Senator BOND. Thank you very much, Senator Lautenberg.

Senator LAUTENBERG. Mr. Chairman, what—

Senator BOND. Well, we have been—I cut off my questions after five minutes to give you an opportunity. I just wanted to mention—are you finishing up now, because I have some questions.

Senator LAUTENBERG. Well, I would like to, but I think we're in kind of a funny situation, where traditionally, I thought the majority party exceeds to the chairmanship of a subcommittee or committee. But in fairness, if you have questions you want to interrupt for, please do.

Senator BOND. I just thought we ought to trade back and forth for 5 minutes, but please, finish up your questions.

Senator LAUTENBERG. Well, I just wanted the Inspector General's verification. Are you satisfied with the answer that we have about the number of facilities that are understaffed, using the parameters that we do?

Mr. SCOVEL. Senator, I would ask permission to do some quick research on that and get back to you with an answer for the record, better information.

[The information follows:]

Whether a facility is understaffed compared to the staffing ranges established by FAA depends on which types of controllers are included in the comparison. Non-supervisory bargaining unit controllers assigned to a particular facility fall into three categories:

*Certified Professional Controllers (CPCs).*—Those controllers fully certified to control air traffic at their assigned facility;

*Certified Professional Controllers-In Training (CPC-IT).*—Those controllers that were fully certified at a previous facility, have transferred to a new facility, and are currently training on the new airspace at their assigned facility; and

*Developmental Controllers.*—Newly hired controllers that have not been fully certified to control air traffic at their assigned facility.

According to FAA, the staffing ranges developed for air traffic control facilities and published in the 2007 Controller Workforce Plan update were based on the number of CPCs and CPC-ITs required to control air traffic at a specific location. The staffing ranges developed by FAA do not include developmental controllers. Therefore, when we analyzed facility staffing reported by FAA, we compared the facility staffing ranges to the number of CPCs and CPC-ITs actually on-board at each location—we did not include the number of developmental controllers on-board at each facility.

The results of our analysis shows that as of April 2007, there were 84 facilities that had actual controller staffing levels (CPCs and CPC-ITs) below the minimum staffing range for that location. As of August 2007, the number of facilities that had actual controller staffing levels (CPCs and CPC-ITs) below the minimum staffing range for the location had increased to 107.

As of August 2007, the Newark tower had 26 CPCs and 3 CPC-ITs (29 controllers) on board. The staffing range established for Newark tower is between 30 and 36 controllers.

We are currently conducting an audit of FAA's facility training program. As part of that review, we are recommending that FAA report on the actual number of CPCs, CPC-ITs, and developmental controllers at each location in its next update of the Controller Workforce Plan. We plan on issuing our report during the second quarter of fiscal year 2008.

Senator LAUTENBERG. Senator Bond?

#### AIRPORT IMPROVEMENT PROGRAM

Senator BOND. Thank you, Senator Lautenberg. The Airport Improvement Program is far below previously appropriated levels. Considering your own estimates about a growing need, how can your request for 2008 not be justified, when it doesn't come close to meeting the expanding need for our airport capacity?

Ms. BLAKEY. We believe that you have to look at the entirety of our request to have a good picture of the support we're providing for airports. As you know, under a separate bill, of course, our reauthorization bill, we are requesting an increase in the amount of passenger facility charges from \$4.50 to \$6.

This enables very, very substantial revenue to be raised by airports around the country for the specific needs they have, and is something that they are able to do targeted to the exact projects that they need to fund at the time they need to fund them.

What that also enables is it takes some pressure off the AIP funding, which, of course, comes in through our Trust Fund, so that we're able to provide significant funding for medium and smaller size airports.

We would transition the very large airports that are eligible for PFCs from the discretionary AIP funded, and allow more funding for medium and smaller airports.

Now, we believe that this is a good system. Certainly, Congress has looked at the AIP program differently over time, and allocated more funding coming from AIP. But we believe that the kind of streamlining we're proposing in the program will be a great asset.

Senator BOND. Again, that depends upon the new structure, which is a triumph perhaps of hope over reality, in our experience. The fiscal year 2008 budget request proposed reorganizing the account structure even if Congress does not authorize a new financing system before the 2008 appropriations bill is enacted.

What advantages would there be in changing the appropriations structure, absent a user fee system and the other proposed financial changes?

#### FAA ACCOUNT RESTRUCTURING

Ms. BLAKEY. I think the new account structure reflects a more holistic understanding of the FAA's work. When you're looking at this, not many people in the public or in the large aviation community think in terms of F&E or R&D. They think in terms of what we're doing for safety, what we're doing for air traffic control, and capacity enhancements.

So I think that it really does help, in terms of people understanding the large investments they were making on big areas that track to what people know are the key elements in the system. I would offer that as good rationale, but certainly, this does support a different kind of financing mechanism.

#### DELAYS IN THE NAS

Senator BOND. A major question I raised with you earlier, there have been lots of horror stories this winter about severe delays due to weather and other unfortunate circumstances. You can't change the weather, but there are certain things that I think can be changed.

As I believe I mentioned to you, I was the one who had the good fortune of sitting on a runway at National on an incoming plane. There were at least four full planes sitting there for 2½ hours, and we were told that the FAA would not let the airplanes be brought in to the gate to unload the incoming passengers, because of some rule or regulation.

The question I guess I would have for both you and Mr. Scovel is what can the FAA do? You can't manage the weather, you can't control what the carriers do necessarily, but what can you and the system do to alleviate the problems for passengers in these terrible weather delays?

Ms. BLAKEY. Well, it's an excellent question, Senator Bond, and I wish I had the entirety of the solution here, because you're right. A tremendous amount of it is the God-given weather we have, and we have tremendous delays in the system. About 70 percent of the delays in the system are weather-related.

That said, they're also related to capacity, and we make no bones about the fact that we cannot get, particularly in the congested corridors on the east coast, where you are flying, all the airplanes up

there on a given day into that very congested airspace, and back down often, again, into airports like Newark and Washington, and New York out of Washington.

I don't know the specifics, obviously, on that flight, although I might be able to trace it back with a little information and just see. But what I do find is that it's not infrequent to hear on the PA system in the cabin that FAA says, when it really does not go to FAA regulations.

It is always the pilot's prerogative and responsibility to determine when an aircraft is going to get out of line and go back to the gate when they have been too long in queue, and that is something we rely on the airlines for. I know the Inspector General has been looking at those practices rather closely, so I would defer to him. But short of every gate at National being full, or some other problem having to do with the weather conditions, it is the responsibility of the pilot to make that determination.

Mr. SCOVEL. Thank you, Senator Bond. Some members of my staff have spent the past 5 or 6 years, in fact, on so-called airline customer service issues. The Administrator mentioned the rule—and you did, as well, in recounting your history with landing recently at National—an FAA rule that an arriving flight would be prohibited from going to a gate, even if a gate were available.

I'm not familiar with that rule. A rule that I am familiar with, however, is FAA's practice and rule for departing flights when they're in queue waiting for weather to clear, that if they leave the queue to return to a gate to offload passengers for their convenience, if they can get back in line, it's at the end of the line.

We have suggested to FAA and to both Houses of Congress in testimony on customer service questions that that rule be examined as part of a way to increase airline customer service. We've also recommended to the airlines that they look at their contingency plans to provide for specific deadlines when customers may be offloaded for convenience or other reasons.

We have also asked for airports and the FAA to assist in that, especially when it comes to getting the airlines together in order to share facilities, which would necessarily limit it at most airports, so that gates can be made available, even if they're not customarily assigned to a particular airline.

Senator BOND. Thank you, Madam Administrator and Mr. Inspector General. I'll ask unanimous consent that the rest of my questions, and questions from Senator Specter, be submitted for the record. Thank you.

#### LABOR ISSUES

Senator LAUTENBERG. Madam Administrator, regarding working conditions, and with the air traffic controller workforce, there isn't—there hasn't been a negotiated agreement with their representatives and as a consequence, is it fair to say that there might have been higher than predicted retirements?

Ms. BLAKEY. I think the effect of the work rules and pay that we put into place in September did cause an uptick in retirements last fall. We saw about a 25 percent increase. I think it was a negative reaction on the part of some of the controllers. We have, of course, stepped up our hiring plan as a result.

The conditions in the facilities, we continue to keep a very sharp eye on, and address issues as they arise at the local level. I think we are being very effective in doing that.

Senator LAUTENBERG. I just want to correct—there was a transposition in the number that I had, and the internal memo that we had an opportunity to review said there were 146, not 164, facilities that are below the minimum range with their controller staffing.

I wanted to ask, as mentioned when there was a failure to negotiate a new contract with the NATCA over employee compensation, working conditions, and even the dress code; however, you decided what you thought was appropriate and imposed your views.

Now, given the difficulty among controllers, how can you work with NATCA to address the important safety issues, like controller fatigue? As you know, the National Transportation Safety Board recommended that this be done after the commuter jet crash in Lexington, Kentucky last year. So I would appreciate your view, Administrator Blakey.

Ms. BLAKEY. Thank you, Senator Lautenberg, and let me be clear. The work rules that were put in place in this contract were not my view at all. They were over 2 years in the making on the part of a large team of managers who all came together to discuss better ways to have heightened safety and productivity in our facilities.

All of those managers, of course, as you know, came up through the ranks of being controllers themselves. So we're relying on expert views and advice in terms of work rules. Let me mention that the dress code is simply asking that people wear pants, a collared shirt, and shoes.

It is nothing more than that. There is no tie. There is nothing that anyone would consider in the workplace to be anything other than simply neat and casual. That is what we're looking for, rather than flip-flops, tank tops, et cetera.

Now, on the issue of controller fatigue—

Senator LAUTENBERG. After negotiating with them, I can't intercede here, because I don't know what—I understand why a dress code might be necessary to preserve an atmosphere of dignity, but negotiate that, please, with your group, and don't just impose it, because I think that then starts to stiffen the backs of people on both sides.

Ms. BLAKEY. Senator Lautenberg, some of these things are surprising there would be that much energy and concern, about something that I think is considered to be just simple professionalism.

That said, I would talk to you for a moment about fatigue, since you've raised that, because we are very concerned that we use the best practices possible, in terms of our staffing.

The scheduling practices that the FAA has, in terms of shifts, and how those work, particularly on what we call the midnight shifts and the later shifts, are ones that were developed over the years, again, with NATCA, with the controller workforce, and much of the schedule as we have it right now is very much preferred.

That said, I think we do have to look at the question of whether or not we should permit that kind of rolling and back-to-back

scheduling. Perhaps we should insist that we run schedules that are consistent over a period of time for the same shift.

Therefore, we would pay more attention to circadian rhythms and the latest research on fatigue. We're opening that question right now, at the urging of the NTSB.

Senator LAUTENBERG. Again, negotiating with NATCA, I think, can facilitate a better working relationship, which I think has been slightly somewhat damaged by a relatively heavy hand on some things. I would urge you to negotiate these things with them, schedules, as you do other things.

I want to ask you this. Controllers at the Newark Tower have tried to get FAA's attention for years about a potentially dangerous practice that FAA has endorsed there, that involves allowing two planes to land at the same time on intersecting runways. Is that a problem?

#### NEWARK LIBERTY AIRPORT PROCEDURES

Ms. BLAKEY. The procedures that we have in place for allowing approaches using intersecting runways are well developed all around the country. As you know, many of the Nation's airports are old military airports, and they use intersecting runways a great deal, allowing simultaneous or offset approaches into those is something we have worked with and worked effectively.

I'm not aware there's a real issue at Newark, but I'll be happy to take a look at that and see if there is something we need to address there.

I will tell you this. We have just changed practices, for example, in Memphis, and we're always looking at better safety measures that we should take. So if there is an issue at Newark, I'd be happy to take it under advisement.

Senator LAUTENBERG. Because last year, the agency renewed this program and found it to be a problem, and I quote "requiring immediate attention." So I would urge you to take a look there.

Before I surrender the chair here, I'm going to ask you a question about a proposed redesign of the airspace above New Jersey that is going to cause hundreds of thousands of residents in my State to face the increased noise from aircraft.

Now, I've heard from many of them, in no uncertain terms, that they're concerned about this and feel it would be an inappropriate change. Now, I've heard from many constituents, and I've written to you twice now, asking for more public hearings in New Jersey on this issue.

At a recent public hearing in Philadelphia, people were actually turned away at the door and did not get to see the maps and projections of how their lives would be affected under the FAA's plan.

Now, I'll ask you now, will you hold another hearing in New Jersey on this issue, to accommodate, and at least let the people in the area know that their voices and their views count?

#### AIRSPACE REDESIGN

Ms. BLAKEY. Senator, as you know, we have held multiple hearings over a period of time. This has been in the works for 9 years. I can't tell you the numbers we have held, but we have held a lot in New Jersey itself.

At this point, we have our very best information up on the Web site, and I would urge that any of the constituents that you have that need further information about the maps, the approach patterns, or the way the preferred alternative works, to go there. And if they want to send in questions via e-mail, we're very happy to respond.

I think that's the most efficient way, given the years this has all evolved and the numbers of public hearings we've had. We do have a number of Members of Congress who would like to have public hearings. If we were to do that, I don't think there would ever be an end to it. After 9 years, I think we're there.

Senator LAUTENBERG. I hope that you will find that in your schedule, you can do it. This is a major change. We have reviewed and rejected many changes of this type, trying to crowd up the airspace, and I would urge that you turn an ear to these people, and at least let them know that we're concerned about it.

I think that is not an uncommon practice, and that is to have public disclosure or public review of these things.

Ms. BLAKEY. It is important, Senator, to know that the airspace redesign that we're proposing actually results in a dramatic reduction in the number of people who are exposed to noise in the area.

It also is essential to being able to continue to avoid the kind of delays that you have been so concerned about at Newark and at the New York and Philadelphia airports. We really do have to undertake changes in the very, very old way we sector the airspace.

Senator LAUTENBERG. Please explain it to the people in New Jersey directly, that their fears are imagined and not real. Thank you. Thanks, Madam Chairman.

#### ASDE-X

Senator MURRAY [presiding]. Thank you, Senator Lautenberg, for filling in. I really appreciate it. Thank you. I apologize for having to be gone, and appreciate your patience.

Administrator Blakey, you heard my concerns with my opening remarks about the ASDE-X program during—that I spoke about.

Costs have grown by almost \$100 million since you re-baselined the program, and are likely to grow even more, and you've fallen further behind schedule while serving fewer airports.

And the systems are not performing as promised, especially as I talked about, when the weather's bad and the risk of runway incursions is really heightened.

Your technological solution isn't performing very well, in fact, at SeaTac Tower. I wanted to ask you why you still promote this program as one that is on schedule and on budget.

Ms. BLAKEY. I think it's important to understand what we're saying when we talk about programs being on schedule and on budget. If you want to look at programs from their very inception—some of the ones you mentioned are more than a decade old. AAS is really sort of the Dark Ages in terms of the FAA's history.

It is like saying you never can consider that a team is winning this year, because way, way back, they had their losing season.

We do believe that the re-baselining periodically is the right way to tackle changes in complex technological programs. Sometimes, slips are because of shortfalls in appropriations; sometimes, they're

because of shortfalls from the standpoint of the technology itself. We're acknowledging that. But what we do say when we are on schedule and on budget is we take it within a fiscal year, and we look at it then. That's the way we can measure performance and hold people accountable.

If we say that they're accountable for things that happened 5 years ago, it's a defeating approach.

Senator MURRAY. But this was re-baselined 18 months ago.

Ms. BLAKEY. ASDE-X was re-baselined for several different reasons. It's important to know that we did incorporate some of the technical refresh that we would have done further down the road. As you know, you always do technical refresh on major software programs.

It also combined the sites that we were going to place ASDE-X in. ASDE-X is an interesting program, because it was not originally designed for the way we are approaching it now. It's, in a sense, outperformed what we expected.

It started as a program for small airports. It started as one that we would address runway problems in a less complex atmosphere.

Because it has proven to be excellent technology, we are now deploying it at some of the airports with the most complex runway patterns, and frankly, the biggest problems with runway incursions. It has moved to the larger airports. When you do that, there are costs involved, and I think that has to be taken into account, as well. But on the whole, we believe that ASDE-X is one of the best safety programs we have got.

At Seattle, we just installed some changes, and we think they're going to help address the problem. Seattle seems to have pretty complex challenges because of the weather conditions. The precip, and some fairly unique factors, that, make it more challenging than some other airports.

Senator MURRAY. Well, rain and fog occur in a number of our airports around the country: San Francisco, Seattle, Alaska.

Ms. BLAKEY. I would tell you, as I say, Seattle has proven to be a challenge, and we're spending a lot of time and money trying to address it.

Senator MURRAY. Let me ask you, are you satisfied with the pace at which this equipment is being installed?

Ms. BLAKEY. I would like for it to be faster. It takes us about 3 years to put an ASDE-X system in place. Because it is a critical safety program that has a significant effect on aircraft and vehicles on the airport surface, you have a lot of requirements that go into it—from site selection to the installation to operational testing.

We also spent, at the beginning of ASDE-X a lot of time on the software and a lot of time on the initial requirements. So I think that the pace is going to pick up considerably, in terms of the deployment and actual commissioning.

That is the reason we're less concerned than the IG is about the overall schedule.

Senator MURRAY. Is it ever going to be able to perform in rainy weather?

Ms. BLAKEY. Yes, absolutely. I can't tell you that we have all of the technical challenges completely solved, but we are addressing them, and I think we will.

The issue of using radar, which depends on reflectivity off of surfaces, and at times, we found that sleet and certain forms of precip reflect. So we're trying to make sure that we go at this whenever we find that there's an issue. The same thing has been true, as you know, on the STARS system.

Senator MURRAY. General Scovel, would you like to comment on any of this?

Mr. SCOVEL. Thank you, Senator Murray. I would concur with Administrator Blakey that ASDE-X is a technology that has outperformed, and indeed, it has tremendous safety potential. It's unique in that it can use radar transponders and ADS-B data to generate target information and avoid potential collisions.

You covered the history of the program in your opening statement. If I can add one data point to that, and that was, as originally conceived, ASDE-X, together with the AMAS and ASDE-3 systems, were designed to be in place at a total of 59 airports. And if that had happened, then it was calculated that 95 percent of the risk of fatal collisions could have been addressed.

As the program currently stands, we won't hit 59 airports. My understanding is that 44 airports total will now have some sort of surface detection technology. I think that if the other 15 airports are left uncovered, certainly, that should be worrisome.

We mentioned cost and safety issues. My statement, for the record, indicated that 64 percent of the planned funding had been obligated to date, but only 8 of 35 systems had been placed in operational use. In other words, we're almost two-thirds of the way through the funding stream, and less than one-fourth of the systems have been installed.

We have a gap. It doesn't appear that we will be able to get there from here without additional re-baselining and, of course, additional funding.

When it comes to scheduling issues, we've mentioned as well that in fiscal 2006, four of seven planned systems were commissioned for use. It should also be noted that the agency has determined that the ASDE-X system for Chicago should be advanced on the schedule.

We certainly don't quarrel with that decision, but it should be—Chicago had some unique ground safety challenges. But it should be noted that when a system is advanced on the schedule like that, it may well have a domino affect on other ASDE-X systems further down on the line.

To address safety, just in passing, there's been talk of the dangers of intersecting runways and converging taxiways. We note that the agency has a modification to ASDE-X which is currently being tested in Louisville. I'm sure the committee and we have great hopes for that system, but it still remains unproven.

When it comes to the unique weather challenges that you've talked about with regard to Seattle, specifically, it's our understanding that the agency has another modification to ASDE-X that is being tested at Orlando. Again, we have great hopes for that, but it still remains untested.

NTSB's recommendation, longstanding now, that there be an alert system in the cockpit to alert flight crews of impending collisions on the ground, may be able to be addressed by incorporating

ADS-B features into ASDE-X, but again, unaddressed, and we would hope that would be focused on in the future, and hopefully incorporated into the system.

One final point regarding safety, Madam Chairman, and that is there's been recent press attention to the problem of ground vehicles at airports. That brings up the question of radio frequencies and funding to equip those vehicles with transponders.

FAA has responded to that attention by promising to work with FCC to obtain radio frequencies. The question of funding for vehicles we think is up in the air. The agency certainly has a valid question when it asks why should it be responsible for funding of vehicles instead of airports, but that's a question that needs to be addressed, again, because it's certainly a very real danger of collision between aircraft and vehicles.

Senator MURRAY. I appreciate that. And, General, while you're talking, you have in the past criticized the contracting mechanism the FAA used for the ASDE-X program. Why, in your view, did the FAA continue to use a cost-plus contract with undefined requirements for that technology?

Mr. SCOVEL. You know, I'd better continue—

Senator MURRAY. Maybe you could explain why the costs have grown by about \$100 million in the last 18 months.

Mr. SCOVEL. We've recently sent a management advisory to FAA about the ASDE-X contract. What we identified were what we believed to be prohibited contract administration practices, including the lack of contract terms and conditions.

Specifically, we advised FAA of our reservations concerning increased contractor fees, based on a cost incurred instead of a negotiated fixed fee dollar amount.

Second, we believe that the agency had made payments to the contractor before work had been completed in some instances. And third, we believe that the agency hadn't documented contract changes.

The agency responded to us in August 2006 by addressing our first point, that they disagreed with our legal analysis and believed the statute did permit them to increase cost—contractor fees, based on a cost-incurred basis.

They agreed with us on the latter two points, and they are addressing those.

Senator MURRAY. Administrator Blakey, do you want to comment on that?

Ms. BLAKEY. We're working with the IG, and whenever they point out that there are issues—and this goes back even more than a year now. We have looked at cost-plus contracts, and they make a great deal of sense in many cases. But as you also know, we use fixed-price. We try to use those appropriately.

A program like ASDE-X has tremendously benefited by the fact that it has evolved. I think you all, from the committee's standpoint, would want it to. The idea that you keep something absolutely frozen, with only a specific set of requirements, even though you know that it has greater applicability, and frankly, will have more benefit at different airports is the question.

Chicago is a great example. I think it was the right thing to do, because we were seeing operational errors at Chicago that we knew

ASDE-X could help fix. That is an evolving airport with tremendous pressure on it.

Senator MURRAY. So it's impossible to kind of tell us what the final cost of this is going to be?

Ms. BLAKEY. Five hundred and fifty million dollars is what we're projecting right now for ASDE-X. If there turns out to be additional requirements and evolutions that we think are sensible, we will certainly consult with a committee.

Senator MURRAY. Inspector General, will we be able to keep to 550?

Mr. SCOVEL. We don't think so. As I alluded to before—as I specifically addressed before, with the number of systems currently being installed, and the funds obligated being expended at the rate they are, we don't think that we can even get to the 35 systems, much less modify them to incorporate, for instance, technology to address the rainy weather situation or the intersecting and converging runway situation.

Ms. BLAKEY. Madam Chairman, I would simply point out the obligation rate is not necessarily an indicator of what the final cost will be. Because you obligate a great deal of money up front before you get to the stage of operational commissioning.

So we do think that this is going to be something that is doable, but as I say, if it should be that we looked at improvements or we looked at shortfalls, we will consult with you all about it. Our best belief at this point, because we work on ASDE-X a great deal, is that we will be able to work within that parameter.

#### SAFETY INSPECTORS

Senator MURRAY. I appreciate the comments from both of you. We'll keep moving forward and trying to get to a good number on this. Let me move to the topic of safety inspectors.

Administrator Blakey, for the past 3 out of 6 years, this committee has given you more funding for safety inspectors than you requested.

For the current fiscal year, we added \$16 million that you did not request to hire additional inspection certification personnel. But despite our efforts, we have seen staffing levels drop in this critical function. Your on-board strength, as of 3 weeks ago, showed that the number of inspectors in flight standards was almost 150 below the level of last year, and you're also below last year's level in aircraft certification.

When we are giving you additional funding to increase the number of critical safety inspectors, why are we still seeing the number of these inspectors decline?

Ms. BLAKEY. We expect to be able to hit the end of the year numbers that your \$16 million additional allowed us to undertake. At this point, we do not see that there's going to be difficulty doing that.

What we think there will be difficulty doing is to be able to sustain those next year, because the President's budget request was predicated on an ongoing CR—a full-year CR.

When it turned out that the committee was able to help us with the additional funding, that was not the base that we looked at.

When you annualize those salaries for the additional inspectors we are hiring this year, plus the ones that we had intended to hire under the 2008 budget, there is a gap there. I think that is the thing I would simply call to your attention. I do not have the exact numbers that you are referring to. I would be happy to check them and submit them for the record.

[The information follows:]

INSPECTOR STAFFING

	On Board Staffing as of 5/30/2007
Flight Standards .....	4,728
Aircraft Certification .....	1,146

FUNDING THE INSPECTOR WORKFORCE

Senator MURRAY. I appreciate that. Can you assure us the full \$16 million will be used to exclusively raise the number of inspectors?

Ms. BLAKEY. Yes

Senator MURRAY. Inspector Scovel, do you think—are you satisfied with the FAA’s overall efforts?

Ms. BLAKEY. Madam Chairman, can I put one little caveat? We do need to support the work of those inspectors, obviously. There are attendant costs to bringing them on board. Let me be dead sure I’m speaking correctly, it would all go to their ability to be hired and deployed.

Senator MURRAY. Inspector General, are you satisfied with the FAA’s efforts to hire and deploy safety inspectors?

Mr. SCOVEL. Senator, we believe the agency is making a good faith effort to hire, train, and deploy inspectors.

We would note for the committee’s attention, however, that until the staffing study is complete—and it’s our understanding that FAA recently contracted with PriceWaterhouseCoopers in order to complete a staffing study workforce-wide to determine number and location of aviation safety inspectors. Until that’s done, we’re really dealing with a moving target.

We would also note further—one further point on that, it’s our understanding, as well, that staffing study won’t be completed until 2009, so there is some gap yet.

While we commend the Congress for giving the FAA funding in order to hire inspectors, we just won’t know whether it’s enough or whether they’re in the right places until that staffing study is done.

We would note one other item briefly for the record, and that is that our statistics show that 50 percent of aviation safety inspectors will be eligible for retirement—in fact, they are currently eligible for retirement. And given that kind of uncertainty, that may well lead to further attrition.

Senator MURRAY. Administrator Blakey, can you tell me how much more funding you do need for fiscal year 2008 to afford the inspector staff that you’re going to be hiring this year? Do you have a number?

Ms. BLAKEY. Madam Chairman, I was afraid you were going to ask me that and I don’t have that exact figure. I will get it for you.

Let me also tell you this, that I think the Inspector General has very good concerns on this issue of a staffing model for our safety staff.

[The information follows:]

#### FISCAL YEAR 2008 INSPECTOR FUNDING

The fiscal year 2008 budget requires an additional \$16 million above requested funding in order to maintain the inspector staff hired in fiscal year 2007.

#### INSPECTOR STAFFING

Ms. BLAKEY. We do have one, but it goes back some time. I think advances in terms of industrial engineering, plus the kind of very specific work that we can do, right down to each facility, with an eye to the very changing face of the airline industry—because, as you know, things have changes a great deal there—I think will allow us to have a much better sense of that. We have two contracts in response to the Inspector General's recommendations to develop that, and we're going to be hard at work at it, so I do want you to know we will have it underway.

Because it's complex, it's hard to do, it will probably take us the better part of 2 years to complete it, but we will learn from it as we go. We intend to, on an ongoing basis, have that refine the way we are assigning our workforce.

And retirements, I'm really happy to say this. As you know, we get our safety inspectors very significantly from people who've already spent a lot of their career as aerospace engineers with the airlines, military, et cetera. They seem to be very much willing to stay with the FAA, and we have a very, very low rate of retirement in that workforce.

#### OUTSOURCING TO NON-CERTIFIED FACILITIES

Senator MURRAY. Well, one of the areas I'm very concerned about is the change in the airline industry, where we're seeing an outsource of the repair work being conducted by firms that aren't certified by the FAA.

Ms. Blakely, you don't allow airlines to use airplane parts that aren't FAA certified, correct?

Ms. BLAKEY. They have to meet FAA standards; that's correct.

Senator MURRAY. Well, how can we allow airlines to use repair stations that are not certified by you?

Ms. BLAKEY. The issue of certified repair stations, as you know, we have a very large network of those in this country. In addition to that, there also are repairs, modifications, et cetera that are done by non-certificated entities out there.

A lot of this goes to things that are generic in their nature; for example, welding. The best places to do welding may not be solely confined to aerospace, and they may not be facilities that, in fact, we should try to directly oversee or to directly certificate.

What we do believe is ultimately, that the FAA's regulations are extremely clear, and that the airlines themselves have to apply the quality control and the oversight to be responsible, that they do meet the aspects, that they do meet the certification requirements, and that they are living up to the finest level of detail.

The requirements that the FAA places is what we really do rely on, in addition to the fact that we have, of course, a now better and more robust inspector team out there. We are requiring that everyone adhere to the safety management systems that apply issues of risk appropriately to where you then target what you are specifically watching day in and day out.

But there's a great deal to this that I think under girds the system of having some companies out there that are providing service to the airlines that are not directly certified by the FAA.

Senator MURRAY. Inspector General, are you satisfied with this program?

Mr. SCOVEL. Senator, my office has undertaken a number of studies of air carrier outsourced maintenance. What we've concluded is that we're not concerned so much with where maintenance may be performed, whether it's by certificated facilities, or facilities in this country or overseas.

What we are concerned about is the level of oversight by FAA and its aviation safety inspector workforce. We think that there's generally a continuum of concern. Many air carriers maintain their own in-house maintenance facilities, and they do very well, and there's very close and detailed oversight by FAA aviation safety inspectors.

There are certificated repair facilities in this country and overseas that, likewise, receive much more aviation safety inspector oversight. When you talk about non-certificated facilities, both in this country and especially overseas, then the level of oversight, the degree of attention necessarily declines.

A concern that we have is that we don't believe the agency has a firm grasp on the type of maintenance that some of these non-certificated facilities are indeed performing. It may be generic, in the nature of welding.

On the other hand, we know that it also includes such items as engine replacements and landing gear maintenance. Those are critical items of maintenance in any analysis of aircraft maintenance.

We have asked that the agency get a firm handle on what type of maintenance is being performed and where, so that it can address it, both with its inspector workforce and using its risk-based safety oversight systems.

Ms. BLAKEY. And we have said that we will require that the airlines inventory all of this. So we are specifically aware when they are using non-certificated companies out there for various kinds of work.

Senator MURRAY. So is that an ongoing basis, or do you have a deadline for them to come back to you?

Ms. BLAKEY. I'll have to check about deadline. This is something we've been responding to the IG on very recently, so I'll find out exactly what period of time we expect to have that fully in place.

[The information follows]

#### USE OF NON-CERTIFICATED REPAIR FACILITIES

By regulation title 14 Code of Federal Regulations part 121.369, an air carrier is required to maintain a list of contract maintenance providers, both certificated and non-certificated, and a description of the services they provide.

In response to the Department of Transportation's Office of Inspector General (OIG) report number AV-2006-031, Air Carriers' Use of Non-certificated Repair Fa-

ilities, dated December 15, 2005, the FAA issued Notice N 8000.362 on April 23, 2007. This notice addresses all the OIG concerns and tasks the FAA with reviewing air carrier procedures for qualifying and authorizing all contract maintenance providers used by air carriers, whether certificated or not. Any discrepancies noted by the FAA in the subject areas would need to be corrected by the air carrier.

Adding to N 8000.362, Flight Standards will publish two notices of national policy and guidance to its inspector workforce. The notices are: (a) Notice 8000.D91 Revised Operations Specification D091, Substantial Maintenance Providers (SMP) and All Other Outsource Maintenance Providers (OMP) for part 121 Operations and (b) New Operations Specification D491, The Quarterly Utilization Report (QUR), for part 121 Operators. Regarding the deadline for the first notice, the compliance date of the notice is 30 days after its publication, meaning prior to December 2007; for the second notice, air carriers must submit the data quarterly for the months of months of March, June, September, and December.

These notices further respond to the OIG report number mentioned above. During this audit, the OIG made recommendations to the FAA concerning oversight of a part 121 certificate holder's contract maintenance practices. The notices address the OIG report and provide inspectors with guidance for continued oversight of air carriers using contract maintenance providers, specifically, requiring regular surveillance to ensure compliance and that air carriers produce a QUR that details their use of contract maintenance providers.

Additionally, the FAA plans to publish a Notice of Proposed Rulemaking (NPRM) in June 2008 that propose to amend the current regulation (see above, part 121.369) to require air carriers to include requirements specific to outsourced maintenance in their maintenance manuals to ensure that all maintenance is performed in accordance with the provisions of the air carriers' maintenance programs and to require air carriers to provide the FAA with a QUR.

#### FLIGHT SERVICE STATIONS

Senator MURRAY. Thank you. Let me move on and ask about another issue. Back in 2006, your agency asked us to fund a large and expensive initiative to transition the operations of your flight service stations to a private vendor.

Fiscal year 2007 was the first year where you had the flexibility to spend your capital budget without the limitations of a project by project amount stipulated in the appropriations act.

To our surprise, you used that flexibility to augment the funding for your flight service stations by another \$9 million in order to address the needs associated with the downsizing of a number of those facilities.

Can you tell us why those costs were never included when you presented the costs of the transition back in 2006?

Ms. BLAKEY. My understanding of this is that—as you know \$9 million, while it's big to us as taxpayers, it's a relatively small amount of money in the overall scope of that endeavor.

The transition period was one in which there was some shift in terms of timetable and responsibilities, and ultimately, we felt this was within the appropriate use of those funds. We were not aware that the committee would see it differently. If that's the case, that's instructive for the future.

Senator MURRAY. Well, in order to ease the impact of that transition on your employees, you required the competing vendors for the effort to hire, at least temporarily, all the FAA personnel that were operating those flight service stations.

The winning vendor, Lockheed-Martin Corporation, is now claiming the FAA misstated the wage rates of the employees they were required to hire, and they're now asking that you pay them an additional \$147 million to make up for that mistake.

Can you tell us, did your agency understate the wage rate for those workers?

Ms. BLAKEY. Madam Chairman, I'll tell you, this is a matter of much dispute between us and Lockheed at the moment. It's very different from the amount we just were talking about, and we take this very seriously.

The situation is one in which, as we were making the necessary changes and working with the then union, NAT, that was representing the employees. We agreed that we would have the Department of Labor review the wage rates, because we felt that that was a request of the union that we could accommodate.

So that was in play when Lockheed put their contract into bid, and we ultimately selected—put their bid forward. We did stipulate in a number of places in our request for proposals that that was the case, and that was among risk factors that companies needed to take into account.

I will tell you, this is in dispute with Lockheed at this point. We also are challenging the Department of Labor's wage rate that they have put forward, because we do not believe the comparable professions that they chose to benchmark against are the correct ones, and we would see that the amount of money that would be involved in this, under any circumstances, would be dramatically lower than that \$140-plus million figure you mentioned, but that is what currently is in discussion and dispute.

Senator MURRAY. Is the likely result we'll need that additional \$147 million, or is it too soon to tell?

Ms. BLAKEY. I don't believe so, but it is too soon to tell. This, as I say, is something we are actively addressing right now.

#### FTI

Senator MURRAY. Let me switch to another area. The NextCom program is expected to provide the FAA with a system for providing air to ground communications. That's going to be essential to any Next Generation Traffic Control System.

However, NextCom is now experiencing the same problems with many of the other capital programs as the FAA. At the end of 2005, the FAA delayed the program's full implementation by 2 years.

Your own program managers told our staff that this delay was due largely to the fact that too much of the NextCom workforce had to work on fixing problems at the Telecommunications Infrastructure Program, or FTI, so they could not focus on their original assignment.

Can you tell us why the agency has been unable to address the problems at FTI, while still effectively managing this NextCom program?

Ms. BLAKEY. FTI has been a challenging program because, as you know, it is one that is, on the surface, not a technology challenge like a lot of the NextGen systems, but one in which we're trying to convert the service to a unified single service from one that developed over many, many years, in sort of a growing like topseed with a lot of patchwork to it.

So what seemed to be a more straightforward enterprise turned out to have a lot of, if you will, just operational glitches to getting it done. We also had the situation of a disappointed bidder for the

contract who was required to help make this transition to the new successful bidder.

All of that is by way of background on FTI, but I have compared it in the past to stacking bricks. It is not one where you don't know how to get there; it's just how well and how fast can you get these cutovers done?

The good news on FTI is that despite the fact that we were required to re-baseline that program by the requirements that are stipulated by OMB, we actually are now running ahead of schedule against the new re-baselined schedule.

As you know, it's a fixed-price contract, so it's not changing, in terms of money, but it is certainly one in which the speed at which we can make those cutovers affects how much savings the taxpayer will experience. At this point, we are ahead of schedule, and are fairly optimistic we will do better than December 2008.

The issue of NextCom staff against the FTI contract, certainly, some of those are the same people, and we did put tremendous focus on that, because it is the here and now. It is immediate. But that in no way lessens our commitment to the NextGen communication capabilities that we expect to put forward.

Senator MURRAY. Well, that program was touted as a great opportunity for the FAA to enjoy huge savings in its operating costs, but now, it looks like the program won't save as much as anticipated.

The initiative was originally scheduled to save \$444 million over the life of the program. Now, it's expected to be about \$320 million.

Part of that savings—or lost savings is attributable to the fact that the FAA had to extend at least one full year the cost of keeping the old phone lines operational, costing us \$65 million. That's all because of the delays in getting the system up and running.

I just have to ask how many additional safety inspectors could we have bought with that money?

Ms. BLAKEY. I will have to simply tell you we are working as fast and hard as we can to achieve those savings, and we are catching up, Madam Chairman. I mean, that is what's important here, when you hit a problem, if you focus on it and address it, you very often can recover.

Not entirely, and we do use different figures. I think it depends over what period of time you're talking about, about savings. How do we see our savings dropping from somewhere close to \$800 million to somewhere close to \$600 million? Still big numbers. And the faster we can go at making the cutovers to the new service, the more we will be able to save.

So I think that's important to see. Beyond that, all I can suggest to you is that we also have a tremendous amount of interest in using our resources as best as possible, and that's one of the reasons why we aggressively moved to the FTI contract, as opposed to leaving in place the old system.

Senator MURRAY. General Scovel, do you want to comment on the FTI program at all?

Mr. SCOVEL. Yes, just in general. Thank you, Madam Chairman. You've talked about the erosion of expected cost savings, and our study—and, in fact, I will note that we've had an ongoing study on FTI that we reported on in depth last year, and we have a follow-

up study that's underway currently, so we have good information on this.

The savings that were expected initially in the program, in 2002, were \$820 million. By 2005, those had eroded to \$672 million. Our estimate is that in late 2006, including some costs, the estimated cost savings now were at about \$442 million. So it has declined dramatically.

There have been performance questions, as well. The Administrator is entirely correct when she says that they've made great progress on those in reducing the backlog in so-called cutovers that is moving telecommunication services from the old system to the new one, but they still have an ongoing backlog rate, if you will, of about 1,800 services per month.

They're about halfway through the anticipated 21,000 or so services that need to be transitioned from the old system to the new. That's a watch item, however, for us, is how fast they can move in the overall number, and also, how fast they can move to reduce the backlog.

I've talked about the expected cost savings erosion. We would also note that there have been, if you will, customer service problems, and that is with the FTI contractors performing upgrades on FTI equipment at various airports, and inadvertently, certainly, bringing the equipment down to the point that it's resulted in operational delays, at some airports, of several hours, and many dozens of flights that were affected and had to be delayed.

It's not our belief this amounts to a safety risk, and I want to be entirely clear on that, but it is an operational risk, in terms of flight delay.

Ms. BLAKEY. Madam Chairman, if I could, I really would tell you though that we are actively contesting the IG's figures on the area of FTI.

The savings we projected were \$790 million. This has dropped to \$596. As I've said, it was about a \$200 million drop. But we will substantiate that with the IG's office, because there seems to be some confusion of the figures.

[The information follows:]

#### FTI

In then-year dollars, the FTI program savings were projected to be \$790.5 million prior to baselining. The new baseline savings figure established in September 2006 is \$596.4 million—a difference of \$194.1 million. The program, however, is over-achieving against the 2006 baseline by a significant measure. We therefore expect the eventual erosion of cost savings to be less than \$194.1 million.

#### SWIM AND ADS-B

Senator MURRAY. And we'd like to see the results of that. Better information. Let me just ask a few more questions. You've both been very patient with the committee this morning. I appreciate it.

Last year, Administrator Blakey, I commended you for including funds for the SWIM and ADS-B programs in your budget request for 2007, and I'm really glad to see that you're continuing to request them in 2008.

This committee started funding those initiatives without the benefit of a request prior to last year, and these programs are going

to build, I think, a strong foundation for the next generation of air transportation systems.

Can you tell us what your target dates are for implementing those two programs?

Ms. BLAKEY. I certainly can tell you what we are doing with regard to ADS-B, and I think also probably with regard to SWIM. I'm very encouraged by how well SWIM is performing.

The NEO demonstration that we had just done, I think substantiates why this kind of data interconnectivity—our Internet for aviation is critical.

ADS-B is a program that we are moving on very aggressively. We expect to have the contract this summer for the ground stations. We would expect to have the initial phase of those in place by 2009 and move out to about 2011. I want to double-check that in terms of our national network. But we're moving very fast on that.

As you know, part of the initial deployment is on a regional basis. The Gulf of Mexico, the Ohio River Valley, Philadelphia, in addition to the aspects that, as Senator Stevens referred to earlier, where we have pioneered in the Alaskan area.

So the program is well underway. I think the questions, of course, on ADS-B are also how fast the airlines and the general aviation community will be able to equip, and I will turn your attention to the fact we're going to put a rule out this fall, which will propose a timetable.

It is under discussion now, but we will propose that timetable, and then we will see if the comments that we receive support that.

Senator MURRAY. The timetable on requiring all the airlines to install this?

Ms. BLAKEY. Exactly.

Senator MURRAY. So you are looking to require everybody to do it?

Ms. BLAKEY. As a mandate, that is correct. Ultimately, it will be essential for the system to require relatively universal equipment. There will always be exceptions for GA below certain altitudes, but as a matter of operating the NAS, yes.

Senator MURRAY. Inspector General, do you agree that requirement will be necessary to make it work?

Mr. SCOVEL. We do, and thank you. In order for ADS-B to achieve its full potential, it needs to be aboard the large majority of major carriers' aircraft.

In order to permit reduced separation and achieve the capacity and safety advantages represented by ADS-B, to get a handle on all those benefits, it needs to be installed really across the entire system.

If there is a point regarding that that I would like to make further, it has to do with the human factors issue. For ADS-B, again, to achieve its full potential, it has significant workforce challenges when it comes to the performance of both controllers, whose role will change under ADS-B, and with regard to pilots and flight crew.

Their role will change, as well, and significant attention should be paid to those human factor issues, with regard to both workforces.

Ms. BLAKEY. Let me also correct what I said, because the initial phase is 2009–2011 timeframe, but we will have the full national build-out on ADS–B by 2013.

#### BORROWING AUTHORITY

Senator MURRAY. Very good. Let me just ask you two other questions. Earlier this year, Secretary Peters came before us and testified that the FAA's proposal for reauthorizing the aviation programs would not include any mandatory spending outside of this committee's control, but the administration's proposal is now in front of us, and it includes \$5 billion in what is called direct borrowing authority from the Treasury.

I wanted to ask you, Administrator Blakey, what do you see this committee's role in overseeing and determining the programs that will be funded using those dollars with this new borrowing authority?

Ms. BLAKEY. I don't see the committee's role changing at all. We see that all the funds that are extended will be subject to appropriations.

What we do think, though, is that the potential to have borrowing as an additional tool to spread out the period of time in which those investments are covered, in terms of the cost to the users, could be a very valuable asset, but it really does not change the role of the committee.

We'll still see those projects as being ones that the committee has to sign off on.

Senator MURRAY. Inspector General, I wanted to ask you, the FAA proposed replacing the current system of aviation taxes with a new user fee system. That really represents a dramatic change in the way aviation programs are funded.

Do you think it is necessary to completely restructure how the aviation programs are financed, in order to fund the FAA over the next 5 years?

Mr. SCOVEL. Senator, I think that's a significant policy question. If I can help inform the debate along those lines, our conclusion after running the numbers is that the current financing system will be sufficient to sustain FAA to include its NextGen costs—estimated costs of \$4.6 billion between 2008 and 2012.

Senator MURRAY. Okay. Thank you very much to both of you. I wanted to just mention as we are closing, we recently learned that this subcommittee is going to be losing a very valuable asset.

Cheh Kim has been a steady and valuable staff member of this subcommittee now for over 8 years, and his wise counsel and intellect have provided some significant results that have increased the quality of life for all Americans.

We're going to miss him, and wish him the best in his new position. I understand you're going over to Treasury, and we wish you the absolute best.

#### ADDITIONAL COMMITTEE QUESTIONS

Thank you very much. Any additional questions will be submitted to you for your response.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

AIRPORT IMPROVEMENT PROGRAM (AIP) FUNDING

*Question.* I was disappointed that the President has proposed to cut the Airport Improvement Program (AIP) from \$3.5 billion in fiscal year 2007 to \$2.75 billion in fiscal year 2008. The airports hurt hardest by your fiscal year 2008 proposal would be the smaller general aviation airports in our smallest communities. The North Dakota Aeronautics Commission estimated that the State's 45 general aviation airports would see their AIP dollars cut on average 58 percent in fiscal year 2008.

Can you explain why you are targeting our smallest airports and communities that are already at a transportation disadvantage?

*Answer.* The administration believes that \$2.75 billion in Airport Improvement Program (AIP) funding is sufficient to support the critical safety, security, and capacity projects scheduled for fiscal year 2008. The proposal also targets funding to the smallest airports, while allowing larger airports to fund capital projects through other means.

The administration's FAA reauthorization proposal includes significant programmatic changes to both the AIP and the Passenger Facility Charge (PFC) program to refocus AIP on the projects and airports with the greatest need. Additionally, the proposal gives the largest airports flexibility to use the PFC program to meet their ongoing capital needs, retains the ability of large airports to apply for AIP grants, and eliminates the burden on the AIP program of providing an entitlement to the largest airports. With these changes, AIP would be targeted to the smaller airports.

Additionally, the Administration's proposal:

- Retains entitlements for small airports at current levels and eliminates the risk that they will be cut in half or terminated if AIP falls below \$3.2 billion.
- Enhances the general aviation airport entitlement by moving from a flat \$150,000 maximum entitlement for all GA airports to a tiered system giving the largest and most complex GA airports \$400,000 per year.
- Increases the minimum discretionary fund and establishes a minimum State apportionment to make sure that FAA and the States have the funds they need to help airports build major capacity and safety projects, such as runway safety area improvements.
- Increases the maximum PFC from \$4.50 to \$6.00, permitting airports to generate an additional \$1.5 billion annually in PFC revenue.

*Question.* Have you assessed the impact a 58 percent cut in AIP dollars will have on small airports that already struggle to make needed improvements? If so, will you share it with our committee?

*Answer.* The administration's proposal contained formula changes directly for Airport Improvement Program (AIP) funding to the smaller airports. Small airports are most dependent on AIP to provide the funds they need to finance their most critical safety and capacity projects. The administration proposal does that by:

- First, the proposal ensures that smaller airports can rely on a stable AIP funding stream by preserving passenger entitlements at all levels of AIP.
- Under current law, if AIP falls below \$3.2 billion, the smallest primary airports currently getting \$1 million will lose \$450,000. Larger airports would have their entitlements cut in half. Our proposal eliminates these reductions.
- We preserve the non-primary entitlement at all levels of AIP. Under current law, this entitlement funding would disappear if AIP falls below \$3.2 billion.
- We move from a flat non-primary entitlement to a more strategic investment program, which recognizes that GA airports play different roles in the system and have different capital requirements. Our proposal does this by moving from a flat \$150,000 non-primary entitlement to a four-tier system.
- Over 900 small airports will see their non-primary entitlement increase under our proposal.
- The proposal provides a higher guaranteed level of State apportionments, which States can direct to high priority projects at their rural airports.
- Making common-sense eligibility changes to AIP eligibility rules to fund Federal mandates.
- Expanding the eligibility of airports to build revenue-producing facilities.

SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM

*Question.* The Small Air Service Community Development Program was established by Congress in 2000 to provide grants to help address their local air service problems, such as high fares and insufficient levels of service. Several communities in my State, including Grand Forks, Jamestown, Devils Lake and Fargo, have received small community air service development program grants to improve air service. Minot, North Dakota has submitted a grant application in fiscal year 2007. Unfortunately, the President has proposed to eliminate this program in his fiscal year 2008 budget.

In testimony before a House panel last month, Michael Reynolds, Deputy Secretary for Aviation and International Affairs at the U.S. Department of Transportation, said DOT is monitoring the progress of the communities who have received past awards but that “it is difficult to draw any firm conclusions as to the effectiveness of the Small Community Program in helping small communities address their service issues” because “. . . the majority of the projects involve activities over a 2- to 4-year period” and “many grant projects are still in process.” Does the FAA routinely eliminate programs before they’ve ever been properly evaluated?

*Answer.* There are a number of recent and ongoing efforts to evaluate the Small Community Air Service Development Program (SCASDP). In 2005, the Government Accounting Office (GAO) assessed the program and found that certain types of grant awards worked better than others. As the GAO indicated in conducting its review, it is impossible to get a comprehensive understanding of the effectiveness of the program with a very limited sample of completed grants. Of the over 200 grants currently being administered, the GAO reviewed a little over 20 grant projects. GAO recommended the Department follow up with a later analysis of the program and the Department’s Office of the Inspector General (OIG) is currently undertaking such a review. The emphasis of the OIG review is to evaluate the effectiveness of past grants on the ability of small communities to acquire and/or maintain air service. The OIG was able to include about 40 grants in its assessment.

*Question.* What is the FAA’s justification for eliminating this program?

*Answer.* The administration has determined that the cost of continuing to fund the program cannot be justified in light of the many other budget priorities that are competing for limited funding resources. DOT and FAA are fully committed to ensuring that grants already awarded are effectively administered.

*Question.* Did the FAA or DOT conduct any comprehensive review of the Small Air Service Development Program before it put the program on the cutting block for fiscal year 2008?

*Answer.* GAO recommended the Department follow up with a later analysis of the program and the Department’s Office of the Inspector General (OIG) is currently undertaking such a review. The emphasis of the OIG review is to evaluate the effectiveness of past grants on the ability of small communities to acquire and/or maintain air service. The OIG was able to include about 40 grants in its assessment.

AIR TRAFFIC CONTROLLER OFF-THE-STREET HIRING—IMPACTS ON UND

*Question.* Administrator Blakey, you face a daunting challenge in hiring and training 15,000 air traffic controllers in 10 years to replace the retiring controllers. We all agree that air traffic controllers are an integral part of the National Airspace System and we support efforts to meet the 15,000 controllers in 10 years goal. Your 10-year plan identifies three pools of potential candidates: (1) previous controllers; (2) Collegiate Training Initiative program students; and (3) general public.

How many new controllers has the FAA hired in the past 3 fiscal years?

- Answer.*
- Fiscal year 2005—519
- Fiscal year 2006—1,116
- Fiscal year 2007—1,815

Note: Includes 81 transfers from the Flight Service Station operation.

*Question.* Of that total, how many controllers were from Category 1 (previous controller)? From Category 2 (Collegiate Training Initiative program students)? From Category 3 (general public):

*Answer.*

Category	Fiscal Year 2005 Total	Fiscal Year 2006 Total	Fiscal Year 2007 Total
CATEGORY 1 (Previous Controllers) <sup>1</sup> .....	210	516	666
CATEGORY 2 (Collegiate Training Initiative) .....	296	544	1,019
CATEGORY 3 (General Public) .....	13	56	130

Category	Fiscal Year 2005 Total	Fiscal Year 2006 Total	Fiscal Year 2007 Total
TOTAL .....	519	1,116	1,815

<sup>1</sup> Includes Veterans Readjustment Act hires, and 81 transfers from the Flight Service Station operation.

*Question.* The media has reported that the FAA plans to launch an aggressive new general public, off-the-street recruiting campaign called "Destination FAA."

Can you describe your Destination FAA initiative, including what it is, its time-frame, cost, goals and objectives?

Answer. "DESTINATIONFAA" is a slogan utilized under our corporate recruitment branding campaign. "Land the Perfect Job," "Reach Your Destination," and "Watch Your Career Take Off," are a few of several tag-lines used in marketing career opportunities at FAA. The slogan and tag-lines are used when participating in career fair activities, on recruitment materials, and in advertisements.

FAA's DESTINATIONFAA campaign was designed to market the agency as an employer of choice in an effort to attract highly qualified talent to the agency by educating the public on careers in aviation with emphasis on our mission critical occupations (i.e., air traffic controller, aviation safety inspector, engineers, airway transportation systems specialists, computer specialist and computer scientist). Our recruitment and marketing campaign are collaborative efforts developed by the Office of Human Resource Management and the lines of businesses. Our campaign encompasses a broad based outreach approach to attracting active as well as passive job seekers in all communities throughout the United States.

For fiscal year 2008, our recruitment and marketing strategy is estimated to cost approximately \$720,000. The recruitment plan utilizes the following activities:

- Military Job Fairs
- Internet advertising, recruitment tools and direct mass e-mailings
- Newspaper (majority and minority publications) advertisements
- Periodicals (majority and minority publications) advertisements
- Transportation Outlets Advertisements
- Radio and Television
- Career Fairs
- College, University and Technical School Outreach

If the plan is fully funded and implemented, we anticipate reaching over 4,000,000 employment contacts.

*Question.* Does this initiative represent a policy change or have you always allowed people with no experience to be considered for controller jobs?

Answer. We believe this question refers to applicants from the general public. Those applicants are not required to have prior experience or training in air traffic control to be considered for jobs. Utilizing this source of applicants is not a change in policy. On page 28 of the fiscal year 2007 update to the Controller Workforce Plan, FAA stated that it planned to open vacancy announcements for the general public in the second quarter of fiscal year 2007. Vacancy announcements were opened from March through August 2007.

Previously, applications from the general public were accepted in limited fashion through job fairs. This was done on an as-needed basis. In fiscal year 2007, FAA began recruiting from the general public more extensively than in the past few years. The objective is to maintain a large pool of readily available applicants. It should be noted that the FAA has also expanded the number of Air Traffic Collegiate Training Initiative schools, in part to assist in meeting the same objective.

*Question.* I'm told that the FAA plans to advertise air traffic controller job announcements on popular Internet sites, such as diversity hire.com, Craig's List, and Career Builder. An April 19, 2007 Craig's List posting states the "FAA does all the training, so you don't have to know anything about air traffic control to be considered." The University of North Dakota (UND) in Grand Forks is one of the FAA approved Air Traffic Collegiate Training Initiative (AT-TCI) programs. The UND program has graduated more than 500 students since 1993. However, UND has seen a reduction in the number of transfer students entering into its Air Traffic Control program. The school directly attributes this transfer student reduction to the FAA's off-the-street initiative.

Aren't you undercutting the need for a four year degree from an FAA-approved program when you are aggressively advertising that applicants need no experience to become an air traffic controller?

Answer. Only those occupational series that have a "positive educational requirement" in the qualifications standards set by the Office of Personnel Management require a 4 year degree. Those occupations with positive educational requirements are rare and they also include specific courses taken or credits earned in a par-

ticular course of study. For most occupational series positions, including the Air Traffic Controller series, ATCS 2152 occupation, the qualifications are less restrictive in that they allow for either a full 4-year course of study leading to a bachelor's degree or 3 years of progressively responsible work experience or an equivalent combination of work experience and college credits. Applicants would also meet the qualification requirement upon the successful completion of an FAA approved Air Traffic-Collegiate Training Initiative (AT-CTI) program.

The University of North Dakota has been a valued AT-CTI participant since the early development of the AT-CTI program. The approved AT-CTI programs vary between 4-year, 2-year, and certificate programs. All approved programs that meet the agency's requirements are acceptable to FAA. It is possible that the 4-year bachelor level programs may benefit applicants who may later transition into management and throughout their careers.

This summer FAA re-evaluated all existing AT-CTI schools, and opened the program for new schools to apply. The FAA also evaluated and completed site visits at newly applied schools. As a result, the program accepted 9 new schools for a total of 23 current AT-CTI schools.

The FAA is tapping into multiple hiring sources to keep up with the agency's staffing needs and projected attrition. The AT-CTI schools are a significant source of applicants for FAA. We speculate that this will become a more significant source for FAA in the coming years as our hiring needs continue to grow. For this reason, the agency has opened the AT-CTI program to new schools.

*Question.* Is the FAA turning its back on the FAA-approved controller college programs?

*Answer.* No. The FAA is in full support of the Air Traffic Collegiate Training Initiative (AT-CTI) program. The AT-CTI is a growing and significant hiring source for FAA. This hiring source will be critical to our meeting controller staffing needs in the next several years and we speculate the need for this source to grow.

In fact, this summer FAA re-evaluated all existing AT-CTI schools, and opened the program for new schools to apply. The FAA also evaluated and completed site visits at newly applied schools. As a result, the program accepted nine new schools for a total of 23 current AT-CTI schools. We will continue to support and develop our partnership with all of the approved AT-CTI schools.

*Question.* Do AT-CTI program graduates receive preference over a so-called off-the-street applicant with no experience?

*Answer.* The FAA strives to consider all qualified applicants equally regardless of which hiring pool they apply from. In addition, FAA considers all qualified applicants regardless of political affiliation, race, color, religion, national origin, sex, sexual orientation, marital status, age, disability, or other non-merit factors.

Air Traffic Collegiate Training Initiative (AT-CTI) graduates are a valued hiring source for FAA and will continue to be.

*Question.* Does the time and cost of training increase for off-the-street applicants versus applicants who have graduated from an FAA-approved AT-CTI program?

*Answer.* Yes. General public announcement applicants must attend a 5 week basics training course at the FAA Academy in Oklahoma City, Oklahoma. Since the Air Traffic Collegiate Training Initiative (AT-CTI) graduates bypass this requirement, the Agency incurs this additional time and cost for general public applicants.

*Question.* Does a student from an AT-CTI program come to the FAA better prepared to succeed as an air traffic controller?

*Answer.* The FAA believes that applicants who meet the agency's qualification requirements are prepared for success as an air traffic controller regardless of the hiring source and does not take a position on whether some hiring sources are better qualified than others.

#### UAS ACCESS TO THE NATIONAL AIRSPACE

*Question.* The University of North Dakota Odegard School has a proposal pending at the FAA for the development of an unmanned aircraft system (UAS) test range in North Dakota that is controlled by a "Ganged Phased Array Radar System." This is a mitigation strategy for emerging onboard "Sense and Avoid" technology that would allow the test flights and certification of UASs without creating Restricted Airspace.

Please provide me with your assessment of the UND proposal.

*Answer.* The Department of Defense (DOD) is funding the project plan submitted by the University of North Dakota (UND). Although UND approached FAA with its proposal, FAA has made it clear that DOD must approve the project and that FAA could benefit by seeing the test plan. To date, no request for a test range has been filed with FAA, either from UND or DOD, for this test.

FAA currently does not have enough data to determine whether the phased array radar system proposed for this test will serve as a potential mitigation strategy for detect, sense and avoid technology requirements in the NAS. DOD testing may provide additional data to conduct a better assessment of the technology. FAA looks forward to working closely with UND in the development of this project.

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

AIRSPACE REDESIGN PROJECT

*Question.* How did you arrive at 5.09 minute average departure delay reduction benefit at Philadelphia under the three departure heading proposal as compared to one departure heading for west flow departures on Runway 27L? Local elected officials in Delaware County have concluded that the benefit is much lower by dividing the FAA's estimated 290,000 annual minutes in delay reduction at Philadelphia under the Preferred Alternative by the airport's 255,000 annual departures.

*Answer.* An airspace design that works perfectly well on an average day may have serious flaws that are only evident under heavy traffic loads. Operational efficiency of a set of airspace designs is assessed by comparing systems on a day of heavy traffic. Environmental analysis is concerned with long-term influences, so it is done based on annual averages. The 290,000-minute figure is a product of the outcomes of the two analyses producing an annual total of an efficiency metric that was generated in response to a special request from Federal Aviation Administration leadership. It is not part of the usual analysis methodology.

Delay is nonlinear. It grows faster as demand approaches the capacity of the system, so a day with 710 departures will have far more delay than a day with 700. Airlines anticipate a certain amount of delay; the delay on the average day does not disrupt passengers' travel plans. As a result, dividing the annual delays by the annual number of operations will tell you nothing about the delays on heavy traffic days, which are the days when delay affects operations. The 5.09-minute figure is obtained from a 90 percentile day spent entirely in the highest capacity configuration and is not weighted to account for the times when the airport is not in that configuration or demand is different. The 290,000-minutes per year figure includes weekends, low demand days, and less important airport configurations.

*Question.* Section 17.5 of the operational analysis notes that because benefits analyses for airspace redesign projects must be referred to a large common denominator, airspace redesign benefits are often on the order of a few minutes. Further, section 17.5 notes that while these numbers appear small, a change of a few minutes per flight, over a large set of aircraft, "can have enormous economic consequences for the aviation industry and the flying public." Is section 17.5 implying that because the analyses included every flight in the study area, some of which are unaffected by the project, that the estimated benefit statistics are diluted? Would the benefits appear greater if unaffected flights were removed from the common denominator? Further, please expound on the "enormous economic consequences" which could be realized by a minute or two delay reduction.

*Answer.* Certainly, the benefits would appear greater if the unaffected flights were removed from the common denominator. That would make it impossible to decide whether a change to Philadelphia was better for overall system performance than a change to Newark.

"Enormous economic consequences" are described in section 17.2 of the Operational Analysis of Mitigation document. The most relevant part is excerpted here:

A nationwide study conducted by Logistics Management Institute in 1999 found that air traffic congestion nationwide could cost \$46 billion to the Nation's economy in 2010 because of increased travel time. The nationwide change in travel time that was anticipated for 2010, converted to its equivalent in terms of the metrics used for this study, is approximately three minutes per flight. This includes costs to airlines, loss of service to people who wish to travel, and over 200,000 lost jobs in aviation and other industries. The New York/New Jersey/Philadelphia airspace will handle 15–20 percent of all the air traffic in the Nation in 2011, so this airspace redesign is concerned with removing inefficiencies that could yield benefits to airlines, passengers, and businesses of \$7 to \$9 billion in 2011. This is a crude estimate; congestion on the east coast is worse than average in the United States and airlines' high-revenue flights are concentrated here, so benefits in this area may be worth more than this simple average.

*Question.* What was the air traffic volume in the study area when the airspace system was originally designed in the 1960s and what is the current air traffic volume in the study area?

Answer. Based on data that have been collected over more than 40 years, it indicates approximately a doubling of the number of aircraft that transition the airspace on a daily basis. Because of larger aircraft being used, the number of passengers has increased almost six fold.

*Question.* What is the estimated average noise exposure range for Delaware County in 2011 if no action were taken compared to the estimated average noise exposure range for Delaware County in 2011 under the Preferred Alternative with mitigation?

Answer. Under the Preferred Alternative, the distribution of noise is changing, but there are no significant increases. The census block with the highest noise exposure sees a higher day/night noise level (DNL). The noise exposure of the median census block decreases, but again not by a significant amount. The following table is a total of all Delaware County census tracts taken from our noise exposure tables provided on our project Web site.

DNL

	Future No Action	Integrated Airspace with Mitigation
Highest noise exposure .....	66.1	67.3
99 percent of residents experience noise below .....	57.8	57.4
90 percent of residents experience noise below .....	49.3	51
50 percent of residents experience noise below .....	43.8	43.2

*Question.* It was noted at the public meeting that air traffic controllers at Philadelphia have not been briefed on this project. It would seem that consulting with the air traffic controllers who would be directly affected by this project would be in the public interest. Does the agency have plans to brief the air traffic controllers at Philadelphia or other facilities in the study area?

Answer. Representatives of the air traffic controllers' union formed the core of the design team that created all the alternatives in the Draft Environmental Impact Statement. As the parts of the redesign affecting Philadelphia were developed, Philadelphia controllers became involved. The air traffic controllers' union later withdrew from participating in the plan. Philadelphia managers and supervisors were present at the public meetings to explain the proposal. Before implementation, all facility personnel will be trained on the changes.

PHIL AIR TRAFFIC CONTROLLER ISSUES

*Question.* Is the FAA considering a separation of the air traffic control tower and TRACON room at Philadelphia International? If so, what impacts will this have on Philadelphia's facility rating and air traffic controller salaries?

Answer. The FAA is considering separating the tower and TRACON functions at several facilities across the country, including Philadelphia International. No decisions have been made at this time

*Question.* In recent years, Philadelphia has consistently ranked at or near the bottom of major commercial airports in terms of on-time performance for both arrivals and departures. The latest statistics (Year-to-date through March 2007) place Philadelphia 28 out of 31 major airports in terms of on-time arrivals and 28 out of 31 in terms of on-time departures. Only 64.9 percent of flights arrive to Philadelphia on-time, and only 67.24 percent depart on-time. Has the FAA considered hiring more air traffic controllers at Philadelphia as a way to address the air traffic volume that leads to these chronic delays?

Answer. Yes, FAA is hiring more controllers for Philadelphia, but that will not solve the facility's delay issue. Most delays are a result of limited airport capacity, airline over-scheduling, and/or weather issues. Hiring more controllers will not fix any of those problems. Philadelphia's on-time performance rate is an indication of the need to modernize the air traffic control system.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

TAOS, NEW MEXICO AIRPORT

*Question.* Administrator Blakey, I have a local concern that needs your attention. I often hear from constituents in Taos, NM both opposed and in support of proposals to improve the airport. I recently met with the Town of Taos officials about the need for a new runway to improve safe access at the Taos Airport, and my staff recently

met with leaders from the Taos Pueblo on the same issue. This is not a new issue, and I know it is also not a simple one. I understand that the FAA has released and received comments on a draft Environmental Impact Statement regarding the Taos Airport runway and the related expansion. The review process languished for several years, but now seems to be moving forward.

Would you please provide me with an update on the status of the Environmental Impact Statement and the public process associated with the study, so I can update my constituents in New Mexico?

Answer. A Draft Environmental Impact Statement (EIS) for the proposed new runway was issued in October 2006. A public hearing was held on November 14, 2006, in Taos. The public and agency comment period on the Draft EIS was scheduled to end November 26, 2006, but at the request of the Taos Pueblo, the comment period was extended to January 10, 2007.

Extensive comments on the Draft EIS have been received from the Taos Pueblo, the National Park Service, the Advisory Council on Historic Preservation, the County of Taos, and the Taos Coalition.

In order to address Pueblo concerns regarding potential audio and visual impacts of aircraft operations to and from the new runway, FAA proposed a flyover demonstration. After two attempts to schedule the flyover, it was held on June 26, 2007. A general aviation aircraft representative of the largest and noisiest type of aircraft currently using the airport performed the flyover. Current and future flight tracks associated with the new runway were flown, as were the flight tracks for one of the Pueblo's recommended alternative alignments for the new runway. An over flight of the Pueblo was also conducted at their request.

A meeting was held in Taos, NM, on October 19, 2007, with representatives of the Taos Pueblo, the Town of Taos, the National Park Service, the Advisory Council on Historic Preservation, the State Historic Preservation Officer, and other interested parties. The purpose of the meeting was to entertain recommendations from all parties on means to mitigate the adverse impacts the project will have on the Taos Pueblo and other identified cultural and historic resources.

The FAA is finalizing detailed responses to comments received on the Draft EIS. In addition, the FAA is nearing completion of its evaluation of the feasibility of a list of over 20 recommended measures to mitigate the projects forecasted impacts to cultural and historic resources. Once both of these efforts have been completed the FAA will coordinate a draft Final EIS with the Taos Pueblo and other consulting parties. At that time the FAA will also issue a draft Memorandum of Agreement for execution by the Pueblo and consulting parties in accordance with section 106 of the Historic Preservation Act. The agreement will address the adverse impacts to cultural and historic resources and proposed measures to lessen or mitigate those impacts. The estimated date for issuance of a Final EIS is by September 2008.

*Question.* I understand that the Pueblo of Taos has submitted recommendations to you regarding their concerns, and the FAA is currently evaluating those recommendations and the costs associated with them. Would you also update me on your work regarding the concerns of the Taos Pueblo?

Answer. The Taos Pueblo has provided very comprehensive comments on the Federal Aviation Administration (FAA's) Draft Environmental Impact Statement (EIS). Several comments, especially with regard to the feasibility of certain Pueblo recommended runway alignment alternatives, have required FAA to reexamine our earlier analysis and findings in the Draft EIS. Responses to those comments will be fully addressed as part of the Final EIS. A draft version of the Final EIS will be coordinated with the Pueblo for their review and comment before the FAA issues the Final EIS. The FAA proposes to provide the draft Final EIS to the Pueblo and other consulting and cooperating parties by February 2008.

As a result of our meeting with representatives of the Taos Pueblo and other parties in Taos, NM on October 19, 2007, we are examining the feasibility of a number of measures recommended by the Taos Pueblo and others for reducing or mitigating the adverse impacts of the proposed new runway on the Taos Pueblo and other identified cultural and historic resources. At the October 19, meeting, FAA encouraged the attending parties to engage in an open discussion on ways to address the adverse effects of this proposed project. As stated in the meeting, FAA is open to any and all recommendations; nothing is off the table at this point.

The FAA and the Taos Pueblo, along with the other interested parties, agreed to institute regular telephone meetings to discuss the status of FAA's work to address their mitigation recommendations as well as comments made on the Draft EIS. Telephone meetings were held on November 27, 2007, January 16, 2008, and February 22, 2008. A December 2007 meetings was not possible due to individual schedules and the holidays. The next meeting date has not been set since the Taos Pueblo is in a quiet period which we understand will end around the end of March or early

April 2008. The next meeting is expected be an on site meeting in Taos either in late April or May 2008 depending on participant's availability. Minutes of each meeting are prepared and sent to all participants.

ROSWELL, NEW MEXICO AIRPORT

*Question.* Administrator Blakey, a group of public and private entities in south-east New Mexico has worked together for over 2 years to arrange for nonstop regional jet service between Dallas, TX and Roswell, NM. One of the requirements to make regional jet service a reality is an upgrade of the Roswell Airport from a Class 2 to a Class 1 facility.

I believe that the FAA has received the application from Roswell officials for Class 1 certification. Would you please provide me with an update on Roswell Airport's review process and notify me if there is anything I can do to help you with regard to the Class 1 certification?

*Answer.* FAA issued Roswell a Class 1 certificate on May 4, 2007.

*Question.* When communities like Roswell determine that a class certification upgrade is needed to accommodate 44 or 50-passenger regional service, what tools or technical assistance is available through the FAA to help these communities comply with FAA requirements?

*Answer.* The FAA's Office of Airport Safety and Standards publishes a full series of Advisory Circulars that provide guidance on methods and procedures acceptable to the Administrator in meeting the requirements of 14 CFR part 139, Certification of Airports. In addition, personnel in FAA's Airports Regional and District Offices are available to help guide airport sponsors.

Finally, airport development necessary to meet the higher standards (e.g. airport rescue and fire fighting vehicles, runway safety areas) is generally eligible for funding under the Airport Improvement Program or Passenger Facility Charge Program.

CONCLUSION OF HEARINGS

Senator MURRAY. With that, the subcommittee stands in recess, subject to the call of the Chair.

[Whereupon, at 11:32 a.m., Thursday, May 10, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]